

News Release

Pine Cliff Energy Ltd. Announces 2023 Annual Results, Filing of Disclosure Documents, Year-End Reserves, Provides 2024 Guidance, Dividend Declaration and Executive Update

CALGARY, Alberta – (Newsfile Corp. – March 4, 2024) - Pine Cliff Energy Ltd. (“**Pine Cliff**” or the “**Company**”) (**TSX: PNE**) announces its 2023 annual results, filing of disclosure documents, year-end reserves, provides 2024 guidance, dividend declaration and executive update.

Q4 2023 and 2023 annual results are as follows:

- Generated \$9.7 million (\$0.03 per basic and fully diluted per share) and \$58.7 million (\$0.17 per basic and \$0.16 per fully diluted share) of adjusted funds flow for the three months and year ended December 31, 2023, compared to \$40.2 million (\$0.11 per basic and fully diluted share) and \$163.2 million (\$0.47 per basic and \$0.45 per fully diluted share) for comparable periods in 2022;
- Generated net income of \$0.8 million (\$0.00 per basic and fully diluted share) and \$9.1 million (\$0.03 per basic and fully diluted share) for the three months and year ended December 31, 2023, compared to \$24.7 million (\$0.07 per basic and fully diluted share) and \$108.9 million (\$0.31 per basic and \$0.30 per fully diluted share) for the comparable periods in 2022;
- Completed the acquisition of Certus Oil & Gas for total consideration of \$108.9 million (the “**Acquisition**”) on December 13, 2023, expanding Pine Cliff’s operations in Central Alberta and providing a new core area;
- Production averaged 21,454 Boe/d² and 20,660 Boe/d³ during the three months and year-ended December 31, 2023, representing a 2% increase and 2% decrease from the comparable periods in 2022;
- Paid dividends of \$11.6 million (\$0.03 per basic and fully diluted share) and \$46.0 million (\$0.13 per basic and fully diluted share) for the three months and year ended December 31, 2023, compared to \$10.8 million (\$0.03 per basic and fully diluted share) and \$23.6 million (\$0.07 per basic and fully diluted share) for the comparable periods in 2022;
- Entered into a three-year secured term debt facility in the amount of \$56.3 million to fund a portion of the Acquisition;
- Capital expenditures totaled \$30.5 million in 2023, including development capital of \$11.8 million to drill one gross (0.3 net) Caroline oil well, drill, complete and tie-in three gross (2.1 net) Pekisko oil wells and drill, complete and tie-in one gross (0.2 net) non-operated natural gas well in Edson. Capital expenditures also included facilities optimization and maintenance capital of \$9.2 million and abandonment and reclamation expenditures of \$9.5 million.

Included in the filings were Pine Cliff’s annual information form (“**AIF**”), which includes disclosure and reports related to reserves data and other oil and gas information pursuant to National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* and its consolidated financial statements and related management’s discussion and analysis for the year ended December 31, 2023.

Pine Cliff will host a webcast at 10:00 AM MDT (12:00 PM EDT) on Tuesday, March 5, 2024. Participants can access the live webcast via this [Link](#) or through the links provided on the Company’s website. A recorded archive of the webcast will be available on the Company’s website following the live webcast.

Reserve Report Highlights

Pine Cliff's independent reserve report (the "**Report**") was prepared by McDaniel & Associates Limited ("**McDaniel**") in accordance with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities ("**NI 51-101**") with the effective date of December 31, 2023.

Highlights of the Report include:

- Net present value for proved plus probable ("**P+P**") reserves of \$476.8 million, discounted at 10%, an increase of \$65.3 million, or 16%, from December 31, 2022, primarily as a result of the Acquisition, offsetting the impact of lower natural gas benchmark pricing;
- Pine Cliff increased its 2023 P+P reserves by 29.0 MMBoe⁴ prior to adjusting for 2023 production, a reserve replacement ratio of 325% of 2024 estimated production⁵ as a result of the 31.5 MMBoe⁶ added from the Acquisition;
- Remaining P+P reserves of 89.2 MMboe (71% conventional natural gas and coal bed methane) at December 31, 2023 increased 31% from 67.6 MMboe at December 31, 2022 largely as a result of the Acquisition; and
- Approximately 70% of total reserve volumes are classified as total proved reserves, 30% are classified as probable reserves.

Pine Cliff's Reserves

McDaniel has used a three-consultant average price (McDaniel, GLJ & Sproule) forecast, resulting in a price forecast of \$2.20 and \$3.37 per MMBtu for AECO natural gas and US\$73.67 and US\$74.98 per Bbl for WTI oil in 2024 and 2025 respectively.

Summary of Remaining Working Interest Reserves, as of December 31, 2023

Reserve Category	Oil ^{1,2}	Natural Gas Liquids	Conventional Natural Gas	Coal Bed Methane	Oil Equivalent
	MBbl	MBbl	MMcf	MMcf	MBoe
Proved					
Developed Producing	3,210.0	6,283.0	204,978.90	22,133.9	47,345.1
Developed Non-Producing	218.8	90.2	1,956.60	-	635.1
Undeveloped	944.0	2,804.2	20,059.40	-	7,091.4
Total Proved	4,372.9	9,177.4	226,994.90	22,133.9	55,071.8
Probable	2,400.6	5,451.7	87,299.80	6,668.1	23,513.6
Total Proved plus Probable	6,773.5	14,629.1	314,294.70	28,802.0	78,585.4

¹ Amounts may not add due to rounding.

² Oil includes Light and Medium and Heavy Oil. Light and Medium oil represents 100 per cent of Total Proved and Proved plus Probable reserves.

Summary of Net Present Values of Future Net Revenue, Before Income Taxes, as of December 31, 2023

(\$ millions)	Discounted at (% per year)				
	0%	5%	10%	15%	20%
Reserve Category¹					
Proved					
Developed Producing	51.1	199.9	213.7	198.1	178.1
Developed Non-Producing	21.1	12.8	8.7	6.3	4.9
Undeveloped	142.2	87.7	57.3	39.0	27.3
Total Proved	214.4	300.4	279.7	243.5	210.3
Probable	484.6	292.9	197.2	142.4	107.9
Total Proved plus Probable	699.0	593.2	476.8	385.9	318.2

¹ Amounts may not add due to rounding.

Reconciliation of Gross Reserves by Principal Product Type, as of December 31, 2023

Reserve Reconciliation Company Gross ¹	Oil ² MBbl	Natural Gas Liquids MBbl	Natural Gas ³ MMcf	Oil Equivalent MBoe
Total Proved				
December 31, 2022	3,099.3	3,663.1	270,514.8	51,848.3
Extension	91.6	23.2	751.1	240.0
Technical Revisions	(23.9)	193.1	(5,933.4)	(819.8)
Acquisitions	2,439.6	7,987.3	53,881.2	19,407.1
Economic Factors	3.3	(195.6)	(5,680.5)	(1,139.1)
Production	(458.0)	(544.8)	(39,229.4)	(7,541.0)
December 31, 2023	5,152.0	11,126.2	274,303.8	61,995.5
Total Proved plus Probable				
December 31, 2022	4,882.9	4,834.2	347,587.80	67,648.4
Extension	374.6	91.3	3,035.40	971.8
Technical Revisions	(61.9)	211.4	(8,783.80)	(1,314.4)
Acquisitions	3,387.8	13,461.3	87,872.50	31,494.5
Economic Factors	9.3	(251.1)	(11,164.10)	(2,102.5)
Production	(458.0)	(544.8)	(39,229.40)	(7,541.0)
December 31, 2023	8,134.7	17,802.3	379,318.3	89,156.7

¹ Amounts may not add due to rounding.

² Oil includes Light and Medium and Heavy Oil. Light and Medium oil represents 100 per cent of Total Proved and Proved plus Probable reserves.

³ Natural gas includes Conventional Natural Gas and Coal Bed Methane. Conventional Natural Gas represents 90 per cent Total Proved and Proved plus Probable reserves.

2024 Guidance and Dividend

Pine Cliff's Board of Directors has approved a 2024 capital expenditure budget of \$17.5 million, including \$7.0 million of abandonment and reclamation spending. Pine Cliff expects 2024 annual production volumes to range between 24,000 Boe/d and 25,000 Boe/d¹⁰, representing 14% growth at the midpoint due to the Acquisition.

Pine Cliff has declared a regular monthly dividend of \$0.005 per common share (\$0.06 per common share annualized) to be paid March 28, 2024 to shareholders of record on March 15, 2024. The reduced capital budget

and monthly dividend represent a disciplined response to preserve financial flexibility while natural gas prices are weak. The dividend is designated as an eligible dividend for Canadian income tax purposes.

In response to weak natural gas prices, Pine Cliff has increased its AECO hedge position to approximately 22% of gross natural gas production¹¹ at an average price of \$3.20/Mcf for 2024. Approximately 33% of gross crude oil production¹¹ has been hedged at an average price of \$99.58/Bbl for 2024.

Executive Update

Mr. Alan MacDonald will be retiring from his role as Chief Financial Officer effective April 30, 2024. We are pleased to announce the promotion of Mr. Kristopher Zack to the role of Chief Financial Officer and Corporate Secretary effective May 1, 2024. Mr. MacDonald will continue to work with the executive team to assist with the transition.

Financial and Operating Results

	Three months ended December 31,		Year ended December 31,	
	2023	2022	2023	2022
(\$000s, unless otherwise indicated)				
Commodity sales (before royalty expense)	45,465	76,928	188,852	306,208
Cash provided by operating activities	16,559	33,791	66,627	150,452
Adjusted funds flow ¹	9,700	40,200	58,687	163,206
Per share – Basic (\$/share) ¹	0.03	0.11	0.17	0.47
Per share – Diluted (\$/share) ¹	0.03	0.11	0.16	0.45
Net income	841	24,685	9,121	108,939
Per share – Basic (\$/share)	0.00	0.07	0.03	0.31
Per share – Diluted (\$/share)	0.00	0.07	0.03	0.30
Capital expenditures	3,616	6,637	20,966	29,077
Acquisitions	109,014	528	109,326	1,119
Dividends	11,567	10,797	46,015	23,574
Per share – Basic (\$/share)	0.03	0.03	0.13	0.07
Per share – Diluted (\$/share)	0.03	0.03	0.13	0.07
Positive net cash (net debt) ¹	(71,679)	55,913	(71,679)	55,913
Production (Boe/d)	21,454	21,041	20,660	21,015
Percent Natural Gas (%)	86%	87%	87%	87%
Weighted-average common shares outstanding (000s)				
Basic	355,969	350,216	354,057	346,443
Diluted	359,262	360,322	359,375	360,033
Combined sales price (\$/Boe)	23.03	39.74	25.04	39.92
Operating netback (\$/Boe) ¹	6.04	21.06	8.57	22.41
Corporate netback (\$/Boe) ¹	4.91	20.76	7.77	21.28
Operating netback (\$ per Mcfe) ¹	1.01	3.51	1.43	3.74
Corporate netback (\$ per Mcfe) ¹	0.82	3.46	1.30	3.55

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

Reader Advisories

Notes to Press Release

1. See Non-GAAP Measures.
2. Comprised of 110,499 Mcf/d natural gas, 1,690 Bbl/d NGLs and 1,347 Bbl/d light and medium oil.
3. Comprised of 107,471 Mcf/d natural gas, 1,493 Bbl/d NGLs and 1,255 Bbl/d light and medium oil.
4. Comprised of 71.0 MMcf natural gas, 3.7 MMbbls light and medium oil and 13.5 MMbbls NGLs.
5. Based on 2024 guidance of 24,000 – 25,000 boe/d. Comprised of approximately 79.0% natural gas, 11.5% NGLs and 9.5% light and medium oil.
6. Comprised of 87.9 MMcf natural gas, 3.4 MMbbls light and medium oil and 13.5 MMbbls NGL's.
7. Comprised of 347.8 MMcf of natural gas, 31.5 MMcf of coal bed methane gas, 8.1 MMbbls light and medium oil and 17.8 MMbbls NGL's.
8. Comprised of 31.7 MMcf of natural gas, 3.3 MMbbls light and medium oil and 13.0 MMbbls NGL's.
9. Comprised of 313.2 MMcf of conventional natural gas, 34.4 MMcf of coal bed methane gas, 4.9 MMbbls of light and medium oil and 4.8 MMbbls of NGL's.
10. Comprised of approximately 79.0% natural gas, 11.5% NGLs and 9.5% light and medium oil.
11. Percentage hedged based on the mid-point of 2024 guidance range of 24,000 – 25,000 Boe/d.

Cautionary Statements

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

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

Actual results, performance or achievements could differ materially from those expressed in, or implied by, this forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur including the reduction in municipal taxes and surface land rentals, or if any of them do, what benefits will be derived there from. Except as required by law, Pine Cliff

disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

Natural gas liquids and oil volumes are recorded in barrels of oil (“**Bbl**”) and are converted to a thousand cubic feet equivalent (“**Mcf**”) using a ratio of one (1) Bbl to six (6) thousand cubic feet. Natural gas volumes recorded in thousand cubic feet (“**Mcf**”) are converted to barrels of oil equivalent (“**Boe**”) using the ratio of six (6) thousand cubic feet to one (1) Bbl. This conversion ratio is based on energy equivalence primarily at the burner tip and does not represent a value equivalency at the wellhead. The terms Boe or Mcfe may be misleading, particularly if used in isolation. One Mcf of natural gas is approximately 1.02 million British thermal units (“**MMBtu**”).

Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of oil, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

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

All amounts herein are presented in Canadian dollars unless otherwise specified. All references to \$CAD or \$ are to Canadian dollars and monetary references to \$US are to United States dollars.

NON-GAAP Measures

This news release uses the terms “adjusted funds flow”, “operating netbacks”, “corporate netbacks” and “positive net cash/net debt” which are not recognized under International Financial Reporting Standards (“**IFRS**”) and may not be comparable to similar measures presented by other companies. These measures should not be considered as an alternative to, or more meaningful than, IFRS measures including net earnings, cash provided by operating activities, or total liabilities. The Company uses these measures to evaluate its performance, leverage and liquidity. Adjusted funds flow is a non-Generally Accepted Accounting Principles (“**non-GAAP**”) measure that represents the total of funds provided by operating activities, before adjusting for changes in non-cash working capital, and decommissioning obligations settled. Positive net cash/net debt is a non-GAAP measure calculated as the sum of cash, accounts receivable, investments and prepaid expenses and deposits less demand loan, term loan, and accounts payable and accrued liabilities. Operating netback is a non-GAAP measure calculated as the Company’s total revenue, less royalties, operating expenses and transportation expenses, divided by the Boe production of the Company. Corporate netback is a non-GAAP measure calculated as the Company’s operating netback, less general and administrative expenses and interest and bank charges, divided by the Boe production of the Company. Please refer to the 2023 annual management’s discussion and analysis for additional details regarding non-GAAP measures and their calculations.

For further information, please contact:

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