



ANNUAL INFORMATION FORM

For the Year Ended December 31, 2023

March 4, 2024

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GLOSSARY OF ABBREVIATIONS AND ADVISORIES

Oil and Gas Abbreviations

Bbl	barrel	Mcf	thousand cubic feet
Bbl/d	barrels per day	Mcf/d	thousand cubic feet per day
Boe	barrel of oil equivalent	Mcfe	thousand cubic feet of natural gas equivalent
Boe/d	barrels of oil equivalent per day	MMBtu	million British thermal units
CBM	coal bed methane	MMcf	million cubic feet
GJ	gigajoule	M\$	thousands of dollars
MBbl	thousand barrels	NGLs	Natural gas liquids, including condensate, propane, butane and ethane
MBoe	thousand barrels of oil equivalent		

Other Abbreviations

AECO	physical storage and trading hub for natural gas on the TC Energy Alberta transmission system which is the delivery point for various benchmark Alberta index prices
WTI	West Texas Intermediate oil at Cushing, Oklahoma, the benchmark for North American crude oil pricing

Conversion and Units

The following table sets forth certain standard conversions between Standard Imperial Units and the International System of Units (or metric units)

To Convert From	To	Multiply By
Mcf	Cubic metres	28.174
Cubic metres	Cubic feet	35.494
GJ	Mcf	1.05
MMBtu	Mcf	0.95
MMBtu	GJ	1.054
Bbl	Cubic metres	0.159
Cubic metres	Bbl	6.290
Feet	Metres	0.305
Metres	Feet	3.281
Miles	Kilometres	1.609
Kilometres	Miles	0.621
Acres	Hectares	0.405
Hectares	Acres	2.471

In this annual information form (“**Annual Information Form**”) where amounts are expressed on a Boe basis, natural gas volumes have been converted to oil equivalence at six Mcf per one Bbl. The term Boe may be misleading, particularly if used in isolation. Natural gas liquids (“**NGL**”) and oil volumes are recorded in Bbl and are converted to Mcfe using a ratio of six thousand cubic feet to one Bbl of oil. The term Mcfe may be misleading, particularly if used in isolation. These conversion ratios are based on an energy equivalency conversion method primarily applicable at the burner tip and do not represent a value equivalency at the wellhead. Unless otherwise specified, references to oil include NGLs.

Where any disclosure of reserves data is made in this Annual Information Form that does not reflect all of the reserves of Pine Cliff Energy Ltd. (“**Pine Cliff**” or the “**Company**”) the reader should note that the estimates of reserves and future net revenue for individual properties or groups of properties may not reflect the same confidence level as estimates of the reserves and future net revenue for all properties, due to the effects of aggregation.

Non-GAAP Measure

This Annual Information Form discloses “operating netback”, which is not recognized under Generally Accepted Accounting Principles (“GAAP”) and may not be comparable to similar measures presented by other companies. The Company considers operating netback to be a key indicator of profitability relative to current commodity prices. Operating netback and operating netback per Boe and per Mcfe are calculated as the sum of commodity sales and processing and gathering income, less royalties, operating and transportation expenses on an absolute and a per Boe or per Mcfe basis, respectively. Management uses operating netback on a per Boe basis in operational and capital allocation decisions. This measure has been described and presented in this Annual Information Form in order to provide Shareholders (as defined herein) and potential investors with additional information regarding Pine Cliff's ability to generate positive funds flow from operating activities at current commodity prices and it provides an analytical tool to benchmark changes in operational performance against prior periods and to comply with the requirements of NI 51-101. Readers are cautioned, however, that this measure should not be construed as an alternative to other terms such as earnings determined in accordance with IFRS as a measure of performance. Pine Cliff's method of calculating this measure may differ from other companies, and accordingly, it may not be comparable to measures used by other companies. For further information on this measure, readers should refer to the section entitled “Non-GAAP Measures” located in the Company's management's discussion and analysis for the period ended December 31, 2023, which section is incorporated by reference into this Annual Information Form and is available on the Company's SEDAR+ profile at sedarplus.ca.

Currency

In this Annual Information Form, unless otherwise noted, all dollar amounts are expressed in Canadian dollars.

FORWARD-LOOKING STATEMENTS

This Annual Information Form contains forward-looking statements and other information (collectively, “forward-looking statements”). These forward-looking statements other than statements of historical fact may be forward-looking statements. In some cases, forward-looking statements can be identified by terminology such as “may”, “will”, “should”, “expect”, “plan”, “anticipate”, “believe”, “estimate”, “predict”, “potential”, “continue”, or the negative of these terms or other comparable terminology. These statements are only predictions. Actual events or results may differ materially. In addition, this Annual Information Form may contain forward-looking statements attributed to third party industry sources. Undue reliance should not be placed on these forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By its nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur. Forward-looking statements in this Annual Information Form include, but are not limited to, statements with respect to:

- the quantity and quality of the oil and natural gas reserves;
- the performance and characteristics of Pine Cliff's oil and natural gas properties, including anticipated production;
- future development and exploration activities and the timing thereof;
- future land expiries;
- results of various projects of Pine Cliff;
- the focus and timing of Pine Cliff's drilling activities;
- timing of receipt of regulatory approvals;
- timing of development of undeveloped reserves;
- Pine Cliff's ability to attract and retain adequate personnel;
- the tax horizon and taxability of Pine Cliff;
- supply and demand for oil, NGLs, natural gas and minerals (including precious metals);
- expectations regarding the Company's ability to raise capital and to continually add to reserves through acquisitions and development;
- the timing and amount of abandonment and reclamation costs;

- the impact of Canadian federal and provincial governmental regulation on Pine Cliff relative to other natural resource issuers of similar size;
- realization of the anticipated benefits of acquisitions and dispositions, including the Acquisition, as defined herein;
- weighting of production between different commodities;
- projections of commodity prices and costs;
- expected levels of royalty rates, operating costs, transportation costs, general and administrative costs, costs of services and other costs and expenses;
- the completion and timing of pipeline and other infrastructure projects;
- capital expenditure programs and the timing and method of financing thereof; and
- treatment under government regulation and taxation regimes.

Although Pine Cliff believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Pine Cliff cannot guarantee future results, levels of activity, performance, or achievements. Moreover, neither Pine Cliff nor any other person assumes responsibility for the outcome of the forward-looking statements. Many of the risks and other factors are beyond Pine Cliff's control, which could cause results to differ materially from those expressed in the forward-looking statements contained in this Annual Information Form. The risks and other factors include, but are not limited to:

- general economic conditions in Canada, the United States and globally, including reduced availability of debt and equity financing generally;
- industry conditions, including fluctuations in the price of oil, NGLs and natural gas;
- liabilities inherent in oil, natural gas and mineral operations;
- governmental regulation of the oil and gas, and mining industries, including environmental regulation;
- inflation and fluctuation in foreign exchange or interest rates;
- geological, technical, drilling and processing problems and other difficulties in producing reserves;
- unanticipated operating events which can reduce production or cause production to be shut in or delayed;
- failure to realize anticipated benefits of acquisitions and dispositions;
- failure to obtain industry partner and other third party consents and approvals, when required;
- stock market volatility and market valuations;
- competition for, among other things, capital, acquisitions or reserves, undeveloped land and skilled personnel;
- competition for and inability to retain drilling rigs, production equipment and other services;
- rights to surface access;
- the need to obtain required approvals from regulatory authorities; and
- the other factors described under "Risk Factors" in this Annual Information Form.

These factors should not be considered as exhaustive. Statements relating to "reserves" or "resources" are by their nature forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the resources and reserves described can be profitably produced in the future. With respect to forward-looking statements contained in this Annual Information Form, Pine Cliff has made assumptions regarding: inflation and future exchange rates; the impact of increasing competition; conditions in general economic and financial markets; availability of drilling and related equipment; availability of skilled labour; current technology; adjusted funds flow; production rates; timing and amount of capital expenditures; the prices and marketability of oil, NGLs, natural gas; royalty rates; effects of regulation by governmental agencies; future operating costs; future transportation costs; and the Company's ability to obtain financing on acceptable terms. Readers are cautioned that the foregoing list of factors is not exhaustive.

The above summary of assumptions and risks related to forward-looking statements has been provided in this Annual Information Form in order to provide readers with a more complete perspective on Pine Cliff's future operations. Readers are cautioned that this information may not be appropriate for other purposes.

The forward-looking statements contained in this Annual Information Form are expressly qualified by this cautionary statement. Pine Cliff is not under any duty to update or revise any of the forward-looking statements and does not intend to do so except as expressly required by applicable securities laws.

CORPORATE STRUCTURE

Name, Address and Incorporation

Pine Cliff was incorporated under the *Business Corporations Act* (Alberta) (the "**ABCA**") on November 10, 2004, by Certificate of Incorporation issued pursuant to the provisions of the ABCA, under the name "Pine Cliff Energy Ltd." Effective January 1, 2011, Pine Cliff amalgamated with its wholly-owned subsidiary, CanAmericas Energy Ltd., and its indirect wholly-owned subsidiary, CanAmericas (Chile) Energy Ltd., pursuant to the provisions of the ABCA. On October 1, 2013, Pine Cliff amalgamated with its wholly-owned subsidiary Skope Energy Inc. ("**Skope Energy**") pursuant to the provisions of the ABCA and, immediately prior to such amalgamation, Skope Energy amalgamated with its wholly-owned subsidiary Skope Energy International Inc. On January 1, 2022, Pine Cliff amalgamated with its wholly-owned subsidiary Apogee Petroleum Inc. ("**Apogee**"). On January 1, 2024, in connection with the Acquisition (as defined herein), Pine Cliff amalgamated with Certus Oil & Gas Inc. ("**Certus**") and other direct and indirect subsidiaries pursuant to sequential amalgamations under the provisions of the ABCA. Where applicable, references to the "Company" and "Pine Cliff" in this Annual Information Form shall mean Pine Cliff Energy Ltd., together with its direct and indirect subsidiaries.

Pine Cliff is a "reporting issuer" in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and New Brunswick.

On March 3, 2016, Pine Cliff was listed on the Toronto Stock Exchange ("**TSX**") and de-listed from the TSX Venture Exchange ("**TSXV**"). The common shares of the Company ("**Common Shares**") are listed on the TSX under the symbol "**PNE**" and trade on the OTC Markets Group ("**OTCQX**") under the symbol "**PIFYF**".

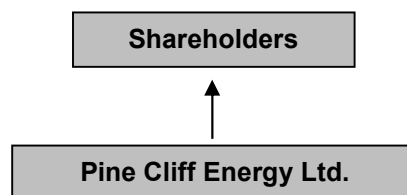
Pine Cliff's registered and head office is located at Suite 850, 1015 – 4th Street S.W., Calgary, Alberta T2R 1J4.

Transfer Agent and Registrar

The Registrar and Transfer Agent for Common Shares is Odyssey Trust Company at 350, 300 5th Ave SW Calgary, Alberta T2P 3C4.

Intercorporate Relationships

The following diagram sets forth the organizational structure of Pine Cliff, which does not have any material subsidiaries as of the date hereof:



GENERAL DEVELOPMENT OF THE BUSINESS

Overview

Pine Cliff is an Alberta-based corporation primarily engaged in the business of exploration for, and acquisition, development and production of oil, natural gas and NGLs in the Western Canadian Sedimentary Basin (the "**WCSB**"). In order to create value for the holders of Common Shares ("**Shareholders**"), Pine Cliff is pursuing an integrated growth strategy that includes both development through acquisitions as well as drilling.

Material Activities in 2021, 2022 and 2023

Year ended December 31, 2021

During the year ended December 31, 2021, the Company repaid in full the principal amount of \$19.0 million due to mature on July 31, 2022, pursuant to a non-revolving term credit facility ("**Term Debt**") with Alberta Investment Management Corporation ("AIMCo").

On September 16, 2021, the Company entered into an agreement with a Canadian chartered bank for a demand operating loan in the amount of \$5.0 million (the "**Demand Loan**"). Borrowings bear interest at the banks' prime lending plus 2.5% and the Demand Loan is secured by a general security agreement over certain tangible field facilities of the Company. No amount had been drawn on the Demand Loan at December 31, 2021.

On December 29, 2021, Pine Cliff closed the acquisition of Apogee for cash consideration of \$22.2 million. The assets are located in the Company's Greater Ghost Pine area.

Year ended December 31, 2022

Prior to June 30, 2022, the Company had repaid in full, the \$30.0 million of Term Debt due to mature on December 31, 2024. On June 30, 2022, the Company repaid in full the principal amount of a \$6.0 million promissory note payable to the Chairman of the Board of Directors of Pine Cliff (the "**Board**"), maturing December 31, 2024.

On June 30, 2022, the Company repaid in full the principal amount of \$6.0 million of promissory notes payable to a Shareholder and a relative of that Shareholder, who had previously owned directly or by discretion and control, greater than 10% of the Common Shares. This resulted in the Company having no debt outstanding as of June 30, 2022.

On July 28, 2022, the Demand Loan was increased from \$5.0 million to \$8.0 million.

On December 1, 2022, the Company and the Lender cancelled the Facility.

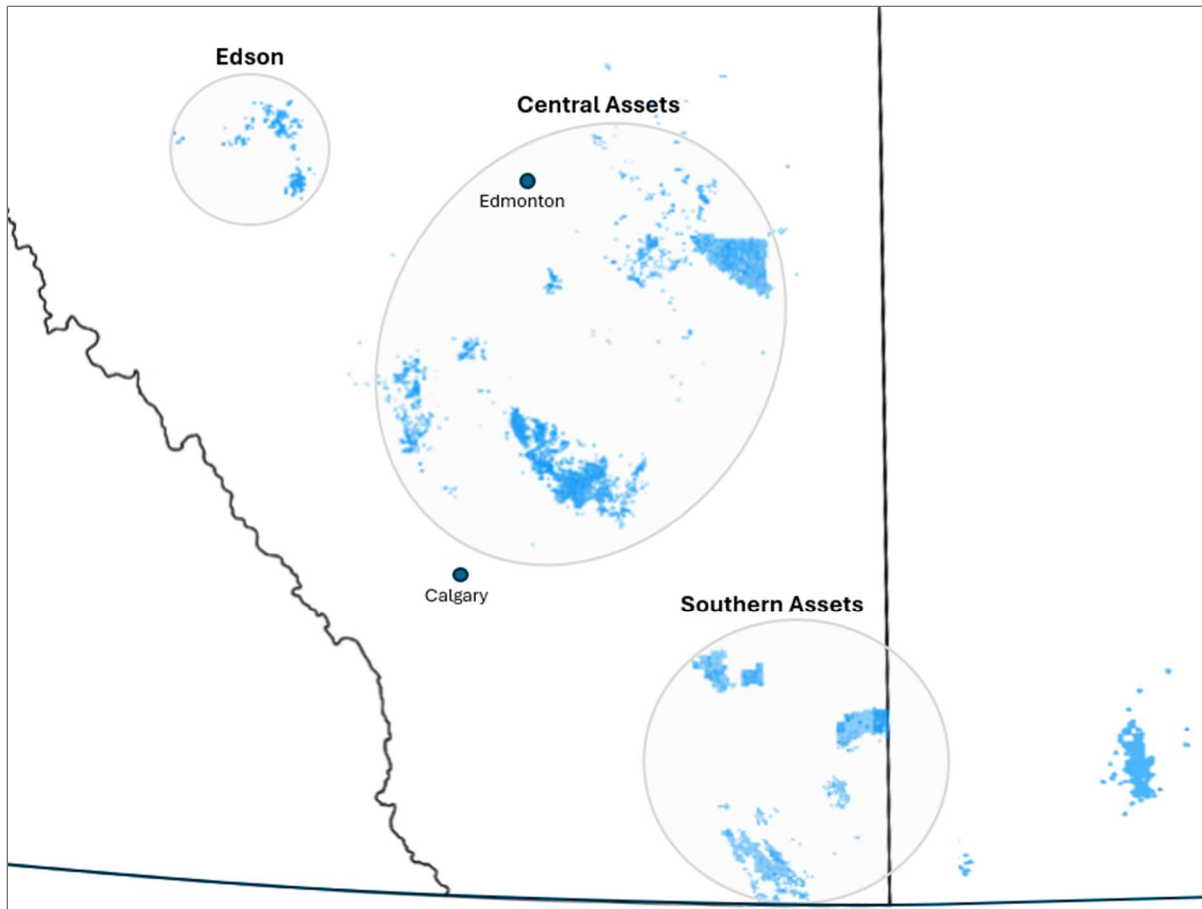
Year ended December 31, 2023

On December 13, 2023, the Company completed its acquisition of all of the issued and outstanding common shares of Certus, a privately held oil and natural gas producer, by way of take-over bid, for total cash consideration of \$108.9 million (the "**Acquisition**"). As a result of the Acquisition, Pine Cliff acquired approximately 5,300 Boe/d of liquids and natural gas production in the Caroline area of Central Alberta. The Acquisition was funded from the Company's cash resources and a new secured non-revolving credit facility in the amount of \$56.3 million provided by a private institutional investor (the "**Term Loan**"). The Term Loan matures in December 2026 with mandatory quarterly repayments in the amount of \$2.1 million, commencing April 1, 2024. The Term Loan bears interest at Canadian Prime Lending Rate ("**Prime Rate**") plus 3.65%, whereby the Prime Rate cannot be less than 6.95%.

DESCRIPTION OF OIL AND GAS PROPERTIES

Pine Cliff's oil and gas properties at December 31, 2023 are located in Alberta and Saskatchewan where the Company operates or has ownership in facilities and other installations necessary to produce, transport and sell oil, natural gas and NGLs. A description of Pine Cliff's oil and gas properties and infrastructure is set out below.

The following map outlines the location of Pine Cliff's assets:



Central Alberta Assets

Pine Cliff owns high working interest, production in the Ghost Pine and Viking areas of Central Alberta (the “**Central Alberta Assets**”). Pine Cliff has an average 76% working interest by wells in its Central Alberta Assets and operates 94% of the production.

Greater Ghost Pine

Pine Cliff's Ghost Pine assets are located near the town of Drumheller, Alberta and produce 79% natural gas. Ghost Pine production is from the Late Cretaceous Edmonton Group to the liquids rich, Early Cretaceous Mannville Group and Mississippian Rundle Group. Within the Ghost Pine asset there are up to 12 separate gas or oil charged reservoir formations. Pine Cliff owns and operates a majority of the infrastructure in this area including three licensed gas plants, nodal compressor stations and gathering and sales pipeline networks.

Drilling and recompletion development in the Ghost Pine area is primarily focused on exploitation of many different productive intervals from surface to the base of the Mississippian Group. Pine Cliff owns, or has license rights to, 420 square

kilometers of 3D seismic and 813 kilometers of 2D seismic on its Central Alberta assets. Pine Cliff has identified 42 gross (35.9 net) horizontal Pekisko oil locations and 10 gross (8.4 net) horizontal Basal Quartz oil locations. Of these locations, 20 gross (18.3 net) Pekisko drilling locations are recognized in the Pine Cliff Reserve Report.

Viking

Pine Cliff's Viking assets are located near the town of Viking, Alberta and produce 99% natural gas. The majority of this production comes from long life, low decline producing shallow gas assets in the Viking shore face sands composed of fine to coarse grained sandstone with inter-beds of conglomerate and cherty conglomeratic sandstone. There is upside potential in the Colorado shale which is a deep-water siltstone equivalent to the Cardium shore face found in Western Alberta.

Caroline

The Caroline assets are located west of the town of Sylvan Lake, Alberta and produce 48% natural gas, 36% natural gas liquids and 16% oil and condensate. Drilling development in the Caroline area is primarily focused on exploitation of the Ellerslie, Glauconite, Rock Creek and Elkton formations, with primary focus on 2-mile laterals in the Glauconite. The Company owns an extensive operated infrastructure including multi-well batteries, compression and natural gas gathering, connected to several underutilized third-party deep cut gas processing plants. Pine Cliff owns an average 71% working interest in the Caroline area assets.

Pine Cliff has identified 18 gross (8.8 net) horizontal Glauconite liquids rich gas locations, 27 gross (18 net) horizontal Ellerslie oil locations and 2 gross (2 net) horizontal Elkton oil locations. Of these locations, 18 gross (8.8 net) Glauconite, 5 gross (4.4 net) Ellerslie and 2 gross (2 net) Elkton drilling locations are recognized in the Pine Cliff Reserve Report.

Southern Alberta and Southern Saskatchewan

Pine Cliff owns long-life, low decline producing shallow gas assets in Southern Alberta and Southern Saskatchewan referred to as the Southern Assets. Excluding the Tilley Unit in this area, Pine Cliff has a 95% working interest by wells in the Southern Assets and is the operator of 98% of the Company's production in the area, excluding the Tilley Unit in this area. Pine Cliff also has a 10% interest in the Tilley Unit.

The majority of the producing zones in these properties are from the upper Cretaceous Milk River, Medicine Hat and Second White Specks sands. These fields are characterized by their shallow depths and low-permeability clay-rich sands. The formations occur in broad sheet-like sands that are laterally extensive and have been regarded by many as offshore sands. Underlying structures create fracturing which enhances permeability in these shallow horizons.

Hatton

Pine Cliff's Hatton assets are located near the town of Maple Creek, Saskatchewan. Development and production of long life, low decline producing shallow gas assets activities in the Hatton area at this time are primarily directed toward exploitation and maintaining production. Pine Cliff controls most of the infrastructure in this area, which includes a gas gathering system and a major compressor station that delivers to a TransGas Limited pipeline.

Many Islands/Long Valley

The Many Islands/Long Valley assets are located east of the City of Medicine Hat, Alberta. Development and production of long life, low decline producing shallow gas assets activities in the Many Islands/Long Valley area at this time are primarily directed toward exploitation and maintaining production. Pine Cliff controls most of the infrastructure in this area, which includes a gas gathering system, two field compressors and a 100% interest in a compression station that delivers to two TC Energy Corporation ("TC Energy") pipelines. In 2017, Pine Cliff purchased 100% interest in two Canadian Energy Regulator ("CER") regulated inter-provincial natural gas export pipelines that permit Pine Cliff to transport produced natural gas to either Alberta or Saskatchewan.

Pendor/Black Butte

The Pendor/Black Butte assets are located approximately 80 kilometers southwest of the City of Medicine Hat, Alberta. Development and production of long life, low decline producing shallow gas assets activities in the Pendor/Black Butte area at this time are primarily directed toward exploitation and maintaining production. Pine Cliff controls most of the infrastructure in this area which includes a gas gathering system, two gas processing facilities and a 100% interest in a CER regulated sales gas export pipeline terminating in Montana, United States.

Tilley/Monogram

The Tilley/Monogram long life, low decline producing shallow gas assets are located approximately 40 kilometers northwest of the City of Medicine Hat, Alberta. Development and production activities in the Tilley/Monogram area are currently directed toward exploitation and maintaining production. Pine Cliff controls most of the infrastructure in the Monogram area, which includes a gas gathering system, one field compressor and a 90% interest in a gas plant that delivers to TC Energy meter station or to a third party pipeline that transports gas to Alberta, Saskatchewan or the Empress market. The Tilley asset is a 10% working interest unit not operated by Pine Cliff.

Eagle Butte

The Eagle Butte long life, low decline producing shallow gas assets are located approximately 24 kilometers southeast of the City of Medicine Hat, Alberta. Development and production activities in the Eagle Butte area are currently directed towards exploitation and maintaining production. Pine Cliff controls most of the infrastructure in this area, which includes a gas gathering system, two field compressors and a 100% interest in a gas plant that delivers to a TC Energy pipeline.

Edson

Pine Cliff owns assets located near the town of Edson in Western Central Alberta, which produce liquids rich natural gas as well as a small amount of oil (the "**Edson Assets**"). Pine Cliff has a 47% average working interest by wells in the Edson Assets and is the operator of approximately 50% of the Company's production in the area. The Edson Assets have multi-zone potential which can be further exploited.

Pine Cliff's acreage in the area is productive primarily from sands belonging to the Middle Jurassic Rock Creek Formation and the early cretaceous Ellerslie formation. Secondary zones of interest in the area include sands belonging to the Viking, Wilrich, Bluesky and Notikewin formations. Pine Cliff has identified a total of 41 gross (9.8 net) potential drilling locations including three gross (0.4 net) booked locations in the liquids-rich Ellerslie (Gething) formation and two gross (0.8 net) booked locations in the Bluesky formation.

The Rock Creek sands are interpreted to have been deposited in a shallow marine shelf environment where lateral thickness variations may be the result of paleotopographic variability or changes in depositional environment. The reservoir sands are comprised of fine to medium grained sands and siltstones, average approximately six metres in thickness and are encountered at an average drill depth of 2,425 metres.

Unconformably overlying the Fernie Shale are the Lower Manville (basal quartz) equivalent sands. Derived from the Rocky Mountains to the west, these chert-rich sands were deposited by the northerly flowing Spirit River Channel system. The trapping mechanism for all the reservoirs in the Edson Assets is largely stratigraphic.

Non-core Areas

At December 31, 2023, Pine Cliff also has working interests in non-operated properties in the Carstairs area of Alberta and the Cadillac area of Southern Saskatchewan, but does not consider any of these assets to be core areas of the Company at this time.

Commodity Sales

For the year ended December 31, 2023, consolidated commodity sales were \$188.9 million (2022 – \$306.2 million). Products with revenues that exceeded 15 percent of consolidated commodity sales in 2023 include conventional natural gas of \$117.4 million or 62 percent of consolidated commodity sales (2022 – \$217.8 million or 71 percent), light and medium crude oil of \$42.3 million or 22 percent of consolidated commodity sales (2022 – \$49.9 million or 16 percent) and NGLs of \$29.1 million or 16 percent of consolidated commodity sales (2022 – \$38.5 million or 13 percent).

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

Presentation of Oil and Gas Information

All oil and gas information contained in this Annual Information Form has been prepared and presented in accordance with National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* (“**NI 51-101**”). The actual oil and gas reserves and future production will be greater than or less than the estimates provided herein. The estimated value of future net revenue from the production of the disclosed oil and gas reserves does not represent the fair market value of these reserves. There is no assurance that the forecast prices and costs or other assumptions made in connection with the reserves disclosed herein will be attained and variances could be material.

Definitions and Notes to Reserve Data Tables

Certain terms used herein are defined in NI 51-101 or the Canadian Oil and Gas Evaluation Handbook (“**COGE Handbook**”) and, unless the context otherwise requires, shall have the same meanings in this Annual Information Form as in NI 51-101 or the COGE Handbook.

The following definitions form the basis of the classification of reserves and values presented in the Pine Cliff Reserve Report. They have been jointly prepared by the Canadian Institute of Mining, Metallurgy and Petroleum and the Society of Petroleum Evaluation Engineers and incorporated into the COGE Handbook and specified by NI 51-101. Reserve data tables may not add due to rounding.

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recovered from known accumulations, from a given date forward, based on:

- analysis of drilling, geological, geophysical and engineering data;
- the use of established technology;
- specified economic conditions, which are generally accepted as being reasonable, and shall be disclosed; and
- a remaining reserve life of 50 years.

Reserves are classified according to the degree of certainty associated with the estimates.

1. Proved Reserves

Proved reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

2. Probable Reserves

Probable reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

3. Possible Reserves

Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves. Possible reserves have not been considered in this Annual Information Form.

Other criteria that must also be met for categorization of reserves are provided in Section 5.5 of the COGE Handbook.

Each of the reserves categories (proved, probable and possible) may be divided into developed or undeveloped categories.

4. Developed Reserves

Developed reserves are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g., when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing.

5. Developed Producing Reserves

Developed producing reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

6. Developed Non-Producing Reserves

Developed non-producing reserves are those reserves that either have not been on production, or have previously been on production, but are shut in, and the date of resumption of production is unknown.

7. Undeveloped Reserves

Undeveloped reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable or possible) to which they are assigned.

In multi-well pools, it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to subdivide the developed reserves for the pool between developed producing and developed non-producing. This allocation is typically based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities and completion intervals in the pool and their respective development and production status.

8. Levels of Certainty for Reported Reserves

The qualitative certainty levels contained in the definitions in Sections 1, 2 and 3 above are applicable to individual reserves entities, which refers to the lowest level at which reserves estimates are made, and to reported reserves, which refers to the highest level sum of individual entity estimates for which reserve estimates are made.

Reported total reserves estimated by deterministic or probabilistic methods, whether comprised of a single reserves entity or an aggregate estimate for multiple entities, should target the following levels of certainty under a specific set of economic conditions:

- (a) there is a 90% probability that at least the estimated proved reserves will be recovered;
- (b) there is a 50% probability that at least the sum of the estimated proved reserves plus probable reserves will be recovered; and
- (c) there is a 10% probability that at least the sum of the estimated proved reserves plus probable reserves plus possible reserves will be recovered.

A quantitative measure of the probability associated with a reserves estimate is generated only when a probabilistic estimate is conducted. The majority of reserves estimates will be performed using deterministic methods that do not provide a quantitative measure of probability. In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods.

Additional clarification of certainty levels associated with reserves estimates and the effect of aggregation is provided in Section 5.5.3 of the COGE Handbook. Whether deterministic or probabilistic methods are used, evaluators are expressing their professional judgement as to what are reasonable estimates.

Reserves Data in Respect of Pine Cliff

All of Pine Cliff's oil and gas reserves are located in Western Canada. Pine Cliff conducts an annual independent evaluation of all of the Company's reserves. Pine Cliff engaged independent petroleum consultants McDaniel & Associates Consultants Ltd. ("**McDaniel**") to evaluate reserves for all of Pine Cliff's oil and gas properties effective December 31, 2023 (the "**Pine Cliff Reserve Report**"). The Pine Cliff Reserve Report has been prepared in accordance with the standards contained in the COGE Handbook and the reserve definitions contained in NI 51-101. McDaniel has reviewed and consented to the information contained herein.

The reserves data summarizes the oil, natural gas and NGLs reserves of Pine Cliff and the net present values of future net revenue for these reserves using forecast prices and costs. The reserves data conforms to the requirements of NI 51-101. Additional information not required by NI 51-101 has been presented to provide continuity and additional information which the Company believes is important to the readers of this information. Pine Cliff engaged McDaniel to provide an evaluation of proved and proved plus probable reserves and no attempt was made to evaluate possible reserves.

All evaluations of future net production revenue set forth in the tables below are based on the average forecast prices of McDaniel & Associates Consultants Ltd., GLJ Petroleum Consultants Ltd. and Sproule Associates Limited as of January 1, 2024, and are stated for Pine Cliff's working interest share of reserves (referred to as "Gross" in NI 51-101) in accordance with the COGE Handbook. Pine Cliff's net interest share is after deduction for royalty burdens payable and receivable. It should not be assumed that the discounted future net production revenue estimated by the Pine Cliff Reserve Report represents the fair market value of the reserves. There is no assurance that the future price and cost assumptions used in the Pine Cliff Reserve Report will prove accurate and variances could be material. The recovery and reserve estimates of oil, natural gas and NGLs reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual oil, natural gas and NGLs reserves may be greater than or less than the estimates provided herein. Tables may not add due to rounding.

Estimates of reserves and future net revenue have been made assuming that development of each property in respect of which the estimate is made will occur, without regard to the likely availability to Pine Cliff of adequate liquidity and capital resources required for that development to occur.

Pine Cliff's Reserves Committee reviews the qualifications and appointment of the independent qualified reserves evaluators and the procedures for providing information to the evaluators. Pine Cliff's board of directors has reviewed and approved the Pine Cliff Reserve Report.

In accordance with the requirements of NI 51-101, the Report on Reserves Data by Independent Qualified Reserves Evaluator in Form 51-101F2 and the Report of Management and Directors on Oil and Gas Disclosure in Form 51-101F3 are attached as Appendices A and B hereto, respectively.

PART 1 – DATE OF STATEMENT

Relevant dates:

- (1) Statement date is March 4, 2024
- (2) Effective date is December 31, 2023
- (3) Preparation date is March 4, 2024

PART 2 – DISCLOSURE OF RESERVE DATA

**SUMMARY OF OIL AND GAS RESERVES
AS OF DECEMBER 31, 2023
FORECAST PRICES AND COSTS**

Reserve Category:	Light and Medium Crude Oil Combined		Heavy Crude Oil		Conventional Natural Gas	
	Gross (MBbl)	Net (MBbl)	Gross (MBbl)	Net (MBbl)	Gross (MMcf)	Net (MMcf)
Proved						
Developed Producing	3,724.3	3,209.5	0.6	0.5	224,913.5	204,978.9
Developed Non-Producing	288.0	218.8	-	-	2,187.9	1,956.6
Undeveloped	1,139.1	944.0	-	-	22,964.9	20,059.4
Total Proved	5,151.4	4,372.4	0.6	0.5	250,066.3	226,994.9
Probable	2,982.7	2,400.6	0.0	0.0	97,767.0	87,299.8
Total Proved plus Probable	8,134.1	6,773.0	0.6	0.5	347,833.3	314,294.7

Reserve Category:	Coal Bed Methane		Natural Gas Liquids		Total Oil Equivalent	
	Gross (MMcf)	Net (MMcf)	Gross (MBbl)	Net (MBbl)	Gross (MBoe)	Net (MBoe)
Proved						
Developed Producing	24,237.5	22,133.9	7,639.4	6,283.0	52,889.5	47,345.1
Developed Non-Producing	-	-	114.3	90.2	767.0	635.1
Undeveloped	-	-	3,372.5	2,804.2	8,339.1	7,091.4
Total Proved	24,237.5	22,133.9	11,126.2	9,177.4	61,995.5	55,071.8
Probable	7,247.5	6,668.1	6,676.1	5,451.7	27,161.2	23,513.6
Total Proved plus Probable	31,485.0	28,802.0	17,802.3	14,629.1	89,156.7	78,585.4

**FUTURE NET REVENUE
AS OF DECEMBER 31, 2023 FORECAST PRICES AND COSTS**

**Net Present Values of Future Net Revenue¹
Before Income Taxes**

(\$ thousands)	Before Income Taxes Discounted at (% per year)					Unit Value Before Tax @10% ²
Reserve Category:	0%	5%	10%	15%	20%	\$/Boe
Proved						
Developed Producing	51,068.2	199,853.3	213,664.7	198,119.3	178,127.5	4.51
Developed Non-Producing	21,146.3	12,760.8	8,660.6	6,341.2	4,886.9	13.64
Undeveloped	142,163.5	87,746.0	57,340.7	39,024.2	27,285.3	8.09
Total Proved	214,378.1	300,360.1	279,665.9	243,484.6	210,299.6	5.08
Total Probable	484,573.0	292,886.9	197,154.3	142,384.2	107,876.9	8.38
Total Proved plus Probable	698,951.1	593,247.0	476,820.3	385,868.8	318,176.5	6.07

¹ Net of abandonment and reclamation costs.

² The unit values are based on net reserve volumes.

**FUTURE NET REVENUE
AS OF DECEMBER 31, 2023 FORECAST PRICES AND COSTS**

**Net Present Values of Future Net Revenue¹
After Income Taxes**

(\$ thousands)	After Income Taxes Discounted at (% per year)				
Reserve Category:	0%	5%	10%	15%	20%
Proved					
Developed Producing	43,773.0	194,926.7	210,260.1	195,717.4	176,401.4
Developed Non-Producing	18,131.9	10,631.1	7,118.3	5,200.0	4,026.6
Undeveloped	117,777.8	69,994.6	44,073.7	28,885.9	19,390.1
Total Proved	179,682.6	275,552.3	261,452.0	229,803.3	199,818.0
Total Probable	400,861.7	234,190.3	154,124.6	109,700.6	82,335.2
Total Proved plus Probable	580,544.3	509,742.7	415,576.6	339,503.9	282,153.3

¹ Net of abandonment and reclamation costs.

² The unit values are based on net reserve volumes.

**TOTAL FUTURE NET REVENUE
(UNDISCOUNTED)
AS OF DECEMBER 31, 2023
FORECAST PRICES AND COSTS**

(\$ thousands)	Revenue ¹	Royalties ²	Operating Costs	Development Costs	Abandonment and Reclamation Costs	Future Net Revenue Before Income Taxes	Income Taxes	Future Net Revenue After Income Taxes
Proved	2,192,638	251,229	1,154,380	100,801	471,850	214,378	34,695	179,683
Proved plus Probable	3,375,213	419,250	1,602,634	179,129	475,249	698,951	118,407	580,544

¹ Includes all product revenues and other revenues as forecast.

² Royalties include any net profits interests paid, as well as the Saskatchewan Corporation Capital Tax Surcharge.

**NET PRESENT VALUE OF FUTURE NET REVENUE
BY PRODUCT TYPE
AS OF DECEMBER 31, 2023
FORECAST PRICES AND COSTS**

Reserve Category:	Product	Future Net Revenue Before Income Taxes (Discounted at 10% per year) (M\$)	Unit Value Before Income Taxes (Discounted at 10% per year) (\$/Mcf, \$/Bbl)
Proved	Light and Medium Crude Oil Combined ¹	155,488	37.82
	Heavy Crude Oil ¹	40	76.19
	Conventional Natural Gas ²	104,375	0.52
	Coal Bed Methane ²	19,763	0.89
	Total	279,666	
Proved plus Probable	Light and Medium Crude Oil Combined ¹	240,983	37.77
	Heavy Crude Oil ¹	41	76.19
	Conventional Natural Gas ²	210,480	0.78
	Coal Bed Methane ²	25,317	0.88
	Total	476,820	

¹ Including solution gas and by-products.

² Including by-products.

PART 3 – PRICING ASSUMPTIONS

**SUMMARY OF PRICING AND INFLATION RATE ASSUMPTIONS
AS OF DECEMBER 31, 2023
FORECAST PRICES AND COSTS**

McDaniel has used a three consultant (McDaniel & Associates Consultants Ltd., GLJ Petroleum Consultants Ltd. and Sproule Associates Limited, each of whom are independent qualified reserves evaluators) average price forecast in the preparation of the Pine Cliff Reserve Report.

	WTI Crude Oil	Edmonton Light Crude Oil	Edmonton Cond & Natural Gasolines	Edmonton Ethane	Edmonton Propane	Edmonton Butanes	Alberta AECO Spot Price	\$US to \$C Exchange Rate
	\$US/Bbl	\$C/Bbl	\$C/Bbl	\$C/Bbl	\$C/Bbl	\$C/Bbl	\$C/MMBtu	
2024	73.67	92.91	96.79	6.88	29.65	47.69	2.20	0.752
2025	74.98	95.04	98.75	10.76	35.13	48.83	3.37	0.752
2026	76.14	96.07	100.71	13.17	35.43	49.36	4.05	0.755
2027	77.66	97.99	102.72	13.44	36.14	50.35	4.13	0.755
2028	79.22	99.95	104.78	13.71	36.86	51.35	4.21	0.755
2029	80.80	101.94	106.87	14.00	37.60	52.38	4.30	0.755
2030	82.42	103.98	109.01	14.28	38.35	53.43	4.38	0.755
2031	84.06	106.06	111.19	14.58	39.12	54.50	4.47	0.755
2032	85.74	108.18	113.41	14.87	39.90	55.58	4.56	0.755
2033	87.46	110.35	115.67	15.17	40.70	56.70	4.65	0.755
2034	89.21	112.56	117.98	15.48	41.51	57.83	4.74	0.755
2035	90.99	114.81	120.34	15.79	42.34	58.99	4.84	0.755
2036	92.81	117.10	122.75	16.10	43.19	60.17	4.94	0.755
2037	94.67	119.45	125.20	16.42	44.06	61.37	5.03	0.755
2038	96.56	121.83	127.71	16.75	44.94	62.60	5.14	0.755
Thereafter	+2%/year	+2%/year	+2%/year	+2%/year	+2%/year	+2%/year	+2%/year	0.755

- Pine Cliff's weighted average realized sale price for the year ended December 31, 2023 was \$92.29 per Bbl for crude oil, \$53.51 per Bbl for NGLs and \$2.99 per Mcf for natural gas.

PART 4 – RECONCILIATION OF CHANGES IN RESERVES

**RECONCILIATION OF PINE CLIFF'S GROSS RESERVES
(BEFORE ROYALTY) BY PRINCIPAL PRODUCT TYPE
AS OF DECEMBER 31, 2023
FORECAST PRICES AND COSTS**

	Light and Medium Crude Oil Combined			Heavy Crude Oil			Conventional Natural Gas		
	Proved (MBbl)	Probable (MBbl)	Proved Plus Probable (MBbl)	Proved (MBbl)	Probable (MBbl)	Proved Plus Probable (MBbl)	Proved (MMcf)	Probable (MMcf)	Proved Plus Probable (MMcf)
December 31, 2022	3,098.1	1,783.5	4,881.6	1.2	-	1.3	242,580.6	70,623.5	313,204.2
Extension and Improved Recovery	91.6	283.0	374.6	-	-	-	751.1	2,284.3	3,035.4
Technical Revisions	(23.5)	(37.9)	(61.4)	(0.4)	-	(0.5)	(5,558.0)	(3,749.3)	(9,307.3)
Acquisitions	2,439.6	948.1	3,387.8	-	-	-	53,881.2	33,991.2	87,872.5
Dispositions	-	-	-	-	-	-	-	-	-
Economic Factors	2.7	6.0	8.7	0.6	-	0.6	(6,393.5)	(5,382.8)	(11,776.3)
Total Changes	2,510.4	1,199.2	3,709.7	0.2	-	0.2	42,680.8	27,143.5	69,824.3
Production	(457.2)	-	(457.2)	(0.8)	-	(0.8)	(35,195.1)	-	(35,195.1)
December 31, 2023	5,151.4	2,982.7	8,134.1	0.6	-	0.6	250,066.3	97,767.0	347,833.3

	Coal Bed Methane			Natural Gas Liquids			Oil Equivalent		
	Proved (MMcf)	Probable (MMcf)	Proved Plus Probable (MMcf)	Proved (MBbl)	Probable (MBbl)	Proved Plus Probable (MBbl)	Proved (MBoe)	Probable (MBoe)	Proved Plus Probable (MBoe)
December 31, 2022	27,934.2	6,449.5	34,383.6	3,663.1	1,171.0	4,834.2	51,848.3	15,800.0	67,648.4
Extension and Improved Recovery	-	-	-	23.2	68.1	91.3	240.0	731.8	971.8
Technical Revisions	(375.4)	898.8	523.5	193.1	18.4	211.4	(819.8)	(494.6)	(1,314.4)
Acquisitions	-	-	-	7,987.3	5,474.1	13,461.3	19,407.1	12,087.4	31,494.5
Dispositions	-	-	-	-	-	-	-	-	-
Economic Factors	713.0	(100.8)	612.2	(195.6)	(55.5)	(251.1)	(1,139.1)	(963.4)	(2,102.5)
Total Changes	337.6	798.1	1,135.7	8,007.9	5,505.1	13,512.9	17,688.2	11,361.2	29,049.4
Production	(4,034.3)	-	(4,034.3)	(544.8)	-	(544.8)	(7,541.0)	-	(7,541.0)
December 31, 2023	24,237.5	7,247.5	31,485.0	11,126.2	6,676.1	17,802.3	61,995.5	27,161.2	89,156.7

PART 5 – ADDITIONAL INFORMATION RELATED TO RESERVE DATA

Undeveloped Reserves

Undeveloped reserves were attributed in accordance with the standards and procedures in the COGE Handbook. The following chart shows the Company's gross reserves, first attributed by year.

	Light and Medium Crude Oil Combined (MBbl)		Heavy Crude Oil (MBbl)		Conventional Natural Gas (MMcf)		Coal Bed Methane (MMcf)	
	First Attributed	Total at Year End	First Attributed	Total at Year End	First Attributed	Total at Year End	First Attributed	Total at Year End
Proved Undeveloped Reserves								
Prior	-	-	-	-	-	-	-	-
2021	17.9	963.4	-	-	488.3	5,990.7	-	-
2022	225.8	1,012.6	-	-	1,678.2	7,813.7	-	-
2023	347.4	1,139.1	-	-	16,809.2	22,964.9	-	-
Probable Undeveloped Reserves								
Prior	-	-	-	-	-	-	-	-
2021	-	1,046.7	-	-	-	11,216.7	-	-
2022	185.4	1,328.6	-	-	1,393.8	12,281.7	-	-
2023	603.1	1,851.1	-	-	25,402.7	37,435.3	-	-

	Natural Gas Liquids (MBbl)		Total Oil Equivalent MBoe (MBbl)	
	First Attributed	Total at Year End	First Attributed	Total at Year End
Proved Undeveloped Reserves				
Prior	-	-	-	-
2021	37.1	229.7	136.4	2,191.5
2022	49.2	244.3	554.7	2,559.2
2023	3,189.7	3,372.5	6,338.7	8,339.1
Probable Undeveloped Reserves				
Prior	-	-	-	-
2021	-	651.2	-	3,567.3
2022	40.8	437.4	458.5	3,813.0
2023	4,111.5	4,524.5	8,948.3	12,614.8

Proved and probable undeveloped reserves were assigned by McDaniel in accordance with NI 51-101 requirements and standards.

Proved undeveloped reserves amount to 8,339.1 MBoe and represent approximately 13.5% of Pine Cliff's total proved reserves on a Boe basis. In general, proved undeveloped reserves were assigned to certain properties as a result of Pine Cliff's capital program. Pine Cliff plans to convert the proved undeveloped reserves to proved developed producing reserves over the next three years through future capital spending.

Pine Cliff's probable undeveloped reserves amount to 12,614.8 MBoe and represent approximately 60.2% of the total proved plus probable undeveloped reserves. Probable undeveloped reserves are assigned for similar reasons and generally to the same properties as proved undeveloped reserves, but also meet the requirements of the reserve classification to which they belong. Probable undeveloped reserves are those reserves that are less certain to be recovered than proved reserves and are expected to be recovered from known accumulations. Pine Cliff plans to convert the probable undeveloped reserves to proved developed producing reserves over the next five years as a result of historical and future capital spending.

Significant Factors or Uncertainties

The process of estimating reserves is complex. It requires significant judgments and decisions based on available geological, geophysical, engineering or economic data. These estimates may change substantially as additional data from ongoing development activities and production performance become available and as economic conditions impacting oil and gas prices and costs change. The reserve estimates contained herein are based on forecast prices, production forecasts, prices and economic conditions.

As circumstances change and additional data becomes available, reserve estimates also change. Estimates made are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required due to changes in well performance, prices, economic conditions and governmental restrictions.

Although every reasonable effort is made to ensure that reserve estimates are accurate, reserve estimation is an inferential science. As a result, the subjective decisions, new geological or production information and a changing environment may impact these estimates. Revisions to reserve estimates can arise from changes in year-end oil and gas prices, and reservoir performance. Such revisions can either be positive or negative.

Future Development Costs

The following table outlines development costs deducted in the Pine Cliff Reserve Report in the estimation of future net revenue attributable to proved reserves and proved plus probable reserves, in each instance using forecast prices and costs.

(M\$)	Total Proved	Total Proved plus Probable
2024	6,312	8,371
2025	24,637	44,868
2026	15,951	36,216
2027	31,940	50,837
2028	18,046	34,922
Remainder	3,915	3,915
Total for all years undiscounted	100,801	179,129
Total for all years discounted at 10% per year	77,834	138,610

Undeveloped Locations

Undeveloped locations consist of drilling and recompletion locations booked in the Pine Cliff Reserve Report and unbooked drilling locations. Booked locations are proposed proved and probable locations identified in the Pine Cliff Reserve Report. Unbooked drilling locations are internal estimates based on an evaluation of geology, volumetrics and analogs evaluation of geologic, reserves and spacing based on industry practice. As outlined in the following table, Pine Cliff has identified 156 gross (99.1 net) undeveloped locations of which 24 gross (17.4 net) are proved drilling locations, 26 gross (17.3 net) are probable drilling locations, and 106 gross (64.4 net) are unbooked drilling locations.

	Unbooked Locations		Booked Locations		Total Locations	
	Gross	Net	Gross	Net	Gross	Net
Carrot Creek Ellerslie	14	3.8	-	-	14	3.8
Ghost Pine Basal Quartz Gas	2	1.7	-	-	2	1.7
Ghost Pine Basal Quartz Oil	10	9.1	-	-	10	9.1
Ghost Pine Sparky	6	5.6	-	-	6	5.6
Pine Creek Bluesky	-	-	2	0.8	2	0.8
Pine Creek/McLeod Ellerslie	22	4.9	3	0.4	25	5.3
Three Hills Pekisko Oil	8	8.0	-	-	8	8.0
Twining Pekisko Oil	15	12.7	14	14	29	26.7
Twining Unit Pekisko Oil	7	5.0	6	4.3	13	9.3
Caroline Glauconite Liquids Rich Gas	-	-	18	8.8	18	8.8
Caroline Ellerslie Oil	22	13.6	5	4.4	27	18
Caroline Elkton Oil	-	-	2	2	2	2.0
Total	106	64.4	50	34.7	156	99.1

There is no guarantee that Pine Cliff will drill any or all of the undrilled locations and there is no certainty that the drilling of these locations will result in additional reserves or production or achieve expected rates of return. Pine Cliff's drilling activity depends on availability of capital, regulatory approvals, commodity prices, drilling costs and other factors. As such, Pine Cliff's actual drilling activities may materially differ from those presently identified, which could adversely affect Pine Cliff's business.

Pine Cliff estimates that its internally generated cash flow will be sufficient to fund the future development costs disclosed above. Pine Cliff typically has available three sources of funding to finance its capital expenditure program: cash generated internally by operating activities; debt financing when appropriate; and new equity issues, if available on favorable terms.

PART 6 – OTHER OIL AND GAS INFORMATION

Well Count

The wells in which Pine Cliff had an interest in as at December 31, 2023 are set out in the following table:

	Oil & Liquids Wells		Gas Wells		Total Wells	
	Gross	Net	Gross	Net	Gross	Net
Producing wells						
Alberta	328	267.6	6,112	4,265.3	6,440	4,532.9
Saskatchewan	-	-	1,650	1,574.3	1,650	1,574.3
Total producing	328	267.6	7,762	5,839.6	8,090	6,107.2
Non-producing wells						
Alberta	114	59.2	529	374.5	643	433.6
Saskatchewan			53	39.6	53	39.6
Total non-producing	114	59.2	582	414.1	696	473.2
Total	442	326.8	8,344	6,253.7	8,786	6,580.4

Additionally, the Company has 1,863 gross (1,498.3 net) wells in the Province of Alberta and 178 gross (166.4 net) wells in the Province of Saskatchewan that are abandoned and not yet reclaimed.

Marketing and Forward Contracts

The Corporation currently sells its natural gas at the AECO, Dawn, and TEP trading points. The Corporation has used fixed price, daily and monthly physical sales contracts to manage the risks related to fluctuating commodity prices and may continue to use these and various types of derivative financial instruments in the future. For details of the Company's physical sales contracts, please refer to Note 6 – Risk Management of the Company's audited annual financial statements for the year ended December 31, 2023.

Abandonment and Reclamation Costs

In connection with its operations, the Company will incur abandonment and reclamation costs for surface leases, wells, facilities and pipelines. The Company budgets for and recognizes as a liability the estimated present value of the future decommissioning liabilities associated with its property, plant and equipment. The Company estimates such costs through a model that incorporates data from the Company's operating history, industry sources and cost formulas used by Alberta Energy Regulator ("AER"), together with other operating assumptions.

(M\$)	Total Proved	Total Proved Plus Probable
2024	7,100	7,100
2025	7,380	7,380
2026	7,834	7,834
2027	8,313	8,313
2028	8,819	8,819
Remainder	432,405	435,804
Total for all years, inflated but undiscounted	471,851	475,250
Total for all years, inflated and discounted at 10% per year	105,741	105,774

Tax Horizon

Pine Cliff does not expect to pay income taxes for the 2024 fiscal year. The amount of future cash income taxes will depend on production, commodity prices and capital expenditure levels.

The Company has the following tax pools, which may be used to reduce taxable income in future years, limited to the applicable rates of utilization:

(\$000)	Rate of Utilization (%)	2023
Undepreciated capital costs	7 - 55	38,571
Canadian oil and gas property expenditures	10	188,942
Canadian development expenditures	30	41,274
Canadian exploration expenditures	100	167
Share issue costs	20	4,747
Non-capital losses carried forward ¹	100	108,626
Capital losses carried forward ²		5,624
Total		387,951

¹ Non-capital losses expire between the years 2031 and 2040.

² The capital losses carried forward can only be claimed against taxable capital gains.

Capital Expenditures Incurred

The following table summarizes petroleum and natural gas capital expenditures incurred by the Company on acquisitions, dispositions, land, seismic, exploration and development drilling and production facilities for the year ended December 31, 2023:

(M\$)	
Property acquisition costs – proved	109,326
Property disposition proceeds – proved	(379)
Exploration	34
Development	20,932
Net oil and natural gas capital expenditures	129,913

Exploration and Development Activities

The following table summarizes Pine Cliff's gross and net drilling activity and success in the year ended December 31, 2023:

	Development		Exploratory		Total	
	Gross	Net	Gross	Net	Gross	Net
Oil	3	2.1	-	-	3	2.1
Gas	1	0.2	-	-	1	0.2
Dry Holes	-	-	-	-	-	-
Total	4	2.3	-	-	4	2.3
Success Rate	100%	100%	0%	0%	100%	100%

In 2023, Pine Cliff drilled three successful gross (2.1 net) Pekisko oil wells in the Central Alberta area. Additionally, Pine Cliff drilled one successful gross (0.2 net) Gething natural gas well in the Edson area. Pine Cliff's development drilling activities in 2024 are expected to be primarily focused on Glauconite oil and liquids rich natural gas in Central Alberta.

Production Estimates

The following table summarizes the estimated 2024 production reflected in the estimates of future net revenue disclosed under Part 2 in the Pine Cliff Reserve Report:

	Gross Daily Production Total
Total Proved	
Light, Medium and Heavy Crude Oil Combined (Bbl/d)	1,455.7
Natural Gas (Boe/d)	18,598.6
Natural Gas Liquids (Bbl/d)	3,229.0
Total (Boe/d)	23,283.3
Total Proved plus Probable	
Light, Medium and Heavy Crude Oil Combined (Bbl/d)	1,540.7
Natural Gas (Boe/d)	19,151.5
Natural Gas Liquids (Bbl/d)	3,540.7
Total (Boe/d)	24,232.9

Production History

	Quarter ended March 31, 2023	Quarter ended June 30, 2023	Quarter ended September 30, 2023	Quarter ended December 31, 2023	Year ended December 31, 2023
Average daily production					
Natural gas volumes (Mcf/d)	105,170	106,024	108,139	110,499	107,471
NGLs (Bbl/d)	1,446	1,343	1,488	1,690	1,493
Light, and Medium oil (Bbl/d)	1,101	1,184	1,383	1,347	1,255
Combined (BOE/d)	20,076	20,198	20,895	21,454	20,660
Light and Medium Crude Oil netbacks (\$/Bbl)					
Average sales price	92.44	86.27	96.44	93.15	92.29
Royalty expense	(12.49)	(13.53)	(7.96)	(16.76)	(12.63)
Operating expenses	(12.22)	(12.98)	(13.23)	(13.05)	(12.90)
Operating netback	67.73	59.76	75.25	63.34	66.76
Natural Gas netbacks (\$/Mcf)					
Average sales price	3.74	2.79	2.88	2.59	2.99
Processing and gathering	0.15	0.14	0.10	0.15	0.13
Royalty expense	(0.29)	(0.24)	(0.23)	(0.22)	(0.24)
Transportation expenses	(0.28)	(0.28)	(0.26)	(0.28)	(0.28)
Operating expenses	(2.25)	(2.10)	(2.08)	(2.28)	(2.18)
Operating netback	1.07	0.31	0.41	(0.04)	0.42
NGLs netbacks (\$/Bbl)					
Average sales price	64.19	49.39	52.69	48.51	53.51
Royalty expense	(17.58)	(6.65)	(4.59)	(5.56)	(8.43)
Operating expenses	(13.03)	(13.35)	(12.29)	(13.87)	(13.16)
Operating netback	33.58	29.39	35.81	29.08	31.92
Combined netbacks (\$/Boe)					
Average sales price	29.30	23.00	25.06	23.03	25.04
Processing and gathering	0.77	0.71	0.51	0.75	0.68
Royalty expense	(3.48)	(2.47)	(2.04)	(2.63)	(2.65)
Transportation expenses	(1.47)	(1.45)	(1.37)	(1.45)	(1.43)
Operating expenses	(13.40)	(12.68)	(12.51)	(13.66)	(13.07)
Operating netback	11.72	7.11	9.65	6.04	8.57

The following table provides a summary of the average production volumes from Pine Cliff's main producing areas:

	Quarter ended March 31, 2023	Quarter ended June 30, 2023	Quarter ended September 30, 2023	Quarter ended December 31, 2023	Year ended December 31, 2023
Light and Medium Crude Oil (Bbl/d)					
Central Alberta Assets	1,066	1,141	1,335	1,292	1,210
Southern Assets	-	-	-	-	-
Edson Assets	35	43	48	55	45
Total	1,101	1,184	1,383	1,347	1,255
Natural Gas (Mcf/d)					
Central Alberta Assets	57,004	58,445	59,794	63,450	59,694
Southern Assets	39,309	39,822	39,411	39,126	39,416
Edson Assets	8,857	7,757	8,933	7,923	8,366
Total	105,170	106,024	108,138	110,499	107,476
Natural Gas Liquids (Bbl/d)					
Central Alberta Assets	890	903	899	1,291	996
Southern Assets	5	3	3	2	4
Edson Assets	551	437	586	397	493
Total	1,446	1,343	1,488	1,690	1,493
Total (Boe/d)					
Central Alberta Assets	11,457	11,785	12,200	13,158	12,155
Southern Assets	6,557	6,640	6,572	6,523	6,573
Edson Assets	2,062	1,773	2,123	1,773	1,932
Total	20,076	20,198	20,895	21,454	20,660

Lease Holdings

Pine Cliff's December 31, 2023 holdings of petroleum and natural gas leases and rights are as follows:

	Developed Acres		Undeveloped Acres		Total	
	Gross	Net	Gross	Net	Gross	Net
Area:						
Viking	499,605	447,299	72,427	52,856	572,032	500,155
Ghost Pine	507,432	417,578	27,238	20,560	534,670	438,138
Caroline	129,156	84,300	55,425	35,390	184,581	119,690
Pendor/Black Butte	262,130	254,345	4,000	3,910	266,130	258,255
Many Islands/Long Valley	224,226	217,222	4,199	3,959	228,425	221,181
Hatton	138,454	128,674	68,032	4,068	206,486	132,742
Tilley/Monogram	173,318	51,919	-	-	173,318	51,919
Edson	88,800	40,413	24,640	5,294	113,440	45,707
Eagle Butte	38,674	38,674	2	2	38,676	38,676
Wymark/Vidora	36,919	32,685	-	-	36,919	32,685
Other	78,870	70,907	2,212	173	81,082	71,080
Total	2,177,584	1,784,016	258,175	126,212	2,435,759	1,910,228

There are no attributed reserves assigned to 36,919 gross (32,685 net) acres in the Wymark/Vidora area. The Company has interests in 4,927 gross (3,937 net) acres that will expire within one year.

DESCRIPTION OF THE BUSINESS

Competition

The oil and natural gas industry is competitive in all the respective phases. Pine Cliff competes with numerous other participants in the search, acquisition and exploitation of oil and natural gas properties and in the production and marketing

of oil and natural gas. Pine Cliff's competitors include resource companies which have greater financial resources, staff and facilities than those of Pine Cliff which could give them a competitive advantage. Competitive factors in the distribution and marketing of oil and natural gas include price, and methods and reliability of delivery. Pine Cliff believes that its competitive position is equivalent to that of companies of similar size and at a similar stage of development. See "*Risk Factors*".

Seasonality and Climate

The level of activity in the Canadian oil and gas industry is influenced by seasonal weather patterns. A mild winter or wet spring may result in limited access and, as a result, reduced operations or a cessation of operations.

Municipalities and provincial transportation departments enforce road bans that restrict the movement of drilling rigs and other heavy equipment during periods of wet weather, thereby reducing activity levels. Also, certain oil and natural gas producing areas are located in areas that are inaccessible other than during the winter months because the ground surrounding the sites in these areas consists of swampy terrain. Seasonal factors and unexpected weather patterns may lead to declines in exploration and production activity and corresponding declines in the demand for the goods and services of Pine Cliff. See "*Risk Factors*".

Environmental Regulation

The oil and natural gas industry is currently subject to environmental regulations pursuant to a variety of municipal, provincial and federal legislation. Compliance with such legislation can require significant expenditures or result in operational restrictions. Breach of such requirements may result in suspension or revocation of necessary licenses and authorizations, civil liability for pollution damage and the imposition of material fines and penalties, all of which might have a significant negative impact on earnings and overall competitiveness. See "*Risk Factors*".

Personnel

As at December 31, 2023, Pine Cliff had 46 full-time employees at its head office and 57 full-time employees in the field. Pine Cliff has also entered into various contracting and consulting agreements with individuals to assist in the conduct of its business.

Specialized Skills and Knowledge

Pine Cliff believes that its success is dependent on the performance of its management and key employees, all of whom have specialized knowledge and skills relating to oil and natural gas operations. Pine Cliff believes it has, or will be able to attract, adequate personnel with the specialized skills required to successfully carry out its operations but the failure to attract or retain such personnel could have a material adverse impact on its business. See "*Risk Factors*".

Bankruptcies and Reorganizations

There has not been any bankruptcy, receivership or similar proceedings against Pine Cliff or any of its subsidiaries, or any voluntary bankruptcy, receivership or similar proceedings by Pine Cliff or any of its subsidiaries, within the three most recently completed financial years or during or proposed for the current financial year. There has not been any material reorganization of Pine Cliff as a whole or any of its subsidiaries within the three most recently completed financial years or completed during or proposed for the current financial year.

Code of Conduct

Pine Cliff is committed to maintaining the highest of business standards in its operations, whatever they may be. Pine Cliff recognizes the importance of credibility, integrity and trust to its success as a business, as such Pine Cliff has adopted a Code of Business Conduct and Ethics (the "**Code**") as its guide to ethical and lawful conduct for all employees, consultants, officers, and directors of Pine Cliff. The Code is designed to help Pine Cliff meet its business practice standards and comply with applicable laws and regulations and includes guidance relating to compliance with environmental laws, discrimination and workplace harassment, and health and safety, among others. Compliance with both the letter and spirit of the Code is essential to protecting Pine Cliff's business and reputation. The Code is to be used as guide for appropriate conduct and to

prevent improper conduct. Pine Cliff will not tolerate any conduct that is unlawful or damaging to its reputation. The Board is responsible for monitoring compliance with the Code. Employment with Pine Cliff depends on an employee's ability and willingness to comply with the Code. Adherence to these standards carries the highest priority. All employees are required to acknowledge compliance when they are hired and again on an annual basis if requested by management to do so.

INDUSTRY CONDITIONS

Production and Operation Regulations

The oil and natural gas industry is subject to extensive controls, laws and regulations imposed by various levels of government. These laws and regulations provide for the regulation of, among other things, land tenure, exploration, development, production, handling, storage, transportation, and disposal of oil and gas, oil and gas by-products, and other substances and materials produced or used in connection with oil and gas operations and decommissioning. These laws may be changed impacting current operations, the ability to maintain, divest or obtain licenses and approvals. While it is not expected that any of these controls or regulations will affect the operations of the Company in a manner materially different than they would affect other oil and gas corporations of similar size, the controls and regulations should be considered carefully by investors. All current legislation is a matter of public record and the Company is unable to predict what additional legislation or amendments may be enacted or the effects of any changes. Outlined below are some of the principal aspects of legislation, regulations and agreements governing the oil and gas industry in Western Canada.

The Alberta Energy Regulator (the "**AER**") is the single regulator responsible for all energy resource development in Alberta. It derives its authority from the *Responsible Energy Development Act* and a number of related Acts including the *Oil and Gas Conservation Act* (the "**OGCA**"), the *Oil Sands Conservation Act*, the *Pipeline Act*, the *Public Lands Act*, *Water Act* and the *Environmental Protection and Enhancement Act*. The AER is responsible for ensuring the safe, efficient, orderly and environmentally responsible development of energy resources including allocating and conserving water resources, managing public lands, and protecting the environment. The AER's responsibilities exclude the functions of the Alberta Utilities Commission and the Land and Property Rights Tribunal (formerly, the Surface Rights Board), as well as Alberta Energy's responsibility for mineral tenure.

While the AER is the primary regulator for energy development, several other governmental departments and agencies may be involved in land use issues, including the Ministry of Environment and Protected Areas (formerly Alberta Environment and Parks), Alberta Energy, the Aboriginal Consultation Office and the Land Use Secretariat.

The Government of Alberta's land-use policy for surface land in Alberta sets out an approach to manage public and private land use and natural resource development in a manner that is consistent with the long-term economic, environmental and social goals of the province. It calls for the development of seven region-specific land-use plans in order to manage the combined impacts of existing and future land use within a specific region and the incorporation of a cumulative effect management approach into such plans. Two regional plans have been implemented since 2012. These regional plans and the development of the other regional plans may affect further development and operations in such regions.

The AER monitors seismic activity across Alberta to assess the risks associated with, and instances of, increased seismicity induced by hydraulic fracturing. Hydraulic fracturing involves the injection of water, sand or other proppants and additives under pressure into targeted subsurface formations to fracture the surrounding rock and stimulate crude oil and natural gas production. In recent years, hydraulic fracturing has been linked to increased seismicity in the areas in which hydraulic fracturing takes place, prompting regulatory authorities to investigate the practice further and impose monitoring and reporting requirements where there is an increased risk of seismic activity. There is no guarantee that fracking will be permitted to continue.

The Saskatchewan Ministry of the Energy and Resources is the primary regulator of crude oil and natural gas activities in the province of Saskatchewan including pursuant to the *Oil and Gas Conservation Act* and *Pipelines Act, 1998*. The Saskatchewan Ministry of Environment regulates the environmental requirements in the province include those under the *Environmental Management and Protection Act* and the *Environmental Assessment Act*.

Pricing and Marketing in Canada

Producers are highly sensitive to commodity prices, which fluctuate in response to supply, demand and a number of other factors outside of the Company's control.

Crude Oil

In Canada, the producers of oil are entitled to negotiate sales contracts directly with oil purchasers. As a result, macroeconomic and microeconomic market forces determine the price of crude oil. Oil prices are primarily based on worldwide supply and demand, including as a result of the factors described below; however, regional market and transportation issues also influence prices. Specific prices depend in part on oil quality, prices of competing fuels, distance to market, access to downstream transportation, value of refined products, length of contract term, weather conditions, the balance of supply and demand and other contractual terms.

Following the COVID-19 pandemic, oil markets began to rebalance in 2021 and continued to rebound into 2022 with a surge in oil prices in early 2022 primarily driven by the impact of the Russian invasion of Ukraine and the Organization of Petroleum Exporting Countries ("**OPEC+**") decision to adhere to previously agreed-upon production cuts. Additionally, the global economic conditions and outlook improved due to reducing and easing COVID-19 restrictions. In June 2023, OPEC+ producers agreed to target lower oil supply up until the end of 2024 in order to stabilize the price of oil. In anticipation of a potential surplus, in November 2023, OPEC+ producers agreed to a voluntary cut in output for the first quarter of 2024. While the trajectory of oil prices continue to be subject to uncertainty and volatility, factors such as transportation disruptions, supply constraints and the geopolitical conflict continue to be unpredictable and may have an ongoing impact on oil demand and prices. See "*Risk Factors – Weakness and Volatility in the Market*", "*Risk Factors – Commodity Prices and Marketing*" and "*Risk Factor – Political Uncertainty*".

Natural Gas

Negotiation between buyers and sellers determines the price of natural gas sold in intra-provincial, interprovincial and international trade. The price received by a natural gas producer depends, in part, on the price of competing natural gas supplies and other fuels, natural gas quality, distance to market, availability of transportation, length of contract term, weather conditions, supply and demand balance and other contractual terms. Spot and future prices can also be influenced by supply and demand fundamentals on various trading platforms.

Natural Gas Liquids

The pricing of condensates and other NGLs such as ethane, butane, propane and pentane plus sold in intra-provincial, interprovincial and international trade is determined by negotiation between buyers and sellers. Such prices depend, in part, on the quality of the NGL, price of competing chemical stock, distance to market, access to downstream transportation, length of contract term, supply and demand balance and other contractual terms.

Exports from Canada

In 2019, the National Energy Board (the "**NEB**") was replaced with the Canadian Energy Regulator (the "**CER**"). The CER's governing legislation is the *Canadian Energy Regulator Act* ("**CERA**") and the *Impact Assessment Act* (the "**IAA**"). The CER assumed the NEB's responsibilities broadly, including with respect to the export of crude oil, natural gas and NGL from Canada.

Exports of crude oil, natural gas and NGL from Canada are subject to the CERA and remain subject to the National Energy Board Act Part VI (Oil and Gas) Regulation (the Part VI Regulation) until such time as the Part VI Regulation is replaced. The CERA and the Part VI Regulation authorize crude oil, natural gas and NGL exports under: (i) short-term orders for up to one or two years depending on the substance, and up to 20 years for quantities of natural gas (other than NGL) not exceeding 30,000 m³ per day; or (ii) long-term export licences of up to 40 years for natural gas and up to 25 years for crude oil and other substances (e.g. NGL). With respect to applications for long-term export licences, following a review of such applications by the CER, which may involve a public hearing, the CER can approve an application if it is satisfied, among other considerations, that the proposed export volumes are not greater than Canada's reasonably foreseeable needs. In

addition to CER approval, long-term export licences also currently require various other ministerial and federal Cabinet approvals.

As to price, exporters are free to negotiate prices and other terms with purchasers, provided that the export contracts continue to meet certain other criteria prescribed by the CER and the federal government. The Company does not directly enter into contracts to export its production outside of Canada.

As discussed in more detail below, one major constraint to the export of crude oil, natural gas and NGLs outside of Canada is the deficit of overall pipeline and other transportation capacity to transport production from Western Canada to the United States and other international markets. Although certain pipeline and other transportation projects are underway, many contemplated projects have been cancelled or are delayed due to regulatory hurdles, court challenges and economic and other socio-political factors. The transportation capacity deficit is not likely to be resolved quickly. Major pipeline and other transportation infrastructure projects typically require a significant length of time to complete once all regulatory and other hurdles have been cleared. In addition, production of crude oil, natural gas and NGLs in Canada is expected to continue to increase, which may further exacerbate the transportation capacity deficit.

Transportation Constraints, Pipeline Capacity and Market Access

Producers negotiate with pipeline operators (or other transport providers) to transport their products to market on a firm or interruptible basis. Transportation availability is highly variable across different areas and regions. This variability can determine the nature of transportation commitments available, the number of potential customers that can be reached in a cost-effective manner and the price received. Due to growing production and a lack of new and expanded pipeline and rail infrastructure capacity, producers in Western Canada have experienced lower commodity pricing relative to other markets in the last several years.

Under the Canadian constitution, interprovincial and international pipelines fall within the federal government's jurisdiction and, under the CERA, new interprovincial and international pipelines will require a federal regulatory review and approval by Cabinet. For major projects, an assessment may be required by the Impact Assessment Agency of Canada to consider environmental, health, economic, social and gender impacts, as well as impacts on Canada's climate change commitments. Even when projects are approved, they often face delays due to actions taken by provincial and municipal governments. The assessment criteria and process is currently under review as a result of a 2023 decision from the Supreme Court of Canada in *Reference re Impact Assessment Act*, which found that parts of the *Impact Assessment Act* are unconstitutional.

Additional delays causing further uncertainty result from legal opposition related to issues such as Indigenous rights and title, the government's duty to consult and accommodate Indigenous peoples, and the sufficiency of all relevant environmental review processes. Export pipelines from Canada to the United States face additional unpredictability as such pipelines require approvals from several levels of government in the United States.

In the face of this regulatory uncertainty, the Canadian oil and natural gas industry has experienced significant difficulty expanding the existing network of transportation infrastructure for crude oil, natural gas and NGLs, including pipelines, rail, trucks and marine transport. Improved access to global markets, especially the Midwest United States and export shipping terminals on the west coast of Canada, could help to alleviate the downward pressures affecting commodity prices. Several proposals have been announced to increase pipeline capacity out of Western Canada to reach Eastern Canada, the United States and international markets via export terminals. While certain projects are proceeding, the regulatory approval process and other economic and socio-political factors related to transportation and export infrastructure has led to the delay, suspension or cancellation of many projects. The United States presidential election is set to occur in the fall of 2024, which may result in a shift in the political agenda in the United States in the coming years, including a change in control of the house and/or the senate. Uncertainty remains as to the advancement of pipeline projects between Canada and the United States.

Enbridge Line 3

While the Enbridge Line 3 Replacement from Hardisty, Alberta, to Superior, Wisconsin, experienced permitting difficulties in the United States, which resulted in delays, after more than eight years, on September 29, 2021 Enbridge announced the

completion of the 542 km Minnesota segment of the Line 3 Replacement. The Line 3 Replacement's in-service date was October 1, 2021.

Trans Mountain Pipeline

In May of 2018, the Canadian Federal government entered into an agreement with Kinder Morgan Cochin ULC to purchase the Trans Mountain Pipeline system. However, the Trans Mountain Pipeline expansion experienced a setback when, in August 2018, the Federal Court of Appeal identified deficiencies in the NEB's environmental assessment and the federal government's Indigenous consultations. The Court quashed the accompanying certificate of public convenience and necessity and directed Cabinet to correct these deficiencies. Following a reconsideration by the NEB and enhanced consultation efforts led by the federal government, Cabinet reapproved the Trans Mountain Pipeline expansion. Subsequent challenges to the approval were rejected by the Federal Court of Appeal in February 2020 and the Supreme Court of Canada in July 2020. By June 2020, approximately 86% of the route had been approved. In 2021, further regulatory proceedings occurred with Trans Mountain seeking certain route variances. It is anticipated that the pipeline will be fully operational by summer 2024.

Keystone XL Pipeline

In January 2020, the United States Government announced its approval of a right-of-way that would allow the Keystone XL Pipeline to cross 74 kilometers of federal land. On March 31, 2020, TC Energy announced it would proceed with the Keystone XL Pipeline. TC Energy also announced that the Government of Alberta had made a US \$1.1 billion equity investment in the project and would guarantee a US \$4.2 billion project level credit facility. In 2021, the Biden administration announced its decision to revoke the federal permit granted by the previous administration for the Keystone XL Pipeline, which has overturned a comprehensive regulatory process that lasted more than a decade. As a result of the revocation and following a comprehensive assessment of its options and consulting with its partners and stakeholders, including the Government of Alberta, on June 9, 2021, TC Energy terminated the Keystone XL Pipeline project.

Line 5 Tunnel Replacement

In December 2023, Michigan Public Service Commission approved Enbridge's Line 5 Tunnel Replacement Project ("Line 5"), marking the end of a more than three year long evaluation process. Line 5 is seen as crucial infrastructure supplying Michigan, Ontario and Québec. This approval begins the process of replacing seven kilometres of the current pipeline with a new underwater tunnel in the Straights of Mackinac. The U.S. Army Corps of Engineers has initiated an environmental impact assessment, which is expected to be completed by 2026.

Natural Gas and LNG

Natural gas prices in Alberta have also been constrained in recent years due to increasing North American supply, limited access to markets and limited storage capacity. While companies that secure firm access to transport their natural gas production out of Western Canada may be able to access more markets and obtain better pricing, other companies may be forced to accept spot pricing in Western Canada for their natural gas, which in the last several years has generally been depressed (at times producers have received negative pricing for their natural gas production).

Required repairs or upgrades to existing pipeline systems have also led to further capacity constraints and apportionment of firm access, which in Western Canada may be further exacerbated by natural gas storage limitations. However, in September 2019, the CER approved a policy change by TC Energy on its NOVA Gas Transmission Ltd. ("**NGTL**") pipeline system (the "**NGTL System**") to prioritize deliveries into storage. The change stabilized supply and pricing, particularly during periods of maintenance on the system. NGTL is progressing construction activities on its system expansion project intended to increase capacity by 3.5 Bcf/d. Different aspects of that project came online throughout 2021 and all components are expected to be completed by 2026.

While a number of liquefied natural gas export plants have been proposed for the west coast of Canada, government decision-making, regulatory uncertainty, opposition from environmental and Indigenous groups, and changing market conditions, have resulted in the cancellation or delay of many of these projects. In October 2018, the proponents of the LNG Canada liquefied natural gas export terminal announced a positive final investment decision to proceed with the project.

Once complete, the project will allow LNG Canada to transport natural gas from northeastern British Columbia to the LNG Canada liquefaction facility and export terminal in Kitimat, British Columbia via the Coastal GasLink pipeline (the "**CGL Pipeline**"). Pre-construction activities began in November 2018, with a planned completion target of 2025. Despite its approval, the CGL Pipeline has faced intense legal and social opposition. On November 6, 2023, TC Energy announced that the CGL Pipeline had reached mechanical completion. At December 31, 2023, LNG Canada was 85% complete and is preparing for safe start-up procedures to start in 2024, for first deliveries by LNG Canada to occur by the middle of the decade.

In addition to LNG Canada and the CGL Pipeline projects, a number of other LNG projects are underway at varying stages of progress, though none have reached a positive final investment decision.

USMCA and Other Trade Agreements

The United States Mexico Canada Agreement (the "**USMCA**") came into force on July 1, 2020, replacing North American Free Trade Agreement ("**NAFTA**"). Because the United States remains Canada's primary trading partner and the largest international market for the export of crude oil, natural gas and NGL from Canada, the implementation of the USMCA could have an impact on Western Canada's petroleum and natural gas industry at large, including the Company's business.

While the proportionality rules in Article 605 of NAFTA previously prevented Canada from implementing policies that limit exports to the United States and Mexico relative to the total supply produced in Canada, the USMCA does not contain the same proportionality requirements. This may allow Canadian producers to develop a more diversified export portfolio than was possible under NAFTA, subject to the construction of infrastructure allowing more Canadian production to reach other international markets. In addition to USMCA, Canada has also pursued a number of other international free trade agreements with other countries around the world and, as a result, a number of free trade or similar agreements are in force between Canada and certain other countries.

Canada and ten other countries have agreed on the text of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership ("**CPTPP**"), which is intended to allow for preferential market access among the countries that are parties to the CPTPP. The CPTPP is in force among the first seven countries to ratify the agreement: Canada, Australia, Japan, Mexico, New Zealand, Vietnam, and Singapore.

It is uncertain what ultimate effect these or other trade agreements will have on the oil and gas industry in Canada, as the lack of available infrastructure for the offshore export of oil and gas may limit the ability of Canadian oil and gas producers to benefit from such trade agreements.

Royalties and Incentives

General

In addition to federal regulation, each province has legislation and regulations which govern royalties, production rates and other matters. The royalty regime in a given province is a significant factor in the profitability of crude oil, natural gas liquids, sulphur and natural gas production. Royalties payable on production from lands other than Crown lands are determined by negotiations between the mineral owner and the lessee, although production from such lands is also subject to certain provincial taxes. Crown royalties are determined by governmental regulation and are generally calculated as a percentage of the value of the gross production. The rate of royalties payable generally depends in part on prescribed reference prices, well productivity, geographical location, field discovery date and the type or quality of the petroleum product produced. Other royalties and royalty-like interests are, from time to time, carved out of the working interest owner's interest through non-public transactions. These are often referred to as overriding royalties, gross overriding royalties, net profits interests, or net carried interests.

Occasionally the governments of the Western Canadian provinces have established incentive programs for exploration and development. Such programs often provide for royalty reductions, credits and holidays, and are generally introduced when commodity prices are low to encourage exploration and development activity. Additional programs may be introduced to encourage producers to prioritize certain kinds of development or undertake initiatives using new technologies that may enhance or improve recovery of crude oil, natural gas and NGLs or improve environmental performance.

The federal government also creates incentives and other financial aid programs intended to assist businesses operating in the petroleum and natural gas industry. Recently, these programs, have included but are not limited to: programs that provide direct financial support to companies operating in the petroleum and natural gas industry and/or targeted funding for various initiatives related to industry diversification and environmental matters, including those programs created in response to the COVID-19 pandemic, administered through federal agencies such as the Business Development Bank of Canada, Natural Resources Canada, Export Development Canada, and Innovation, Science and Economic Development Canada and funding administered by certain provinces to address the cleanup of inactive wells, pipelines and facilities such as Alberta's Site Rehabilitation Program and Saskatchewan's Accelerated Site Closure Program. Incentive programs may be amended or removed at any time.

Alberta – Royalties

In terms of oil or natural gas production from Crown lands, royalties are payable to the Province of Alberta. In respect of freehold lands, royalties are payable to the mineral owner and taxes are payable to the Province of Alberta. The Government of Alberta's approach to the royalty and tax regime is regularly reviewed for compliance with the purpose of the regimes; to ensure that Albertans are receiving a fair share from energy development through royalties, taxes and fees.

The Modernized Royalty Framework for Alberta ("**MRF**") formally took effect on January 1, 2017 for new wells drilled after this date. The previous royalty framework (the "**Old Framework**") will continue to apply to wells drilled prior to January 1, 2017 for a period of ten years ending on December 31, 2026. After the expiry of this ten-year period, these older wells will become subject to the Modernized Framework. The *Royalty Guarantee Act* (Alberta), which came into effect on July 18, 2019, provides that no major changes will be made to the current crude oil and natural gas royalty structure for a period of at least 10 years.

The MRF applies to all hydrocarbons other than oil sands which will remain subject to their existing royalty regime. Royalties on production from non-oil sands wells under the MRF is determined on a "revenue-minus-costs" basis with the cost component based on a drilling and completion cost allowance formula for each well, depending on its vertical depth and horizontal length. The formula is based on the industry's average drilling and completion costs as determined by the AER on an annual basis.

Producers pay a flat royalty rate of 5% of gross revenue from each well that is subject to the Modernized Framework until the well reaches payout. Payout for a well is the point at which cumulative gross revenues from the well equals the Drilling and Completion Cost Allowance for the well set by the AER. After payout, producers pay an increased post-payout royalty on revenues of between 5% and 40% for crude oil and pentanes and 5% and 36% for methane, ethane, propane and butane, all determined by reference to the then current commodity prices of the various hydrocarbons. Similar to the Old Framework, the post-payout royalty rate under the MRF varies with commodity prices. Once production in a mature well drops below a threshold level where the rate of production is too low to sustain the full royalty burden, its royalty rate is adjusted downward towards a minimum of 5% as the mature well's production declines.

As the MRF uses deemed drilling and completion costs in calculating the royalty and not the actual drilling and completion costs incurred by a producer, low cost producers benefit if their well costs are lower than the drilling and completion cost allowance and, accordingly, they continue to pay the lower 5% royalty rate for a period of time after their wells achieve actual payout.

The Old Framework is applicable to all conventional oil and natural gas wells drilled prior to January 1, 2017 and bitumen production. Subject to certain available incentives, effective from the January 2011 production month, royalty rates for conventional oil production under the Old Framework range from a base rate of 0% to a cap of 40%. The Old Framework also includes a natural gas royalty formula which provides for a reduction based on the measured depth of the well below 2,000 metres deep, as well as the acid gas content of the produced gas. Subject to certain available incentives, effective from the January 2011 production month royalty rates for natural gas production under the Old Framework range from a base rate of 5% to a cap of 36%. Under the Old Framework, the royalty rate applicable to natural gas liquids is a flat rate of 40% for pentanes and 30% for butanes and propane.

The Government of Alberta has from time to time implemented drilling credits, incentives or transitional royalty programs to encourage crude oil and natural gas development and new drilling. In addition, the Government of Alberta has implemented certain initiatives intended to accelerate technological development and facilitate the development of unconventional resources, including as applied to coalbed methane wells, shale gas wells and horizontal crude oil and natural gas wells. In addition to royalties, producers of crude oil and natural gas from Crown lands in Alberta are also required to pay annual rental payments, at a rate of \$3.50 per hectare.

The AER has established the Orphan Fund, funded by oil and gas companies, to cover the cost of cleaning up orphaned wells and facilities where the owner cannot be located or has gone out of business. The program requires each oil and gas licensee to pay an annual levy calculated based on their estimated cost of decommissioning their inventory.

Saskatchewan – Royalties

The amount payable as a royalty for oil and gas varies based on the type, when the well was drilled and the value as determined monthly by the provincial government. Each month, royalty rates are adjusted based on reference prices established by the Province for each type of oil (heavy oil, Southwest designated oil, or non-heavy oil other than Southwest designated oil) or gas (oil gas, new gas, third tier gas and fourth tier gas). There are separate reference prices established for each type which represents the average well head price received by producers during the month for sales of that oil or gas type in Saskatchewan.

The government of Saskatchewan's Oil and Gas Orphan Fund is funded by oil and gas companies to cover the cost of cleaning up abandoned wells and facilities where the owner cannot be located or has gone out of business. The program requires each oil and gas licensee to pay an annual levy calculated based on their estimated cost of decommissioning their inventory.

The Government of Saskatchewan currently provides a number of targeted incentive programs. These include both royalty reduction and incentive volume programs, with targeted programs in effect for certain vertical crude oil wells, exploratory gas wells, horizontal crude oil and natural gas wells, enhanced crude oil recovery wells and high water-cut crude oil wells. As of April 1, 2021, on associated gas produced from wells other than gas wells, including natural gas produced from oil wells, the Minister of Energy and Resources implemented a 5-year Associated Gas Royalty Moratorium on the collection of Crown Royalty and Freehold Production Tax. The moratorium is in connection with the Government of Saskatchewan's Growth Plan and is aimed at meeting the Government of Saskatchewan's regulatory obligations to reduce methane-based GHG emissions by 40 to 45% between 2020 and 2025. The Associated Gas Royalty Moratorium is applicable to natural gas produced on or after April 1, 2021 and before April 1, 2026.

The Government of Saskatchewan also has a drilling incentive whereby qualifying incentive volumes of newly drilled oil wells are subject to a maximum royalty rate of 2.5% for Crown production and a maximum production tax rate of 0% for freehold production.

Freehold and Other Types of Non-Crown Royalties

Royalties on production from privately-owned freehold lands are negotiated between the mineral freehold owner and the lessee under a negotiated lease or other contract. Producers and working interest participants may also pay additional royalties to parties other than the mineral freehold owner where such royalties are negotiated through private transactions.

In addition to the royalties payable to the mineral owners (or to other royalty holders if applicable), producers of crude oil and natural gas from freehold lands in each of the Western Canadian provinces are required to pay freehold mineral taxes or production taxes. Freehold mineral taxes or production taxes are taxes levied by a provincial government on crude oil and natural gas production from lands where the Crown does not hold the mineral rights.

Freehold mineral taxes are levied annually for production from freehold mineral lands. On average, the tax levied in Alberta is 4% of revenues reported from freehold mineral title properties. In Saskatchewan, there is a freehold production tax, determined by first determining the Crown royalty rate, and then subtracting a calculated production tax factor. Depending on the classification of the petroleum substance produced, this subtraction factor may range between 6.9 and 12.5, however, in certain circumstances, the minimum rate for freehold production tax can be zero. This means that the ultimate tax payable to the Crown by producers on freehold lands will vary based on the underlying characteristics of the producer's

assets. Freehold mineral taxes are in addition to any other negotiated royalty or other payment required to be paid to the owner of such freehold mineral rights.

Indian Oil and Gas Canada ("**IOGC**") is a special agency responsible for co-managing and regulating with the provincial regulators, the crude oil and natural gas resources located on Indigenous reservations across Canada. IOGC's responsibilities include negotiating and issuing the crude oil and natural gas agreements between Indigenous groups and crude oil and natural gas companies, as well as collecting royalty revenues on behalf of Indigenous groups and depositing the revenues in their trust accounts. While certain standards exist, the exact terms and conditions of each crude oil and natural gas lease dictate the calculation of royalties owed, which may vary depending on the involvement of the specific Indigenous group. Ultimately, the relevant Indigenous group must approve the terms.

Environmental Regulation

The Canadian oil and natural gas industry is currently subject to environmental regulations pursuant to a variety of provincial and federal legislation, all of which is subject to governmental review and revision from time to time. Such legislation provides for restrictions and prohibitions on the release or emission of various substances produced in association with certain oil and gas industry operations, such as sulphur dioxide and nitrous oxide. The regulatory regimes set out the requirements with respect to oilfield waste handling, disposal and storage, habitat protection and the satisfactory operation, maintenance, abandonment, remediation and reclamation of well, facility and pipeline sites. Compliance with such legislation can require significant expenditures and a breach of such requirements may result in suspension or revocation of necessary licences and authorizations, civil liability and the imposition of material fines and penalties. In addition to these specific, known requirements, future changes to environmental legislation, including anticipated legislation for air pollution and greenhouse gas ("**GHG**") emissions, may impose further requirements on operators and other companies in the oil and natural gas industry.

Pine Cliff has established internal guidelines to be followed in order to comply with environmental laws and regulations in the jurisdictions in which the Company operates. The Company ensures that its operations are carried out in accordance with applicable environmental requirements, guidelines and safety precautions. Although the Company maintains pollution insurance against the costs of cleanup operations, public liability, and physical damage, there is no assurance that such insurance will be adequate to cover all such costs or that such insurance will continue to be available in the future.

Federal

Canadian environmental regulation is the responsibility of the federal and provincial governments. Where there is a direct conflict between federal and provincial environmental legislation in relation to the same matter, the federal law will prevail, however, such conflicts are uncommon. The federal government has primary jurisdiction over federal works, undertakings and federally regulated industries such as railways, aviation and interprovincial transport including interprovincial pipelines. The *Canadian Environmental Protection Act, 1999* and the *Canadian Environmental Assessment Act, 2012* provide the foundation for the federal government to protect the environment and cooperate with provinces to do the same.

On August 28, 2019, with the passing of Bill C-69, the CERA and the *Impact Assessment Act* ("**IAA**") came into force and the *NEB Act* and the *Canadian Environmental Assessment Act, 2012* ("**CEAA 2012**") were repealed. In addition, the IA Agency replaced the Canadian Environmental Assessment Agency ("**CEA Agency**").

Bill C-69 introduced a number of important changes to the regulatory regime for federally regulated major projects and associated environmental assessments. Designated projects will require an impact assessment as part of their regulatory review. The impact assessment, conducted by a review panel, jointly appointed by the CER and the IA Agency, includes expanded criteria the review panel may consider when reviewing an application. The impact assessment also requires consideration of the project's potential adverse effects, the overall societal impact and the expanded public interest that a project may have. The IA Agency must look at the direct result of the project's construction and operation, including environmental, biophysical and socio-economic factors, including consideration of a gender-based analysis, climate change, and impacts to Indigenous rights. Designated projects include pipelines that require more than 75 kilometers of new right of way and pipelines located in national parks. Large scale in situ oil sands projects not regulated by provincial greenhouse gas emissions and certain refining, processing and storage facilities will also require an impact assessment.

There is significant uncertainty surrounding the impact of Bill C-69 on oil and natural gas projects. There was significant opposition from industry and others in respect of Bill C-69, and notwithstanding its stated purpose, there is concern that the changes brought about by Bill C-69 will result in projects not being approved or increased delays in approvals. The Government of Alberta, supported by the governments of Ontario and Saskatchewan, challenged the constitutionality of the IAA and requested that the federal legislation be invalidated on the basis that it encroaches on provincial jurisdiction. An Alberta Court of Appeal decision found Bill C-69 to be invalid and the decision was appealed to the Supreme Court of Canada. On October 13, 2023 the Supreme Court of Canada released its decision which held portions of the IAA to be unconstitutional. Amendments are anticipated in the spring of 2024.

On June 21, 2021, the United Nations Declaration on the Rights of Indigenous Peoples Act received Royal Assent and immediately came into force. Bill C-15 is the Government of Canada's response to requests to implement the United Nations Declaration of the Rights of Indigenous Peoples as a framework for reconciliation in Canada. This follows increased requirements for indigenous consultation.

Provincial

The discharge of pollutants into the air, soil or water may give rise to liabilities, impact the Company's ability to operate and may require the Company to incur costs to remedy such discharge in the event that they are not covered by Pine Cliff's insurance. Although the Company maintains insurance to industry standards, which in part covers liabilities associated with discharges, it is not certain that such insurance will cover all possible environmental events, foreseeable or otherwise, or whether changing regulatory requirements or emerging jurisprudence may render such insurance of little benefit. In addition to these specific, known requirements, future changes to environmental legislation, including anticipated legislation for air pollution and GHG emissions, may impose further requirements on operators in the oil and natural gas industry.

Liability Management Programs

The provinces of Alberta and Saskatchewan have developed liability management programs as one of the main tools for managing the environmental liabilities of the oil and gas industry. Historically, both provinces programs focused on licensee liability ratings and orphan funds. The licensee liability ratings ("LLR") assigned ratios based on deemed assets and liabilities which would provide guidance as to when security would be required to be posted and whether a license transfer would be required. In addition to the LLR, both provinces have established Orphan Funds that are primarily funded by industry through annual levies, which help to pay the costs of certain types of wells, facilities and pipelines where the licensee or working interest participant ("WIP") becomes insolvent or otherwise unable to meet its obligations.

As a result of the Supreme Court of Canada's decision in *Orphan Well Association v Grant Thornton* (also known as the "Redwater" decision), both provinces have amended their liability management programs. The Redwater decision found that receivers and trustees can no longer avoid the AER's legislated authority to impose abandonment orders against licensees or to require a licensee to pay a security deposit before approving a transfer when such a licensee is subject to formal insolvency proceedings. This means that insolvent estates can no longer disclaim assets of a bankrupt licensee that have reached the end of their productive lives and represent a liability while dealing with the company's valuable assets for the benefit of the company's creditors without first satisfying abandonment and reclamation obligations.

In December 2019, the AER ceased posting the detailed LMR report and has since then replaced its LMR program with a holistic assessment of licensees capabilities and performance across the energy development life cycle. In April 2020, the Government of Alberta passed Bill 12: The Liabilities Management Statutes Amendment Act. Bill 12 places the burden of a defunct licensees' abandonment and reclamation obligations first on the defunct licensee's working interest partners, and second, the AER may order the Orphan Fund to assume care and custody and accelerate the clean-up of wells or sites which do not have a responsible owner. Bill 12 came into force on proclamation in June of 2020.

In response to the increase in orphaned crude oil and natural gas sites and the environmental risks associated therewith, the AER issued several bulletins and interim rule changes to govern the AER's administration of its licensing and liability management programs. The AER amended its Directive 067: Eligibility Requirements for Acquiring and Holding Energy Licences and Approvals, which deals with licence eligibility to operate wells and facilities, to require the provision of extensive corporate governance and shareholder information, including whether any director and officer was a director or

officer of an energy company that has been subject to insolvency proceedings as well as to require the provision of financial information annually. As a result of the changes to Directive 067, the AER may revoke or restrict a company's eligibility to hold AER licences if the AER determines that the licensee poses an "unreasonable risk", taking into account a broad range of financial and operational considerations. On December 1, 2021, the AER published a new Directive 088: Licensee Life-Cycle Management ("Directive 088") and supporting guidance information including Manual 023. Among other things, Directive 088 establishes the AER's authority to conduct a holistic licensee assessment to inform regulatory decisions about a given licensee, including by conducting a "Licensee Capability Assessment." Directive 088 also establishes the "licensee Management Program" which enables the AER to proactively monitor licensees to identify those at risk of not meeting their regulatory obligations and to use appropriate regulatory tools to address that risk. Finally, Directive 088 establishes the Inventory Reduction Program and allows the AER to set licensee-specific and industry-wide closure targets. In January 2022, the AER set out the first annual spend requirements under the Inventory Reduction Program which requires licensees on an annual basis to spend minimum amounts on abandonment, remediation and reclamation of inactive wells, pipelines or facilities. Failure to comply may result in the requirement to post security and impact the Company's licensee capability assessment.

The Saskatchewan Ministry of Energy and Resources has taken a different approach to liability management from that of the AER. In February 2021, the Energy Regulation Division of the Ministry of Energy and Resources announced that it was consulting with stakeholders on proposed regulatory enhancements intended to strengthen Saskatchewan's oil and gas liability management framework and reduce the prospect of new orphan oil and gas wells and facilities in Saskatchewan. This process led to the development of the new Financial Security and Site Closure Regulations (the "**Closure Regulations**"). Unlike the approach taken by the AER to move away from the LLR Program, the Closure Regulations seek to enhance the LLR calculation. Changes under the Closure Regulations include: (i) changes to the LLR formula; (ii) annual spend targets for closure activities by licensees, commencing in 2023; and (iii) new guidance on when a security deposit may be required by a licensee or in connection with a transfer. Similar to the AER, the Ministry of Energy and Resources is also collecting additional financial information to consider as part of its assessment of the risk posed by a licensee.

Additionally in both Alberta and Saskatchewan, licensees are now required to spend minimum prescribed amounts on addressing liabilities associated with inactive assets. The AER sets a mandatory spend quota each year based on each licensee's proportion of the industry-wide inactive liability rate. The rate for 2023 was 6.7% and the rate for 2024 is 6.6% of a licensee's deemed inactive liability. A lower spend rate is applied for licensees with a high level of financial distress. In Saskatchewan an Annual Reduction Target of 5% was applied in 2023 and the Annual Reduction Target for 2024 is set at 6%. In Saskatchewan, if a company spends more than their target, they may carry over the credit for the following year.

Climate Change Regulation

Climate change regulation at both the federal and provincial level has the potential to significantly affect the regulation of the crude oil and natural gas industry in Canada. In general, there is some uncertainty with regard to the impacts of federal or provincial climate change and environmental laws and regulations, as it is currently not possible to predict the extent of future requirements. Any new laws and regulations, or additional requirements to existing laws and regulations, could have a material impact on the Company's operations and cash flow.

Federal

Canada has been a signatory to the United Nations Framework Convention on Climate Change (the "**UNFCCC**") since 1992. Since its inception, the UNFCCC has instigated numerous policy experiments with respect to climate governance. On April 22, 2016, 197 countries, including Canada, signed the Paris Agreement, committing to prevent global temperatures from rising more than 2° Celsius above pre-industrial levels and to pursue efforts to limit this rise to no more than 1.5° Celsius. To date, 189 of the 197 parties to the convention have ratified the Paris Agreement, including Canada. In 2016, Canada committed to reducing its emissions by 30% below 2005 levels by 2030. In 2021, Canada updated its original commitment by pledging to reduce emissions by 40-45% below 2005 levels by 2030, and to net-zero by 2050.

In March 2022, the Government of Canada introduced Canada's 2030 Reduction Plan for achieving its commitment. In November 2022, at COP27 the Government of Canada signed on to a joint declaration on reducing greenhouse gas emissions from fossil fuels and to support efforts to accelerate global transitions to clean energy.

On June 21, 2018, the federal government enacted the Greenhouse Gas Pollution Pricing Act (the “**GGPPA**”), which came into force on January 1, 2019. On March 25, 2021, following challenges to the constitutionality by multiple provinces, the SCC released its decision in *Reference re Greenhouse Gas Pollution Pricing Act*, upholding the constitutionality of a federal law establishing minimum national standards for carbon pricing in Canada. This regime has two parts: an output-based pricing system for large industry and a regulatory fuel charge imposing an initial price of \$20/tonne of CO₂e emissions, increasing to \$170/tonne by 2030. This system applies in provinces and territories that request it and in those that do not have their own emissions pricing systems in place that meet the federal standards. The effect of the GGPPA is that, regardless of whether a particular province has enacted legislation of its own, there is a uniform minimum price on emissions across the country. The price is set to increase from \$65/tonne to \$80/tonne on April 1, 2024.

On April 26, 2018, the Federal Government passed the Regulations Respecting Reduction in the Release of Methane and Certain Volatile Organic Compounds (Upstream Oil and Gas Sector) (the “**Federal Methane Regulations**”). The Federal Methane Regulations seek to reduce emissions of methane from the crude oil and natural gas sector, and came into force on January 1, 2020. By introducing a number of new control measures, the Federal Methane Regulations aim to reduce unintentional leaks and intentional venting of methane, as well as ensuring that crude oil and natural gas operations use low-emission equipment and processes. Among other things, the Federal Methane Regulations limit how much methane upstream oil and gas facilities are permitted to vent. These facilities would need to capture the gas and either re-use it, re-inject it, send it to a sales pipeline, or route it to a flare. In addition, in provinces other than Alberta and British Columbia (which already regulate such activities), well completions by hydraulic fracturing would be required to conserve or destroy gas instead of venting. The Federal Government anticipates that these actions will reduce annual GHG emissions by about 20 megatonnes by 2030.

As part of its efforts to provide relief to Canada’s petroleum and natural gas industry in light of the COVID-19 pandemic, on October 29, 2020, the federal government launched the \$750-million Emission Reduction Fund to reduce methane and GHG emissions. The fund will provide repayable funding to eligible onshore and offshore crude oil and natural gas companies to support investments to reduce GHG emissions by adopting greener technologies.

The federal government has enacted the Multi-Sector Air Pollutants Regulation under the authority of the Canadian Environmental Protection Act, 1999, which seeks to regulate certain industrial facilities and equipment types, including boilers and heaters used in the upstream petroleum and natural gas industry, to limit the emission of air pollutants such as nitrogen oxides and sulphur dioxide.

On July 1, 2023, the federal government's Clean Fuel Regulations (“**CFR**”) came into effect and require producers, importers and distributors to reduce the emissions intensity of gaseous, liquid and solid fuels. The CFR take a performance-based approach to reducing greenhouse gas emissions and require suppliers of liquid fuels, such as gasoline, diesel and kerosene to reduce the carbon intensity of the applicable fuel over time. It is the goal of the program to incentivize innovation and adoption of clean technologies while giving fuel suppliers the ability to meet requirements in a cost-effective way that works for their business. The proposed regulations offer compliance credits to incentivize industries to innovate and adopt cleaner technologies to lower their compliance costs.

Alberta

On November 22, 2015, the Government of Alberta introduced its Climate Leadership Plan (the “**CLP**”). On December 14, 2016, the *Oil Sands Emissions Limit Act* came into force, establishing an annual 100 megatonne limit for GHG emissions from all oil sands sites, excluding some attributable to upgraders, the electric energy portion of cogeneration and other prescribed emissions. Under the CLP, the *Climate Leadership Act* (the “**CLA**”) came into force on January 1, 2017 and established a fuel charge intended to first outstrip and subsequently keep pace with the federal price. In June 2019, the Government of Alberta pivoted in its implementation of the CLP and repealed the CLA. As a result, the federally imposed fuel charge took effect in Alberta on January 1, 2020, at a rate of \$20/tonne. In accordance with the GGPPA, this increased most recently to \$65/tonne on April 1, 2023 and is set to increase to \$80/tonne on April 1, 2024. On December 4, 2019, the federal government approved Alberta's proposed Technology Innovation and Emissions Reduction (“**TIER**”) regulation such that the regulation of emissions from heavy industry remains subject to provincial regulation, while the federal fuel charge still otherwise applies. The TIER regulation came into effect on January 1, 2020.

The TIER regulation applies to industry-wide to emitters that emit more than 100,000 tonnes of CO₂e per year in 2016 or any subsequent year, or a facility that imports more than 10,000 tonnes of hydrogen in 2023 or a subsequent year. The 2020 target for most TIER-regulated facilities is to reduce emissions intensity by 10% as measured against that facility's individual benchmark (which is, generally, its average emissions intensity during the period from 2013 to 2015), with a further 1% reduction for each subsequent year. The facility-specific benchmark does not apply to all facilities. Certain facilities, such as those in the electricity sector, are compared against the good-as-best-gas standard, which measures against the emissions produced by the cleanest natural gas-fired generation system. Similarly, for facilities that have already made substantial headway in reducing their emissions, a different "high-performance" benchmark is available to ensure that the cost of ongoing compliance takes this into account. The TIER regulation targets emissions intensity rather than total emissions. Under the TIER regulation, facilities in high-emitting sectors can opt-in to the program despite the fact that they do not meet the 100,000 tonne threshold. A facility can opt-in to TIER regulation if it competes directly against another TIER-regulated facility or if it has annual CO₂e emissions that exceed 2,000 tonnes per year and belongs to an emissions-intensive or trade exposed sector with international competition. In addition, the owner of two or more "conventional oil and gas facilities" may apply to have those facilities regulated together under the TIER regulation as an "aggregated facility". To encourage compliance with the emissions intensity reduction targets, TIER-regulated facilities must provide annual compliance reports and facilities that are unable to achieve their targets may either purchase credits from other facilities, purchase carbon offsets, or pay a levy to the Government of Alberta. The TIER regulation will continue to apply in Alberta for as long as it meets the federal stringency standards and the federal backstop will apply to the emission sources not covered by the TIER program.

The Government of Alberta also signaled its intention through its CLP to implement regulations that would lower annual methane emissions by 45% by 2025. Pursuant to this goal, the Government of Alberta enacted the Methane Emission Reduction Regulation (the "**Alberta Methane Regulations**") on January 1, 2020, and the AER simultaneously released an updated edition of Directive 060: Upstream Petroleum Industry Flaring, Incinerating, and Venting. The release of Directive 060 complements a previously released update to Directive 017: Measurement Requirements for Oil and Gas Operations that took effect in December 2018. Together, these new Directives represented Alberta's first step toward achieving its 2025 goal, as outlined in the Alberta Methane Regulations. Alberta reached the methane emissions reductions target of 45% by 2025 in 2022, three years early.

Saskatchewan

On May 11, 2009, the Government of Saskatchewan announced The *Management and Reduction of Greenhouse Gases Act* (the "**MRGGA**") to regulate GHG emissions in the province. The MRGGA, partially proclaimed into force on January 1, 2018, establishes a framework to reduce GHG emissions by 20% of 2006 levels by 2020. On October 18, 2016, the Government of Saskatchewan released a White Paper on Climate Change, resisting a carbon tax and committing to an approach that focuses on technological innovation and adaptation. Subsequently, the Government released Prairie Resilience: A Made-in-Saskatchewan Climate Change Strategy outlining its strategy to reduce GHG emissions by 12 million tonnes by 2030. The MRGGA, which is partially compliant with the federal emissions trading system, was partially proclaimed into force on January 1, 2018 and establishes a framework to reduce GHG emissions by 20% of 2006 levels by 2020. An amended version of the MRGGA was proclaimed in full on December 18, 2018, establishing the framework of an output-based emissions management framework.

Under the MRGGA, facilities that have annual GHG emissions in excess of 50,000 tonnes are regulated to meet the province's reduction targets. The following regulations were enacted throughout 2018: The Management and Reduction of Greenhouse Gases (General and Electricity Producer) Regulations, the Management and Reduction of Greenhouse Gases (Reporting and General) Regulations, and The Management and Reduction of Greenhouse Gases (Standards and Compliance) Regulations. These Regulations establish reporting requirements and impose various emissions limits for those emitters that fall within the program. On January 1, 2019, The Oil and Gas Emissions Management Regulations (the Saskatchewan O&G Emissions Regulations) came into effect. The Saskatchewan O&G Emissions Regulations apply to licensees of oil facilities that may generate more than 50,000 tonnes of CO₂e per year, obliging each licensee to propose an emissions reduction plan in accordance with an annual emissions limit with the goal of achieving annual emissions reductions of 40 to 45% by 2025. The Saskatchewan O&G Emissions Regulations aim to achieve 4.5 million tonne CO₂e reduction in emissions by 2025, and a total reduction of 38.2 million tonnes CO₂e between 2020 and 2030.

On April 10, 2019, Saskatchewan produced the first annual report on climate resilience. The report measures the Province's progress on goals set out under Prairie Resilience: A Made-in-Saskatchewan Climate Change Strategy. Among these goals is for up to 50% of electricity to be generated from renewable energy sources by 2030. In 2021, 26.4% of electricity was generated from renewable sources.

In November 2022, the federal government announced that Saskatchewan's Output-Based Performance Standards Program, which came into effect January 1, 2023, would replace the federal carbon tax.

RISK FACTORS

The following are certain risk factors relating to the business of Pine Cliff which prospective investors should carefully consider before deciding whether to purchase shares. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Annual Information Form. The risks set out below are not an exhaustive list and should not be taken as a complete summary or description of all the risks associated with the Company's business, the business of third parties with whom the Company conducts business and the crude oil and natural gas business generally. Shareholders and potential Shareholders should consider carefully the information contained herein and, in particular, the following risk factors. If any of these risks occurs, Pine Cliff's production, revenues and financial conditions could be materially harmed, with a resulting decrease in the market price of the Common Shares.

Exposure to Widespread Pandemic

Pandemics, epidemics or other outbreaks, such as the COVID-19 pandemic, may adversely affect local and global economies, as well as Pine Cliff's business and operations as a result of, among other things, the imposition of restrictions and the closure of borders, institutions and businesses deemed non-essential. In addition to the impact on commodity prices and commodity sales, the effects of the pandemics, epidemics or other outbreaks and related government action, have created uncertainty in the financial and energy markets and in the crude oil and natural gas industry.

There can be no certainty regarding the long-term efficacy of and other actions taken to control the spread of COVID-19 or other widespread diseases. Governments will continue to closely monitor the spread of COVID-19 and other viruses and may reintroduce restrictive measures to counter any successive wave or resurgence of COVID-19, its variants or other diseases. Accordingly, the Company's financial or operating performance could be materially adversely impacted by way of suspensions, delays or cancellations of the Company's projects, either by its customers or due to broader government directives, slowdowns or stoppages in the performance of projects due to labor shortages, supply chain disruptions and shortages, increased collection risk from customers, volatility in capital markets, inflation and decreases in customer demand as a result of the impacts of government imposed restrictions, including reduced prices of and global demand for petroleum products caused by travel restrictions and other shut-downs.

The partial or complete shut-down of Pine Cliff's workplaces, its employees working remotely, and the implementation of enhanced health and safety measures in its workplaces may reduce the efficiency and increase the costs of operations and may adversely affect the Company's margins, profitability and results. Further, the increased remote access to information technology systems may heighten the threat of a cyber-security breach.

There are no comparable recent events that provide guidance as to the effect pandemics, epidemics or other outbreaks may have, and, as a result, the ultimate impact and lasting effects on the Company's business, operations and financial condition, and on the energy industry as whole, are highly uncertain.

Exploration, Development and Production Risks

Oil and natural gas operations involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long-term commercial success of the Company depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. Without the continual addition of new reserves, the Company's existing reserves, and the production from them, will decline over time as the Company produces from such reserves. A future increase in the Company's reserves will depend on both the ability of the Company to explore and develop its existing properties and its ability to select and acquire suitable producing properties or prospects. There is no assurance

that the Company will be able to continue to find satisfactory properties to acquire or participate in. Moreover, management of the Company may determine that current markets, regulatory requirements, terms of acquisition, participation or pricing conditions make potential acquisitions or participation uneconomic. There is also no assurance that the Company will discover or acquire further commercial quantities of oil and natural gas.

Future oil and natural gas exploration may involve unprofitable efforts from dry wells or from wells that are productive but do not produce sufficient petroleum substances to return a profit after drilling, completing (including hydraulic fracturing), operating and other costs. Completion of a well does not ensure a profit on the investment or recovery of drilling, completion and operating costs.

Drilling hazards, environmental damage and various field operating conditions could greatly increase the cost of operations and adversely affect the production from successful wells. Field operating conditions include, but are not limited to, delays in obtaining governmental approvals or consents, shut-ins of wells resulting from extreme weather conditions, challenges in accessing infrastructure as a result of weather, insufficient storage or transportation capacity or geological and mechanical conditions. While diligent well supervision, effective maintenance operations and the development of enhanced recovery technologies can contribute to maximizing production rates over time, it is not possible to eliminate production delays and declines from normal field operating conditions, which can negatively affect revenue and cash flow levels to varying degrees.

Oil and natural gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including, but not limited to, fire, explosion, blowouts, cratering, sour gas releases, spills and other environmental hazards. These typical risks and hazards could result in substantial damage to oil and natural gas wells, production facilities, other property and the environment and cause personal injury or threaten wildlife. Particularly, the Company may explore for and produce sour gas in certain areas. An unintentional leak of sour gas could result in personal injury, loss of life or damage to property and may necessitate an evacuation of populated areas, all of which could result in liability to the Company.

Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including geological and seismic risks, encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations. Losses resulting from the occurrence of any of these risks could have a material adverse effect on future results of operations, liquidity and financial condition. Specific to seismic risks, in certain regions, fracking has been banned, there is no guarantee that fracking will continue to be authorized in the jurisdictions in which the Company operates.

As is standard industry practice, the Company is not fully insured against all risks, nor are all risks insurable. Although the Company maintains liability insurance and business interruption insurance in an amount that it considers consistent with industry practice, liabilities associated with certain risks could exceed policy limits or not be covered. See *"Insurance Risks"*. In either event, the Company could incur significant costs.

Weakness and Volatility in the Market

Market events and conditions, including global excess oil and natural gas supply, actions taken by OPEC+, slowing growth in China and emerging economies, market volatility and disruptions, weakening global relationships, international conflict, geopolitical tensions and events, sanctions, inflation, isolationist trade policies, increased U.S. shale production, sovereign debt levels and political upheavals in various countries, regional and international policy relating to climate change and growing anti-fossil fuel sentiment, have caused significant volatility in commodity prices. See *"Risk Factors - Political Uncertainty"*. Climate concerns and growing anti-fossil fuel sentiment have caused a significant decrease in the valuation of oil and natural gas companies and a decrease in confidence in the oil and natural gas industry. These difficulties have been exacerbated in Canada by political and other actions resulting in uncertainty surrounding regulatory, tax, royalty changes and environmental regulation. (See *"Royalties and Incentives"*, *"Environmental Regulation"* and *"Climate Change Regulation"* in *"Industry Conditions"*). In addition, difficulties encountered by midstream proponents to obtain the necessary approvals on a timely basis to build pipelines, liquefied natural gas plants and other facilities to provide better access to markets for the crude oil and natural gas industry in Western Canada has led to additional downward price pressure on crude oil and natural gas produced in Western Canada. The resulting price differential between Western Canadian Select crude oil, Brent and West Texas Intermediate crude oil has created uncertainty and reduced confidence in the petroleum

and natural gas industry in Western Canada (see "*Industry Conditions - Transportation Constraints, Pipeline Capacity and Market Access*").

Lower commodity prices may also affect the volume and value of the Company's reserves, especially as certain reserves become uneconomic. In addition, lower commodity prices may reduce the Company's funds flow which could result in a reduced capital expenditure budget. As a result, the Company may not be able to replace its production with additional reserves and both the Company's production and reserves could be reduced on a year over year basis. Given the current market conditions and the lack of confidence in the Canadian oil and gas industry, the Company may have difficulty raising additional funds in the future or if it is able to do so, it may be on unfavourable and highly dilutive terms. If these conditions persist, Pine Cliff's funds flow may not be sufficient to continue to fund operations and to satisfy obligations when due and will require additional equity or debt financing and/or proceeds from asset sales. There can be no assurance that such equity or debt financing will be available on terms that are satisfactory or at all. Similarly, there can be no assurance that the Company will be able to realize any or sufficient proceeds from asset sales to discharge its obligations.

Commodity Prices and Marketing

The marketability and price of oil and natural gas that may be acquired, discovered or produced by Pine Cliff is, and will continue to be, affected by numerous factors beyond its control. The Company's ability to market its crude oil and natural gas may depend upon its ability to acquire space on pipelines that deliver oil and natural gas to commercial markets or contract for the delivery of crude oil by rail. (See "*Industry Conditions – Transportation Constraints, Pipeline Capacity and Market Access*" and "*Risk Factors*" – *Weakness and Volatility in the Oil and Natural Gas Industry*"). The Company may also be affected by deliverability uncertainties related to the proximity of its reserves to pipelines, railway lines, processing and storage facilities; and operational problems affecting such pipelines, railway lines and facilities as well as extensive government regulation relating to price, taxes, royalties, land tenure, allowable production, the export of crude oil and natural gas and many other aspects of the oil and natural gas business.

The prices of oil and natural gas are expected to remain volatile for the near future because of market uncertainties over the supply and demand of these commodities due to the current state of the world economies, shale oil production in the U.S., OPEC+ actions, political uncertainties, sanctions imposed on certain oil producing nations by other countries, military action, geopolitical tensions, international conflict and ongoing credit and liquidity concerns. Prices for crude oil and natural gas are also subject to the availability of foreign markets and the ability to access such markets. Any material decline in prices or a continued low crude oil and natural gas price environment could result in a reduction of Pine Cliff's anticipated net production revenue. The economics of producing from some wells may change as a result of lower prices, which could result in reduced production of oil or natural gas and a reduction in the volumes of the Company's reserves. Pine Cliff might also elect not to produce from certain wells at lower prices.

Volatile crude oil and natural gas prices make it difficult to estimate the value of producing properties for acquisitions and often cause disruption in the market for crude oil and natural gas producing properties, as buyers, sellers, lessors and lessees have difficulty agreeing on the value or terms of such arrangements. Price volatility also makes it difficult to budget for and project the return on potential acquisitions, divestitures or leasing opportunities. See "*Weakness and Volatility in the Oil and Natural Gas Industry*".

All of these factors could result in a material decrease in Pine Cliff's expected net production revenue and a reduction in its future crude oil and natural gas acquisition, exploration, development and production activities. Any substantial and extended decline in or continued low crude oil and natural gas prices would have an adverse effect on the Company's carrying value of its reserves, borrowing capacity, revenues, profitability and cash flows from operations and may have a material adverse effect on the Company's business and financial condition.

In addition, borrowings available to Pine Cliff may, in part, be determined by its funds flow. A sustained material decline in prices from historical average prices could reduce Pine Cliff's funds flow, therefore reducing the credit available which could require that a portion, or all, of Pine Cliff's debt repayment be accelerated.

Title to and Right to Produce from Assets

The Company's actual title to and interest in its properties, and its right to produce and sell the oil and natural gas therefrom, may vary from the Company's records. In addition, there may be valid legal challenges or legislative changes that affect the Company's title to and right to produce from its oil and natural gas properties, which could impair the Company's activities and result in a reduction of the revenue received by the Company.

If a defect exists in the chain of title or in the Company's right to produce, or a legal challenge or legislative change arises, it is possible that the Company may lose all, or a portion of, the properties to which the title defect relates and/or its right to produce from such properties. This may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Volatility of Market Price of Common Shares

The trading price of securities of crude oil and natural gas issuers is subject to substantial volatility often based on factors related and unrelated to the financial performance or prospects of the issuers involved. The volatility may affect the ability of holders to sell the Common Shares at an advantageous price. Factors unrelated to the Company's performance could include macroeconomic developments nationally, within North America or globally, domestic and global commodity prices and/or current perceptions of the crude oil and natural gas market. This includes, but is not limited to, changing and in some cases, negative investor sentiment towards energy-related businesses or formal decarbonization policies. In recent years, the volatility of commodities has increased due to, in part, the implementation of computerized trading and the decrease of discretionary commodity trading. In addition, the volatility, trading volume and share price of issuers have been impacted by increasing investment levels in passive funds that track major indices, as such funds only purchase securities included in such indices. In addition, in certain jurisdictions, institutions, including government sponsored entities, have determined to decrease their ownership in crude oil and natural gas entities which may impact the liquidity of certain securities and put downward pressure on the trading price of those securities.

Similarly, the market price of the Common Shares may be due to Pine Cliff's operating results failing to meet the expectations of securities analysts or investors in any quarter, downward revision in securities analysts' estimates, governmental regulatory action, adverse change in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by Pine Cliff or its competitors, along with a variety of additional factors, including, without limitation, those set forth under "*Forward-Looking Statements*". In addition, in recent years the market price for securities in the stock markets, including the TSX, experienced significant price and trading fluctuations. These fluctuations have resulted in volatility in the market prices of securities that often has been unrelated or disproportionate to changes in operating performance. These broad market fluctuations may adversely affect the market prices of the Common Shares. Accordingly, the price at which the Common Shares will trade cannot be accurately predicted.

Regulatory Approvals

In order to conduct its oil and natural gas operations, the Company requires regulatory approvals from various government authorities. There can be no assurance that Pine Cliff will be able to obtain, maintain or renew all of the regulatory approvals that may be required to conduct operations that it may wish to undertake or that it will obtain such approvals on terms and conditions acceptable to Pine Cliff.

The Company's properties are held in the form of licences and leases and working interests in licences and leases. If the Company or the holder of the licence or lease fails to meet the specific requirement of a licence or lease, the licence or lease may terminate or expire. There can be no assurance that any of the obligations required to maintain each licence or lease will be met. The termination, expiration or changes to the terms and conditions of the Company's licences or leases or the working interests relating to a licence or lease may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Surface Conditions

The exploration for and development of oil and natural gas reserves depends upon access to areas where operations are to be conducted. Oil and gas industry operations are affected by road bans imposed from time to time during the winter break-

up and thaw period in the spring. Road bans are also imposed due to snow, mud and rock slides and periods of high water or wild fires which can restrict access to Pine Cliff's well sites and production facilities. Additionally, there may be bans imposed as a result of sensitive wild life located in the area of operations.

Pine Cliff conducts a portion of its operations in areas accessible only on a seasonal basis. Unless the surface is sufficiently frozen, Pine Cliff is unable to access its properties, drill or otherwise conduct its operations as planned. In addition, if the surface thaws earlier than expected, Pine Cliff must cease its operations for the season earlier than planned. Limitations on Pine Cliff's ability to access properties or conduct its operations as planned could result in a shut down or slowdown of its operations, which may adversely affect its business.

Operating and Capital Costs

The Company's financial performance is significantly affected by the cost of operating and the capital costs associated with its assets. Operating and capital costs are affected by a number of factors including, but not limited to inflationary price pressure, scheduling delays, failure to maintain quality standards and supply chain disruptions. While the Company does not believe that inflation has had a material effect on its business, financial condition or results of operations to date; if development, operation or labour costs were to become subject to significant inflationary pressures, the Company may not be able to fully offset such higher costs through corresponding increases in commodity prices. The Company's inability to manage costs or to secure equipment, materials or skilled labour necessary to its exploration, development, construction and operations for the expected price, on the expected timeline, or at all, could have a material adverse effect on the Company's financial condition, results of operations and cash flows. Electricity, chemicals, supplies, abandonment, reclamation and labour costs are examples of operating costs that are susceptible to significant fluctuations. Fluctuations in operating and capital costs could negatively impact Pine Cliff's business, financial condition, results of operations, cash flows and value of its oil and gas reserves.

Legal Proceedings

Pine Cliff may from time to time be subject to litigation and regulatory proceedings arising in the normal course of its business. Pine Cliff cannot determine whether such litigation and regulatory proceedings will, individually or collectively, have a material adverse effect on its business, results or operations and financial condition. To the extent expenses incurred in connection with litigation or any potential regulatory proceeding or action (which may include substantial fees of attorneys and other professional advisors and potential obligations to indemnify officers and directors who may be parties to such actions) are not covered by available insurance, such expenses could adversely affect Pine Cliff's cash position.

Third Party Credit Risk

Pine Cliff may be exposed to third party credit risk through its contractual arrangements with its current or future joint venture partners, marketers of its petroleum and natural gas production and other parties. In the event such entities fail to meet their contractual obligations, such failures could have a material adverse effect on Pine Cliff and its cash flow from operations. In addition, poor credit conditions in the industry and of joint venture partners may impact a joint venture partner's willingness to participate in Pine Cliff's ongoing capital program, potentially delaying the program and the results of such program until it finds a suitable alternative partner.

Numerous applications have been filed with regulatory bodies within Canada and the U.S. to build or expand existing pipeline infrastructure to transport crude oil and natural gas to markets. If the projects are not approved it may impact our ability to ship our products to sales markets, which could have a material adverse effect on production levels or on the prices that we receive for our production.

Operational Dependence

Other companies operate some of the assets in which Pine Cliff has an interest. As a result, Pine Cliff will have limited ability to exercise influence over the operation of those assets or their associated costs, which could adversely affect its financial performance. Where a partner becomes insolvent, there is a risk that Pine Cliff will be directed to carry out its partner's abandonment and reclamation obligations. Pine Cliff's return on assets operated by others will therefore depend upon a number of factors that may be outside of its control, including the timing and amount of capital expenditures, the operator's

expertise and financial resources, the approval of other participants, the selection of technology and risk management practices.

Access to Capital

The Company will have to incur capital expenditures in the future in order to carry out its oil and natural gas exploration and development activities. While there are various financing forms available to the Company, including the issuance of new equity or debt, asset sales, joint ventures or other alternatives, the Company's ability to arrange such financings or other satisfactory arrangements in the future may depend in part upon the prevailing capital market conditions, as well as the Company's business performance. These factors could negatively impact the Company in terms of its ability to raise additional capital, as well as increased volatility in oil and gas prices which could affect revenues and funds flow and Company valuations.

General Economic Conditions, Business Environment

The business of the Company is subject to general economic conditions. Adverse changes in general economic and market conditions could negatively impact demand for crude oil and natural gas, revenues, operating costs, access to capital, timing and extent of capital expenditures, credit risk and counter party risk. There can be no assurance that any risk management steps taken by the Company, with the objective of mitigating the foregoing risks, will avoid future loss due to the occurrence of such risks.

Issuance of Debt and Increased Indebtedness

From time to time, Pine Cliff may enter into transactions to acquire assets or shares of other companies. These transactions may be financed partially or wholly through debt, which may increase debt levels above industry standards. Pine Cliff's articles and bylaws do not limit the amount of indebtedness it may incur. The level of Pine Cliff's indebtedness from time to time could impair its ability to obtain additional financing in the future on a timely basis in order to take advantage of business opportunities that may arise. In connection with the Acquisition, Pine Cliff incurred additional debt through the Term Loan, such indebtedness may increase Pine Cliff's interest expense and debt service obligations and may have a negative effect on its results of operations. Such increased indebtedness may also make Pine Cliff's results more sensitive to increases in interest rates. Pine Cliff's degree of leverage could have other important consequences including limiting Pine Cliff's ability to: (i) obtain additional financing for capital expenditures, debt service requirements, acquisitions and general corporate or other purposes; (ii) declare dividends on the Common Shares; and (iii) make capital expenditures that are important to its growth and strategies.

Variations in Foreign Exchange Rates and Interest Rates

Operating costs incurred by Pine Cliff are generally paid in Canadian dollars. World crude oil and natural gas prices are quoted in U.S. dollars and the price received by Canadian producers is therefore affected by the Canadian/U.S. dollar exchange rate, which fluctuates over time. Material increases in the value of the Canadian dollar negatively impact Pine Cliff's production revenues. Future Canadian/U.S. exchange rates could accordingly impact the future value of Pine Cliff's reserves as determined by independent evaluators. Although a low value of the Canadian dollar relative to the U.S. dollar may positively impact the price the Company receives for crude oil and natural gas production it could also result in an increase in the price of certain goods used in operations which may have a negative impact on the Company's financial results.

To the extent that the Company engages in risk management activities related to foreign exchange rates, there is a credit risk associated with counterparties with which Pine Cliff may contract.

An increase in interest rates could result in a significant increase in the amount Pine Cliff pays to service debt, which could negatively impact the market price of the Common Shares.

Delay in Cash Receipts

In addition to the usual delays in payment by the purchasers of oil and natural gas to the operators of Pine Cliff's properties, and by the operator to Pine Cliff, payments between any of such parties may also be delayed by restrictions imposed by lenders, delays in the sale or delivery of products, delays in the connection of wells to a gathering system, blow-outs or other accidents, recovery by the operator of expenses incurred in the operation of the properties or the establishment by the operator of reserves for such expenses.

Reserves Estimates

Although McDaniel has prepared Pine Cliff's reserve figures using methods of estimating reserves consistent with those commonly followed in the industry and believe that those methods have been verified by operating experience, such figures are estimates and no assurance can be given that the indicated levels of reserves will be produced. Probable reserves estimated for properties may require revisions based on the actual development strategies employed to prove such reserves. Estimated reserves may also be affected by changes in oil and natural gas prices. Declines in the reserves of Pine Cliff which are not offset by the acquisition or development of additional reserves may reduce the underlying value of the common shares to Shareholders.

The reserve report under the heading "*Statement of Reserves Data and Other Oil and Gas Information – Part II - Disclosure of Reserve Data*" has been prepared using certain commodity price assumptions which are described in the notes to the reserve tables. If lower prices for crude oil, NGLs and natural gas are realized by Pine Cliff and substituted for the price assumptions utilized in the reserve report, the present value of estimated future net cash flows for Pine Cliff's reserves would be reduced and the reduction could be significant.

Failure to Realize Anticipated Benefits of Acquisitions and Dispositions

The Company considers acquisitions and dispositions of businesses and assets in the ordinary course of business. Achieving the benefits of acquisitions depends on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner and the Company's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of the Company. The integration of acquired businesses and assets, including as a result of the Acquisition, may require substantial management effort, time and resources diverting management's focus from other strategic opportunities and operational matters. Management continually assesses the value and contribution of services provided by third parties and the resources required to provide such services. In this regard, non-core assets may be periodically disposed of so the Company can focus its efforts and resources more efficiently. Depending on the state of the market for such non-core assets, certain non-core assets of the Company may realize less on disposition than their carrying value on the financial statements of the Company.

Risks Relating to Hedging Activities

Any substantial and extended decline in the price of oil, NGLs or natural gas would have an adverse effect on the carrying value of Pine Cliff's proved and probable reserves, borrowing capacity, revenues, profitability and cash flows from operating activities. Pine Cliff may manage the risk associated with changes in commodity prices by entering into oil or natural gas price hedges. If Pine Cliff hedges its commodity price exposure, it may forego some of the benefits it would otherwise experience if commodity prices were to increase. In addition, commodity hedging activities could expose Pine Cliff to losses. To the extent Pine Cliff engages in risk management activities related to commodity prices, it will be subject to credit risks associated with counterparties with which it contracts. Pine Cliff continually evaluates the use of, and may employ derivative structures to hedge commodity, interest rate and foreign exchange risk. Risks associated with such products, include but are not limited to counterparty risk, settlement risk, basis risk, liquidity risk and market risk which could impair or negate the hedging strategy with a consequential negative impact on earnings and cash flow.

Legislation

The oil and natural gas industry is subject to regulation pursuant to local, provincial and federal legislation, including environmental regulations. A breach of such legislation may result in the imposition of fines or restrictions on operations in

respect of Pine Cliff or its properties. Such legislation may be changed to impose higher standards and potentially more costly obligations on Pine Cliff, and there can be no assurance that Pine Cliff will be able to satisfy its future obligations.

Abandonment and Reclamation Costs

The Company is required to abandon and reclaim all of its projects at the end of their economic life. These costs will be substantial. The estimate for abandonment and reclamation costs are based on several sources including guidelines from provincial regulators, historical data from operations, and management's estimation of costs to remediate, reclaim and abandon wells and facilities in which it has a working interest. Changing legislative requirements may result in increased costs or accelerate the time in which clean up may occur. There can be no assurance that Pine Cliff will be able to satisfy its future abandonment and reclamation obligations.

Actual asset retirement costs incurred in the ordinary course in a specific period will reduce the amount of funds available for repayment of indebtedness or payment of dividends to Shareholders.

Recently, as a result of the prolonged downturn in the oil and gas industry the number of orphan wells (wells owned by insolvent parties) has increased. The cost of abandoning orphan wells has largely been funded by industry. Accordingly, the increase in the number of orphan wells could result in an increase in fees or assessments to other oil and gas producers, such as Pine Cliff, to fund the abandonment and reclamation of these orphan wells. Further, should working interest participants become insolvent, in Alberta, Pine Cliff could be directed to assume care and custody and carry out abandonment and reclamation obligations resulting in impacts on cash flow.

Climate Change

The Company's exploration and production facilities and other operations and activities emit GHG which may require the Company to comply with greenhouse gas emissions legislation at the provincial or federal level. Climate change policy is evolving at regional, national and international levels, and political and economic events may significantly affect the scope and timing of climate change measures that are ultimately put in place.

The taxes placed on carbon emissions, as described under "*Industry Conditions – Climate Change Regulations*" may have the effect of decreasing the demand for oil and natural gas products and at the same time, increasing the Company's operating expenses, each of which may have a material adverse effect on the Company's profitability and financial condition. Further, the imposition of carbon taxes puts the Company at a disadvantage with its counterparts who operate in jurisdictions where there are less costly carbon regulations.

The direct or indirect costs of compliance with GHG-related regulations may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. Some of the Company's significant facilities may ultimately be subject to future regional, provincial and/or federal climate change regulations to manage GHG emissions. In addition, concerns about climate change have resulted in a number of environmental activists and members of the public opposing the continued exploitation and development of fossil fuels.

Climate change has been linked to extreme weather conditions. Extreme hot and cold weather, heavy snowfall, heavy rainfall, drought and wildfires may restrict or could interfere with Pine Cliff's operations, increasing costs and negatively impacting production. Moreover, extreme weather conditions may lead to disruptions in the ability to transport produced oil and natural gas as well as goods and services along supply chains. At this time, the Company is unable to determine the extent to which climate change may lead to increased storm or weather hazards affecting operations.

Political Uncertainty

The Company's results can be adversely impacted by political, legal, or regulatory developments in Canada and elsewhere that affect local operations and local and international markets. Changes in government, government policy or regulations, changes in law or interpretation of settled law, third-party opposition to industrial activity generally or projects specifically, and duration of regulatory reviews could impact the Company's existing operations and planned projects. This includes actions by regulators or other political factors to delay or deny necessary licenses and permits for the Company's activities or restrict the operation of third-party infrastructure that Pine Cliff relies on. Additionally, changes in environmental

regulations, assessment processes or other laws, and increasing and expanding stakeholder consultation (including Indigenous stakeholders), may increase the cost of compliance or reduce or delay available business opportunities and adversely impact the Company's results.

Other government and political factors that could adversely affect the Company's financial results include increases in taxes or government royalty rates (including retroactive claims) and changes in trade policies and agreements. Further, the adoption of regulations mandating efficiency standards, and the use of alternative fuels or uncompetitive fuel components could affect the Company's operations. Many governments are providing tax advantages and other subsidies to support alternative energy sources or are mandating the use of specific fuels or technologies. Governments and others are also promoting research into new technologies to reduce the cost and increase the scalability of alternative energy sources, and the success of these initiatives may decrease demand for Pine Cliff's products. See "Industry Conditions – Climate Change Regulation", "Industry Conditions – Transportation Constraints, Pipeline Capacity and Market Access" and "Industry Conditions – NAFTA/USMCA and other Trade Agreements".

Royalty Regimes

There can be no assurance that the governments in the jurisdictions in which the Company has assets will not adopt new royalty regimes, or modify the existing royalty regimes, which may have an impact on the economics of the Company's properties. An increase in royalties would reduce the Company's earnings and cash flow and could make future capital investments or the Company's operations uneconomic. See "*Industry Conditions – Royalties and Incentives*".

Reliance on Key Personnel

The Company's success depends in large measure on certain key personnel. Losing the services of such key personnel may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. The Company does not have any key personnel insurance in effect. The contributions of the existing management team to the immediate and near term operations of the Company are likely to be of central importance. In addition, the competition for qualified personnel in the oil and natural gas industry is intense and there can be no assurance that the Company will be able to continue to attract and retain all personnel necessary for the development and operation of its business. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Company.

Management of Growth

The Company may be subject to growth related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. If the Company is unable to deal with this growth, it may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Liability Management

Alberta and Saskatchewan have developed liability management programs designed to protect taxpayers from incurring costs associated with suspension, abandonment, remediation and reclamation of wells, facilities and pipelines in the event that a licensee or permit holder is unable to satisfy its regulatory obligations. Alberta and Saskatchewan have recently revised their approach to Liability Management imposing additional scrutiny and annual spend requirements. Changes to the requirements of liability management programs may result in significant increases to the Company's compliance obligations. The impact and consequences of the Supreme Court of Canada's decision in Redwater on the AER's rules and policies, lending practices in the petroleum and natural gas industry and on the nature and determination of secured lenders to take enforcement proceedings are expected to evolve as the consequences of the decision continue to be evaluated and considered by regulators, lenders and receivers/trustees. In addition, the liability management regime may prevent or interfere with the Company's ability to acquire or dispose of assets, as both the vendor and the purchaser of oil and natural gas assets must be in compliance with the liability management programs (both before and after the transfer of the assets) for the applicable regulatory agency to allow for the transfer of such assets and access capital. See "*Industry Conditions – Environmental Regulation – Liability Management Programs*".

Information Technology Systems and Cyber-security

The Company has become increasingly dependent upon the availability, capacity, reliability and security of our information technology infrastructure and our ability to expand and continually update this infrastructure, to conduct daily operations. The Company depends on various information technology systems to estimate reserve quantities, process and record financial data, manage our land base, manage financial resources, analyze seismic information, administer our contracts with our operators and lessees and communicate with employees and third-party partners.

Further, the Company is subject to a variety of information technology and system risks as a part of its normal course operations, including potential breakdown, invasion, virus, cyber-attack, cyber-fraud, security breach, and destruction or interruption of the Company's information technology systems by third parties or insiders. Unauthorized access to these systems by employees or third parties could lead to corruption or exposure of confidential, fiduciary or proprietary information, interruption to communications or operations or disruption to our business activities or our competitive position. In addition, cyber phishing attempts, in which a malicious party attempts to obtain sensitive information such as usernames, passwords, and credit card details (and money) by disguising as a trustworthy entity in an electronic communication, have become more widespread and sophisticated in recent years. If the Company becomes a victim to a cyber phishing attack it could result in a loss or theft of the Company's financial resources or critical data and information or could result in a loss of control of the Company's technological infrastructure or financial resources. The Company's employees are often the targets of such cyber phishing attacks, as they are and will continue to be targeted by parties using fraudulent "spoof" emails to misappropriate information or to introduce viruses or other malware through "Trojan horse" programs to the Company's computers. These emails appear to be legitimate emails, but direct recipients to fake websites operated by the sender of the email or request recipients to send a password or other confidential information through email or to download malware.

Increasingly, social media is used as a vehicle to carry out cyber phishing attacks. Information posted on social media sites, for business or personal purposes, may be used by attackers to access the Company's systems and obtain confidential information. The Company restricts the social media access of its employees and periodically reviews, supervises, retains and maintains the ability to retrieve social media content. Despite these efforts, as social media continues to grow in influence and access to social media platforms becomes increasingly prevalent, there are significant risks that the Company may not be able to properly regulate social media use and preserve adequate records of business activities and client communications conducted through the use of social media platforms.

The Company maintains policies and procedures that address and implement employee protocols with respect to electronic communications and electronic devices and conducts annual cyber-security risk assessments. The Company also employs encryption protection of its confidential information, all computers and other electronic devices. Despite the Company's efforts to mitigate such cyber phishing attacks through education and training, cyber phishing activities remain a serious problem that may damage its information technology infrastructure. The Company applies technical and process controls in line with industry-accepted standards to protect its information, assets and systems, including a written incident response plan for responding to a cyber-security incident. However, these controls may not adequately prevent cyber-security breaches. Disruption of critical information technology services, or breaches of information security, could have a negative effect on our performance and earnings, as well as on our reputation, and any damages sustained may not be adequately covered by the Company's current insurance coverage, or at all. The significance of any such event is difficult to quantify but may in certain circumstances be material and could have a material adverse effect on the Company's business, financial condition and results of operations.

Changing Investor Sentiment

A number of factors, including concerns relating to climate change and the effects of the use of fossil fuels, the impact of oil and natural gas operations on the environment, environmental damage relating to spills of petroleum products during transportation and Indigenous rights, have affected certain investors' sentiments towards the oil and natural gas industry. As a result of these concerns, some institutional, retail and public investors have announced that they no longer are willing to fund or invest in oil and natural gas properties or companies, are reducing the amount thereof over time or are adopting restrictive or decarbonization policies. In addition, certain institutional investors are requesting that issuers develop and implement more robust social, environmental and governance policies and practices. Developing and implementing such policies and practices can involve significant costs and require a significant time commitment from the Board, management

and employees of the Company. Failing to implement the policies and practices as requested by institutional investors, or if such investors view the Company's policies and practices as insufficient, may result in such investors reducing their investment in the Company, or not investing in the Company at all. Any reduction in the investor base interested or willing to invest in the oil and natural gas industry and more specifically, the Company, may result in limiting the Company's access to capital, increasing the cost of capital, and decreasing the price and liquidity of the Company's securities even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause a decrease in the value of the Company's asset which may result in an impairment change.

Evolving Corporate Governance and Reporting Framework

The Company's business is subject to evolving corporate governance and public disclosure regulations that have increased both compliance costs and the risk of noncompliance, which could have an adverse effect on the price of the Company's securities. Pine Cliff is subject to changing rules and regulations promulgated by a number of governmental and self-regulated organizations, including the Canadian Securities Administrators, the TSX and the Financial Accounting Standards Board. These rules and regulations continue to evolve in scope and complexity making compliance more difficult and uncertain. Further, the Company's efforts to comply with these and other new and existing rules and regulations have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

Dilution

The Board may issue an unlimited number of Common Shares without any vote or action by the Shareholders, subject to the rules of any stock exchange on which the Company's securities may be listed from time to time. The Company may make future acquisitions or enter into financings or other transactions involving the issuance of securities. If the Company issues any additional equity, the percentage ownership of existing Shareholders will be reduced and diluted and the price of the Common Shares could decline.

Depletion of Reserves

Pine Cliff has certain unique attributes which may differentiate it from other oil and gas industry participants. Pine Cliff may not reinvest cash flow in the same manner as other industry participants. Pine Cliff's decline rate is lower than many other industry participants. Pine Cliff may retain a portion of its cash flow for reinvestment purposes, but the retained amount may be less than other industry participants and could result in decreases in production levels and reserves.

The future oil and natural gas reserves and production of Pine Cliff, and therefore its cash flows, will be highly dependent on its success in exploiting its reserve base and acquiring additional reserves. Without reserve additions through acquisition or development activities, Pine Cliff's reserves and production will decline over time as reserves are exploited.

There can be no assurance that Pine Cliff will be successful in developing or acquiring additional reserves on terms that meet Pine Cliff's investment objectives.

Competition

There is strong competition relating to all aspects of the oil and natural gas industry. Pine Cliff will actively compete for capital, skilled personnel, undeveloped lands, reserves acquisitions, access to drilling rigs, service rigs and other equipment, access to processing facilities and pipeline and refining capacity and in all other aspects of its operations with a substantial number of other organizations, many of which may have greater technical and financial resources than Pine Cliff. Some of these organizations not only explore for, develop and produce oil and natural gas but also carry on refining operations and market petroleum and other products on a world-wide basis and as such have greater and more diverse resources on which to draw. The effect of these competitive conditions may adversely affect Pine Cliff's business, financial conditions and results of operations.

Indigenous Claims

Indigenous peoples have claimed Indigenous rights and title in portions of Western Canada. The Company is not aware that any claims have been made in respect of its properties and assets. However, if a claim arose and was successful, such claim may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. In addition, the process of addressing such claims, regardless of the outcome, is expensive and time consuming and could result in delays which could have a material adverse effect on the Company's business and financial results.

Breach of Confidentiality

While discussing potential business relationships or other transactions with third parties, the Company may disclose confidential information relating to its business, operations or affairs. Although confidentiality agreements are generally signed by third parties prior to the disclosure of any confidential information, a breach could put the Company at competitive risk and may cause significant damage to its business. The harm to the Company's business from a breach of confidentiality cannot presently be quantified, but may be material and may not be compensable in damages. There is no assurance that, in the event of a breach of confidentiality, the Company will be able to obtain equitable remedies, such as injunctive relief, from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such a breach of confidentiality may cause.

Net Asset Value

The net asset value of Pine Cliff's assets from time to time will vary dependent upon factors beyond the control of management, including oil, natural gas and NGL prices. The trading price of Pine Cliff's common shares from time to time is also determined by factors which are beyond the control of management and such trading prices may be less than the net asset value of Pine Cliff's assets.

Management Estimates and Assumptions

In preparing consolidated financial statements estimates and assumptions are used by management in determining the reported amounts of assets and liabilities, revenues and expenses recognized during the periods presented and disclosures of contingent assets and liabilities known to exist as of the date of the financial statements. These estimates and assumptions must be made because certain information that is used in the preparation of such financial statements is dependent on future events, cannot be calculated with a high degree of precision from data available, or is not capable of being readily calculated based on generally accepted methodologies. In some cases, these estimates are particularly difficult to determine and the Company must exercise significant judgment. Estimates may be used in management's assessment of items such as depreciation and accretion, fair values, useful life of assets, income taxes, stock-based compensation and asset retirement obligations. Actual results for all estimates could differ materially from the estimates and assumptions used by the Company, which could have a material adverse effect on the financial condition, results of operations and cash flows of the Company.

Insurance Risks

The Company's property and liability insurance is subject to deductibles, limits and exclusions, and may not provide sufficient coverage for these or other insurable risks. There can be no assurance that such insurance will continue to be offered on an economically feasible basis, that all events that could give rise to a loss or liability are insurable, or that the amounts of insurance (net of applicable deductibles) will at all times be sufficient to cover each and every loss or claim that may occur involving the assets or operations of the Company.

Global Financial Markets

The market events and conditions that transpired in recent years, including disruptions in the international credit markets and other financial systems and the deterioration of global economic conditions, have, among other things, caused significant volatility in commodity prices. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. These factors negatively

impacted enterprise valuations and impacted the performance of the global economy. Petroleum prices are expected to remain volatile for the near future as a result of market uncertainties regarding the supply and demand fundamentals for petroleum products due to the current state of the world's economies, actions taken by the Organization of the Petroleum Exporting Countries, the ongoing risks facing the North American and global economies and increased supplies of crude oil which may be created by the application of new drilling technology to unconventional resource plays.

Changes in Legislation and Canadian Tax Considerations

There can be no assurances that income tax laws and government incentive programs relating to the oil and natural gas industry will not be changed in a manner which adversely affects Pine Cliff and its Shareholders. There can be no assurance that the Canada Revenue Agency will agree with how Pine Cliff calculates its income for tax purposes or that the Canada Revenue Agency will not change its administrative practices to the detriment of Pine Cliff or its Shareholders.

As Pine Cliff is engaged in the oil and natural gas business its operations are subject to certain unique provisions of the *Income Tax Act* (Canada) and applicable provincial income tax legislation relating to characterization of costs incurred in their businesses which effects whether such costs are deductible and, if deductible, the rate at which they may be deducted for the purposes of calculating taxable income. Pine Cliff has reviewed its historical income tax returns with respect to the characterization of the costs incurred in the oil and natural gas business as well as other matters generally applicable to all corporations including the ability to offset future income against prior year losses. Pine Cliff has filed or will file all required income tax returns and believes that it is full compliance with the provisions of the *Income Tax Act* (Canada) and applicable provincial income tax legislation, but such returns are subject to reassessment. In the event of a successful reassessment it may be subject to a higher than expected past or future income tax liability as well as potentially interest and penalties and such amount could be material.

Internal Controls over Financial Reporting

Internal control over financial reporting (“**ICFR**”), as defined in National Instrument 52-109 (NI 52-109), includes those policies and procedures that:

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of Pine Cliff;
2. Are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of Pine Cliff are being made in accordance with authorizations of management and Directors of Pine Cliff; and
3. Are designed to provide reasonable assurance regarding prevention or timely detection of authorized acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

The Company has designed and implemented ICFR as defined in NI 52-109 of the Canadian Securities Administrators, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The control framework the Company used to design its ICFR was in accordance with the Committee of Sponsoring Organizations of the Treadway Commission (“**COSO 2013**”).

It should be noted that while the Company’s believes its internal controls and procedures provide a reasonable level of assurance and are effective; they do not expect that these controls will prevent all errors and fraud.

Project Risks

The Company manages a variety of small and large projects in the conduct of its business. Project delays may delay expected revenues from operations. Significant project cost overruns could make a project uneconomic. The Company’s ability to execute projects and market oil and natural gas depends upon numerous factors beyond the Company’s control, including the following: processing capacity availability; availability and proximity of pipeline capacity; availability of storage capacity; availability of, and the ability to acquire, water supplies needed for drilling, hydraulic fracturing, and waterfloods; the Company’s ability to dispose of water used or removed from strata at a reasonable cost and in accordance with applicable environmental regulations; effects of inclement weather; availability of drilling and related equipment; unexpected cost increases; accidental events; currency fluctuations; regulatory changes; availability and productivity of skilled labour; and regulation of the oil and natural gas industry by various levels of government and governmental agencies.

These factors could result in Pine Cliff being unable to execute projects on time, on budget, or at all and may be unable to effectively market its oil and natural gas products.

Alternatives to, and Changing Demand for, Petroleum Products

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas, and technological advances in fuel economy and energy generation devices could reduce the demand for crude oil and other liquid hydrocarbons. Pine Cliff cannot predict the impact of changing demand for oil and natural gas products, and any major changes may have a material adverse effect on the Company’s business, financial condition, results of operations and adjusted funds flows.

Gathering and Processing Facilities, Pipeline Systems and Rail

The products that Pine Cliff produces must be delivered through gathering, processing and pipeline systems, some of which are not owned by the Company, and in certain circumstances, by rail. The amount of crude oil and natural gas produced and sold from Pine Cliff’s assets is subject to the accessibility, availability, proximity and capacity of these gathering and processing facilities, pipeline systems and railway lines. The lack of firm pipeline capacity, production limits, and limits on availability of capacity in gathering and processing facilities continues to affect the petroleum and natural gas industry and limits the ability to transport produced crude oil and natural gas to market. However, in early 2020, the Supreme Court of Canada and the Federal Court of Appeal both dismissed the challenges to the Cabinet’s approval of the Trans Mountain Pipeline expansion, and construction on the pipeline expansion is underway. (see “*Industry Conditions – Pricing and*

Marketing in Canada - Transportation Constraints, Pipeline Capacity and Market Access" and "Industry Conditions - Curtailment"). In addition, the pro-rationing of capacity on inter-provincial pipeline systems continues to affect the ability of crude oil and natural gas companies to export crude oil and natural gas, and could result in the inability to realize the full economic potential of the produced crude oil or natural gas or a reduction of the price offered for the production from Pine Cliff's assets. Unexpected shutdowns or curtailment of capacity of pipelines for maintenance or integrity work or because of actions taken by regulators could also affect production and operations which may have a material adverse effect on the Company's business and financial condition.

A portion of Pine Cliff's production is processed through facilities owned by third parties over which the Company has no control. From time to time, these facilities may discontinue or decrease operations either as a result of normal servicing requirements or as a result of unexpected events. A discontinuation or decrease of third party facility operations could have a materially adverse effect on Pine Cliff's production and ability to deliver the same for sale, which, in turn, would indirectly reduce the Company's revenues. Midstream and pipeline companies may take actions to maximize their return on investment which may in turn adversely affect producers and shippers, especially when combined with a regulatory framework that may not always align with the interests of particular shippers.

DIVIDENDS

Pine Cliff currently pays dividends on its Common Shares. In 2023, Pine Cliff declared dividends in the amount of \$0.13 per Common Share. In 2022, Pine Cliff declared dividends in the amount of \$0.07 per Common Share. No dividends were declared in 2021. The Pine Cliff board of directors determine the actual timing, payment and amount of dividends, if any, that may be paid from time to time based upon, among other things, adjusted funds flow, financial conditions, the need for funds to finance ongoing operations including scheduled borrowing repayments and other business considerations.

DESCRIPTION OF SHARE CAPITAL

General Description of Share Capital

Pine Cliff is authorized to issue an unlimited number of Common Shares without nominal or par value and an unlimited number of Class B shares (the "**Preferred Shares**"), issuable in series. A summary of the characteristics of the shares is set forth below. As of the date hereof, 356,305,269 Common Shares and no Preferred Shares were issued and outstanding. As of the date hereof, options to acquire 21,258,622 Common Shares ("**Options**") were outstanding.

Common Shares

The Shareholders are entitled to receive notice of and to attend any meeting of the Shareholders and are entitled to one vote for each Common Share held (except at meetings at which only the holders of another class of shares are entitled to vote). The Shareholders are entitled to receive dividends, on a pro rata basis, if, as and when declared by the Pine Cliff board of directors and, subject to prior satisfaction of all preferential rights, to participate rateably in the net assets of Pine Cliff in the event of any liquidation, dissolution or winding-up of Pine Cliff, whether voluntary or involuntary, or other distribution of assets of Pine Cliff among Shareholders for the purpose of winding up its affairs.

Preferred Shares

The Preferred Shares may be issued in one or more series and the Pine Cliff board of directors may, by resolution, fix the number of shares in each series and determine the designation, rights, privileges, restrictions and conditions to be attached to shares of each series. The holders of the Preferred Shares are entitled to dividends as and when declared by the Pine Cliff board of directors, and to receive out of the net assets of Pine Cliff in the event of any liquidation, dissolution or winding-up of Pine Cliff, payment in full of the respective amounts which each holder of Preferred Shares is entitled, in preference and priority to any dividend or payment on the Common Shares.

MARKET FOR SECURITIES

The following table sets forth the reported high and low sales prices (which are not necessarily the closing prices) and the trading volumes for the Common Shares on the TSX, as applicable, as reported by sources Pine Cliff believes to be reliable for the most recently completed financial year ended December 31, 2023.

Date	Pricing Range (\$)		Trading Volume
	High	Low	
2023			
January	1.68	1.28	18,438,853
February	1.35	1.18	18,490,968
March	1.41	1.21	11,657,033
April	1.40	1.26	10,306,740
May	1.49	1.23	8,371,110
June	1.48	1.33	6,969,831
July	1.58	1.42	5,383,548
August	1.57	1.36	5,151,615
September	1.47	1.37	3,825,652
October	1.54	1.38	4,980,665
November	1.68	1.41	6,345,859
December	1.48	1.30	3,881,506

OPTION GRANTS

The following table sets forth, for each class of securities of the Company that is outstanding but not listed or quoted on a marketplace, the price at which securities of the class have been issued during the financial year ended December 31, 2023 and the number of securities of the class issued at that price and the date on which the securities were issued.

Date of Issue	Securities	Price per Security	Number of Securities
January 1, 2023	Options	\$1.69 ¹	48,000
April 1, 2023	Options	\$1.29 ¹	150,000
May 1, 2023	Options	\$1.34 ¹	252,000
May 16, 2023	Options	\$1.30 ¹	9,386,180
June 1, 2023	Options	\$1.32 ¹	294,000
July 11, 2023	Options	\$1.43 ¹	21,000
August 8, 2023	Options	\$1.49 ¹	150,000
September 5, 2023	Options	\$1.46 ¹	690,000
November 1, 2023	Options	\$1.54 ¹	60,000
December 13, 2023	Options	\$1.37 ¹	552,000

¹ Represents the exercise price per Option.

DIRECTORS AND OFFICERS

The following table lists the names of the directors and officers of Pine Cliff, their province and country of residence, their positions and offices with Pine Cliff and their principal occupations. All directors have been elected to serve as such until Pine Cliff's next annual meeting of Shareholders, or until their successor is duly elected, unless their office is vacated earlier in accordance with the by-laws of Pine Cliff or applicable law.

Name, Province and Country of Residence	Positions and Offices with the Company	Principal Occupation During the Past Five Years
William S. Rice, K.C. ¹ Alberta, Canada	Director since 2016 and Chairman since 2023	Corporate director and was Chair and Chief Executive Officer of the Alberta Securities Commission from 2005 to 2015 and Chair of the Canadian Securities Administrators from 2011 to 2015.
Hilary A. Foulkes ² Alberta, Canada	Director since 2023	Corporate director, Founder and Chair of Tudor Pickering Holt & Co. Canada from 2014 to 2019 and Senior Advisor from 2020.
Robert B. Fryk ² Alberta, Canada	Director since 2021	President and Chief Executive officer of Gain Energy from February 2017 until March 2021 and prior thereto, Chief Operating Officer from March 2016 to January 2017.
Calvin B. Jacober ² Alberta, Canada	Director since 2022	Corporate director and from 1998 to 2022 was an Assurance Partner at PricewaterhouseCoopers LLP.
Jacqueline R. Ricci ² Ontario, Canada	Director since 2020	Equity Portfolio Manager, Director and Vice President of J. Zechner Associates Inc. and is a director of Bonterra Energy Corp.
Philip B. Hodge Alberta, Canada	President and Chief Executive Officer; Director since 2011	President and Chief Executive Officer of Pine Cliff since January 2012.
Terry L. McNeill Alberta, Canada	Chief Operating Officer	Chief Operating Officer of Pine Cliff since January 2015.
Alan MacDonald Alberta, Canada	Chief Financial Officer and Corporate Secretary	Chief Financial Officer and Corporate Secretary since December 2019. Interim Chief Financial Officer and Corporate Secretary from September 2017 until September 2018.
Kristopher B. Zack Alberta, Canada	Vice President, Finance	Vice President Finance since September 2023, prior thereto held the roles of Managing Director, Capital Markets from August 2019 until July 2023 and Managing Director, Co-Head of Energy Research from August 2013 – August 2019 both at Desjardins Securities.

¹Mr. William S. Rice has been appointed Chairman of the Board, following the decision by Mr. George Fink not to stand for re-election at Pine Cliff's Annual General Meeting held on May 16, 2023.

²Member of the Audit Committee, Reserves Committee, and Governance, Nomination and Compensation Committee.

As at the date hereof, the current directors and officers of the Company, as a group, owned, or controlled or directed, directly or indirectly 14,649,185 Common Shares or approximately 4.1% of the issued and outstanding Common Shares. The information as to the number of Common Shares beneficially owned has been furnished by the respective directors and officers of the Company.

Cease Trade Orders

To the best of Pine Cliff's knowledge, no director or executive officer is, or within the ten years prior to the date hereof has been, a director, chief executive officer or chief financial officer of any corporation (including the Company) that: (i) while that person was acting in that capacity, was subject to a cease trade or similar order or an order that denied such corporation access to any exemptions under securities legislation, that was in effect for a period of more than 30 consecutive days; or (ii) was subject to a cease trade or similar order or an order that denied such corporation access to any exemptions under

securities legislation, that was in effect for a period of more than 30 consecutive days that was issued after that person ceased to act in such capacity and which resulted from an event that occurred while that person was acting in such capacity.

Bankruptcies

Mr. Fryk was the President and Chief Executive Officer of Gain Energy Ltd., a private oil and natural gas company, which filed a voluntary assignment in bankruptcy under the *Bankruptcy and Insolvency Act* (Canada) on March 8, 2021.

Ms. Foulkes was a director of Parallel Energy Trust (“**Parallel**”), a Canadian-based oil and gas trust, which commenced proceedings in the Court of Queen’s Bench of Alberta under the Companies’ Creditors Arrangement Act (Canada) (“**CCAA**”) on November 9, 2015. Ms. Foulkes ceased to be a director of Parallel on March 1, 2016. Parallel filed an assignment in bankruptcy and proceedings under the CCAA were terminated in March 2016.

With the exception of Mr. Fryk and Ms. Foulkes, to the best of Pine Cliff’s knowledge no other director or executive officer of the Company, or Shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company: (i) is, as at the date of this Annual Information Form, or has been within the past 10 years, a director or executive officer of any corporation (including the Company) that while the person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within the past 10 years before the date of this Annual Information Form become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties or Sanctions

To the best of Pine Cliff’s knowledge, no director or executive officer of the Company, or Shareholder holding sufficient securities of the Company to affect materially the control of the Company, has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

CONFLICTS OF INTEREST

Pine Cliff’s directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which Pine Cliff may participate, the directors of Pine Cliff may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of Pine Cliff’s directors, a director who has such a conflict will generally abstain from voting for or against the approval of such participation or the terms of such participation. From time to time, several companies may participate in the acquisition, exploration and development of natural resource properties, thereby allowing for their participation in larger programs, the involvement in a greater number of programs or a reduction in financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In accordance with the laws of Canada, the directors of Pine Cliff are required to act honestly, in good faith and in the best interests of Pine Cliff. In determining whether or not Pine Cliff will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which Pine Cliff may be exposed and the financial position at that time.

The directors and officers of Pine Cliff are aware of the existence of laws governing the accountability of directors and officers for corporate opportunity and requiring disclosure by the directors of conflicts of interest and Pine Cliff will rely upon such laws in respect of any directors and officers conflicts of interest or in respect of any breaches of duty by any of its directors and officers. All such conflicts will be disclosed by such directors or officers in accordance with the ABCA and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law. Other than as disclosed above, the directors and officers of Pine Cliff are not aware of any such conflicts of interest in any existing or contemplated contracts with or transactions involving Pine Cliff.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the knowledge of the Company, there are no legal proceedings that the Company is or was a party to or of which any of its properties is or was the subject of, during the most recently completed financial year, nor are there any such proceedings known to the Company to be contemplated, which involve a claim for damages, exclusive of interest and costs, that may exceed 10% of the current assets of the Company.

There were no: (i) penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the most recently completed financial year; (ii) other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision; and (iii) settlement agreements the Company entered into before a court relating to securities legislation or with a securities regulatory authority during the most recently completed financial year.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed in this Annual Information Form, Management is not aware of any material interests, direct or indirect, of any directors or executive officers of the Company, any person or company which beneficially owns or controls or directs, directly or indirectly, more than 10% of the outstanding Common Shares, or any known associate or affiliate of such persons, in any transaction within the last three financial years of the Company, or during the current financial year which has materially affected or is reasonably expected to materially affect the Company.

MATERIAL CONTRACTS

Other than as described below, Pine Cliff has not entered into material contracts since the beginning of the two most recently completed financial years.

In connection with the Acquisition, Pine Cliff entered into a pre-acquisition agreement with Certus dated October 30, 2023, which governed the terms of the offer made by Pine Cliff by way of take over bid to acquire all of the common shares of Certus for cash consideration of \$100,000,000, subject to certain adjustments. In addition, to partially fund the Acquisition, Pine Cliff entered into the Term Loan, a new secured non-revolving credit facility in the amount of \$56.3 million pursuant to a credit agreement dated December 12, 2023 among Pine Cliff and SAF Asgard LP, as agent. The Term Loan matures in December 2026 with mandatory quarterly repayments in the amount of \$2.1 million, commencing April 1, 2024. The Term Loan bears interest at Prime Rate plus 3.65%, whereby the Prime Rate cannot be less than 6.95%.

INTERESTS OF EXPERTS

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under NI 51-102 by Pine Cliff during, or related to, the two most recently completed financial years other than McDaniel, Pine Cliff's independent qualified reserves evaluator and Deloitte LLP, Chartered Accountants, Pine Cliff's auditor. None of the designated professionals of McDaniel had any registered or beneficial interests, direct or indirect, in any securities or other property of Pine Cliff or of Pine Cliff's associates or affiliates either at the time they prepared the statement, report or valuation prepared by it, at any time thereafter or to be received by them. Deloitte LLP have advised that they are independent with respect to Pine Cliff within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

AUDIT COMMITTEE INFORMATION

The following information is provided in accordance with Form 52-110F1 under National Instrument 52-110 *Audit Committees* ("NI 52-110").

Audit Committee Charter

The Audit Committee Charter is attached as Appendix "C" to this Annual Information Form.

Composition of the Audit Committee

The Audit Committee is currently comprised of Ms. Ricci, Ms. Foulkes and Messrs. Jacober and Fryk . Mr. Jacober is the Chairman of the Audit Committee. Each member of the Audit Committee has been determined to be financially literate meaning they have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that can reasonably be expected to be raised by Pine Cliff's financial statements. Ms. Ricci, Ms. Foulkes and Messrs. Jacober and Fryk are independent members of the Audit Committee as such term is defined by NI 52-110.

Relevant Education and Experience

Each member of the Audit Committee is financially literate i.e. has the ability to read and understand financial statements. Pine Cliff's board of directors believes that collectively, the Audit Committee has the education and experience to fulfill the responsibilities outlined in the Audit Committee Charter. The education and current and past experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member is summarized below:

Name	Education and Experience
Hilary A. Foulkes	• Bachelor of Science – Earth Sciences • Former Managing Director at Scotiabank • Established Tudor, Pickering, Hold, & Co. Canada • Over 40 years of oil and gas experience combining upstream operations, strategic planning, and investment banking.
Robert B. Fryk	• Bachelor of Science in Chemical Engineering • Former Chief Executive Officer and Chief Operating Officer of Gain Energy Ltd. • Former Executive Vice-President and Chief Operating Officer at Velvet Energy Ltd. • Over 37 years of experience in management, business development and operations, including oil and gas reservoir exploitation, drilling, completions, marketing and asset and corporate economic evaluations for acquisitions and divestments.
Calvin B. Jacober	• Bachelor of Commerce – Accounting, Chartered Professional Accountant • Holder of the Institute of Corporate Directors' Director (ICD.D) designation • Assurance Partner with PricewaterhouseCoopers LLP ("PwC") for over 24 years • Over 35 years of experience reporting to Audit Committees, audit strategy and risks, internal controls and other complex accounting issues and with public offerings and market transactions.
Jacqueline R. Ricci	• Honors in Business Administration, Chartered Financial Analyst • Director of Bonterra Energy Corp. • Over 30 years of experience related to all aspects of reading, reviewing and understanding financial statements of public companies.

Audit Committee Attendance

The following is a summary of the attendance of the members of the Audit Committee for 2023:

Name	Audit Committee
Hilary A. Foulkes ¹	1/1
Robert B. Fryk	4/4
Calvin B. Jacober	4/4
Jacqueline R. Ricci	4/4

¹Ms. Foulkes was appointed to the Board on August 10, 2023 and as a result attended only one Audit Committee meeting.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year has a recommendation of the Audit Committee to nominate or compensate an external auditor not been adopted by the Pine Cliff board of directors.

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on any exemption from NI 52-110, including Section 2.4 *De Minimis Non-Audit Services* of NI 52-110, or an exemption from NI 52-110, in whole or in part, granted under Part 8 *Exemptions* of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described above under the heading "Duties and Responsibilities of the Committee" in the Audit Committee Charter as attached as Appendix "C".

External Auditor Service Fees (By Category)

The fees for auditor services billed by the Company's external auditors in each of the last two fiscal years are as follows:

Financial Year Ending December 31	Audit Fees	Audit-related Fees	Tax Fees	All Other Fees
2023	\$214,000	\$64,500 ¹	Nil	Nil
2022	\$180,000	\$61,500 ¹	Nil	\$30,000 ²

¹ Quarterly reviews of the financial statements.

² Internal Control review.

ADDITIONAL INFORMATION

Additional information about the Company can be found on SEDAR+ at www.sedarplus.com and on the Company's website at www.pinecliffenergy.com

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Common Shares and securities authorized for issuance under equity compensation plans, is contained in the Company's management information circular relating to its most recent annual meeting of Shareholders held on May 16, 2024.

Additional financial information is provided in the Company's consolidated financial statements and management's discussion and analysis for the year ended December 31, 2023.

Additional copies of this Annual Information Form, the materials listed in the preceding paragraph, and any interim financial statements which have been issued by the Company will be available upon request by contacting the Company at Suite 850, 1015 – 4th Street S.W., Calgary, Alberta T2R 1J4, Telephone: (403) 269-2289.

APPENDIX "A"
FORM 51-101F2
REPORT ON RESERVES DATA
BY INDEPENDENT QUALIFIED RESERVES EVALUATOR OR AUDITOR

March 4, 2024

Pine Cliff Energy Ltd.
850, 1015 – 4th Street SW
Calgary, Alberta
T2P 1J4

Attention: The Board of Directors of Pine Cliff Energy Ltd.

Re: **Form 51-101F2**
 Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor
 of Pine Cliff Energy Ltd. (the "Company")

To the Board of Directors of Pine Cliff Energy Ltd. (the "Company"):

1. We have evaluated the Company's reserves data as at December 31, 2023. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2023 estimated using forecast prices and costs.
2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.
3. We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook as amended from time to time (the "COGE Handbook") maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter).
4. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.
5. The following table shows the net present value of future net revenue (before deduction of income taxes) attributed to proved + probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated for the year ended December 31, 2023, and identifies the respective portions thereof that we have evaluated and reported on to the Company's Board of Directors:

Independent Qualified Reserves Evaluator	Effective Date of Evaluation Report	Location of Reserves	Net Present Value of Future Net Revenue \$M (before income taxes, 10% discount rate)			
			Audited	Evaluated	Reviewed	Total
McDaniel	December 31, 2023	Canada	-	476,820	-	476,820

6. In our opinion, the reserves data respectively evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook, consistently applied. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.
7. We have no responsibility to update our report referred to in paragraph 5 for events and circumstances occurring after the effective date of our report.
8. Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

MCDANIEL & ASSOCIATES CONSULTANTS LTD.

"signed Brian R. Hamm"
 Brian R. Hamm, P.Eng.
 President & CEO

Calgary, Alberta, Canada
 March 4, 2024

APPENDIX "B"
FORM 51-101F3
REPORT OF MANAGEMENT AND DIRECTORS
ON OIL AND GAS DISCLOSURE

Report of Management and Directors on Reserves Data and Other Information

Management of Pine Cliff Energy Ltd. (the "**Company**") are responsible for the preparation and disclosure of information with respect to the Company's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data which are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2023, estimated using forecast prices and costs.

An independent qualified reserves evaluator has evaluated the Company's reserves data. The report of the independent qualified reserves evaluator will be filed with securities regulatory authorities concurrently with this report.

The board of directors of the Company has:

- a) reviewed the Company's procedures for providing information to the independent qualified reserves evaluator;
- b) met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation; and
- c) reviewed the reserves data with management and the independent qualified reserves evaluator.

The board of directors of the Company has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The board of directors has approved:

- a) the content and filing with securities regulatory authorities of Form 51-101F1 containing reserves data and other oil and gas information;
- b) the filing of Form 51-101F2 which is the report of the independent qualified reserves evaluator on the reserves data; and
- c) the content and filing of this report.

Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material.

"Signed" Philip B. Hodge

Philip B. Hodge, President and Chief Executive Officer

"Signed" Alan MacDonald

Alan MacDonald, Chief Financial Officer and Corporate Secretary

"Signed" Hilary A. Foulkes

Hilary A. Foulkes, Director

"Signed" Robert B. Fryk

Robert B. Fryk, Director

March 4, 2024

APPENDIX "C"
AUDIT COMMITTEE CHARTER
of
PINE CLIFF ENERGY LTD.

Approved by the Board of Directors on May 18, 2017

1. Establishment of the Audit Committee

It is the policy of Pine Cliff Energy Ltd. (the "**Corporation**") to establish and maintain an Audit Committee (the "**Committee**") to assist the Board of Directors of the Corporation (the "**Board**") in the exercise of its duties and responsibilities.

2. Composition of the Committee

The membership of the Committee shall be as follows:

- (a) the Committee shall consist of a minimum of three directors of the Corporation;
- (b) each of the members of the Committee must be "independent" within the meaning of National Instrument 52-110 – *Audit Committees*;
- (c) all members of the Committee shall be "financially literate" in that they must be able to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements;
- (d) members of the Committee shall be appointed annually by the Board, at the first meeting of the Board after the annual general meeting of Shareholders of the Corporation, from among directors of the Corporation;
- (e) the chair (the "**Chair**") of the Committee shall be appointed by the Board;
- (f) a member of the Committee shall *ipso facto* cease to be a member of the Committee upon ceasing to be a director of the Corporation; and
- (g) any member of the Committee may be removed or replaced at any time by resolution of the directors of the Corporation. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all its powers so long as a quorum remains.

3. Meetings of the Committee

Subject to the following requirements, the Committee may determine its own meeting procedures:

- (a) The Committee shall convene at such dates, times and places as may be designated or approved by the Chair whenever a meeting is requested by the Board, a member of the Committee, the Corporation's external auditors (the "**Auditors**"), the Chief Executive Officer of the Corporation (the "**CEO**") or a senior executive of the Corporation. The Committee shall convene a minimum of four times per year to correspond with the review of the annual and quarterly financial statements;
- (b) Notice of each meeting shall be given to each member of the Committee, the Chairman of the Board, the CEO, the Auditors and all other persons the Committee determines should be provided with notice of the meeting;
- (c) Notice of a meeting of the Committee shall:

- (i) be in writing;
 - (ii) state the nature of the business to be transacted at the meeting in reasonable detail;
 - (iii) provide the location of the meeting and instructions how to participate remotely if required;
 - (iv) to the extent practicable, be accompanied by copies of documentation to be considered at the meeting; and
 - (v) be given at least two business days prior to the time stipulated for the meeting or such shorter period as the members of the Committee may permit;
- (d) A quorum for the transaction of business at a meeting of the Committee shall consist of a majority of its members. Every motion at the Committee meeting shall be decided by a majority of votes cast; in the event of a tie vote on any matters, such matters shall be presented to the Board for its consideration and determination;
 - (e) Any member of the Committee may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facilities as permit all persons participating in the meeting to communicate adequately with each other, and a member participating in such a meeting by any such means is deemed to be present at the meeting;
 - (f) In the absence of the Chair, the members of the Committee shall choose one of the members present to be chair of the meeting. In addition, the members of the Committee shall choose one of the persons present to be the secretary of the meeting;
 - (g) The Chairman of the Board, the CEO, senior financial Management and other parties may attend meetings of the Committee; however, the Committee: (i) shall meet with the Auditors independent of Management; and (ii) may meet separately with Management;
 - (h) The Committee shall meet in a separate, non-Management, in camera session at each meeting. The Committee may invite such officers, directors and employees of the Corporation or affiliates as it see fit from time to time to attend meetings of the Committee and to assist thereat in the discussion of matters being considered by the Committee;
 - (i) Minutes shall be kept of all meetings of the Committee and shall be signed by the chair and the secretary of the meeting; and
 - (j) Minutes of Committee meetings will be sent to all Board members and relevant Management. Reports on the conduct of the meetings will be made to the Board by the Chair or in their absence, by the chair of the meeting.

4. Duties and Responsibilities of the Committee

The Committee's primary duties and responsibilities are to assist the Board with the following:

- (a) providing an open avenue of communication among Management, the Auditors and the Board;
- (b) monitoring the adequacy of this Charter and recommending any proposed changes to the Board;
- (c) reviewing the appointments of the Corporation's Chief Financial Officer and any other key financial executives involved in the financial reporting process;
- (d) identifying and monitoring the Management of the principal risks that could impact the financial reporting of the Corporation;

- (e) reviewing with Management and the Auditors the adequacy and effectiveness of the Corporation's accounting and financial controls and overseeing the integrity, adequacy and timeliness of its financial reporting processes. The Committee shall review to ensure, to its satisfaction, that adequate procedures are in place for the review of the Corporation's disclosure of financial information extracted or derived from the Corporation's financial statements and will periodically assess the adequacy of those procedures;
- (f) reviewing with Management and the external auditors the audited annual financial statements and related documents and review with Management the unaudited quarterly financial statements and related documents, prior to filing or distribution, including matters required to be reviewed under applicable legal or regulatory requirements, for submission to the Board of Directors for approval;
- (g) reviewing with Management, where appropriate and prior to release, any news releases that disclose annual or interim financial results or contain other significant financial information that has not previously been released to the public;
- (h) reviewing the Corporation's financial reporting and accounting standards and principles and significant changes in such standards or principles or in their application, including key accounting decisions affecting the financial statements, alternatives thereto and the rationale for decisions made;
- (i) reviewing the quality and appropriateness of the accounting policies and the clarity of financial information and disclosure practices adopted by the Corporation, including consideration of the Auditors' judgment about the quality and appropriateness of the Corporation's accounting policies. This review may include discussions with the external auditors without the presence of Management;
- (j) reviewing with Management and the Auditors, significant related party transactions and potential conflicts of interest;
- (k) pre-approving all non-audit services in excess of \$20,000 to be provided to the Corporation by the Auditors and applicable fees;
- (l) if deemed necessary, inspecting any and all of the books and records of the Corporation, its subsidiaries and affiliates;
- (m) discussing with Management, its subsidiaries and affiliates and staff of the Corporation, any affected party, contractors and consultants of the Corporation and the external auditors, such accounts, records and other matters as any member of the Committee considers necessary and appropriate;
- (n) when there is to be a change of Auditors, reviewing all issues and provide documentation related to the change, including the information to be included in the Notice of Change of Auditors and documentation required pursuant to National Instrument 51-102 (or any successor legislation) of the Canadian Securities Administrators and the planned steps for an orderly transition;
- (o) reviewing all securities offering documents (including the documents incorporated therein by reference) of the Corporation;
- (p) reviewing findings, if any, from examinations performed by regulatory agencies with respect to financial matters;
- (q) reviewing and overseeing Management's procedure for monitoring the Corporation's compliance with laws and regulations related to financial reporting;
- (r) reviewing current and expected future compliance with covenants under financing agreements;

- (s) reviewing the proposed issuance of debt and equity instruments including public and private debt, equity and hybrid securities, credit facilities with banks and others, and other credit arrangements such as material capital and operating leases. When applicable, the Committee shall review the related securities;
- (t) monitoring and overseeing the independence of the Auditors by reviewing all relationships between the Auditors and the Corporation and all non-audit work performed for the Corporation by the Auditors;
- (u) establishing and reviewing the Corporation's procedures for the:
 - (i) receipt, retention and treatment of complaints regarding accounting, financial disclosure, internal controls or auditing matters; and
 - (ii) confidential, anonymous submission by employees of the Corporation regarding questionable accounting, auditing and financial reporting and disclosure matters.
- (v) reviewing and approving the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former Auditors of the Corporation;
- (w) conducting or authorizing investigations into any matters that the Committee believes is within the scope of its responsibilities;
- (x) performing such other functions and exercise such other powers as are prescribed from time to time for the audit committee of a reporting issuer in Parts 2 and 4 of NI 52-110, all other applicable laws and policies and procedures of all applicable regulatory authorities, the Business Corporations Act (Alberta) and the By-laws of the Corporation; and
- (y) performing any other activities consistent with this Charter as the Committee or the Board deems necessary or appropriate.

5. Management and Auditor's Role

Management is responsible for preparing the Corporation's financial statements and other financial information and for the fair presentation of the information set forth in the financial statements in accordance with International Financial Reporting Standards. Management is also responsible for establishing internal controls and procedures and for maintaining the appropriate accounting and financial reporting principles and policies designed to assure compliance with accounting standards and all applicable laws and regulations.

The Auditors' responsibility is to express an opinion on the Corporation's financial statements, based on their audit conducted in accordance with generally accepted auditing standards.

6. Reporting

At the earliest reasonable opportunity after each meeting, the Committee shall report to the Board the results of its activities and any reviews undertaken and make recommendations to the Board as deemed appropriate.

7. Access to Outside Advisors

The Committee has the authority to retain independent counsel, accountants or other advisors to assist it, as it considers necessary, to carry out its duties, and to set and pay the compensation of such advisors at the expense of the Corporation. If these costs exceed \$10,000 per annum for a Committee member, such member will obtain prior approval from the Board for the amount exceeding \$10,000 per annum. The Committee, and any outside advisors retained by it, will have access to all records and information relating to the Corporation and its subsidiaries which it deems relevant to the performance of its duties.