INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Canadian dollars, 000s)
(unaudited)

	Note	**As at March 31, 2025**	As at December 31, 2024
ASSETS			
Current assets			
Accounts receivable	5	**22,742**	23,702
Prepaid expenses and deposits		**5,850**	5,722
Total current assets		**28,592**	29,424
Property, plant and equipment	7	**295,263**	302,452
Deferred income taxes		**49,635**	49,375
Total assets		**373,490**	381,251
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	5	**34,541**	35,236
Term loan	10	**8,440**	11,357
Demand loan	11	**8,584**	7,358
Lease liabilities	8	**1,263**	1,287
Decommissioning provision	12	**7,500**	7,500
Total current liabilities		**60,328**	62,738
Lease liabilities	8	**1,707**	2,026
Term loan	10	**35,802**	37,796
Decommissioning provision	12	**228,592**	224,367
Total liabilities		**326,429**	326,927
SHAREHOLDERS' EQUITY			
Share capital	13	**279,065**	278,982
Contributed surplus		**22,186**	21,422
Accumulated other comprehensive loss		**(249)**	(249)
Deficit		**(253,941)**	(245,831)
Total shareholders' equity		**47,061**	54,324
Total liabilities and shareholders' equity		**373,490**	381,251

Commitments (Note 16)
Subsequent events (Note 17)

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Canadian dollars, 000s except per share data)
(unaudited)

		Three months ended March 31,	
	Note	**2025**	2024
REVENUE			
Commodity sales	14	**49,478**	51,299
Royalty expense		**(4,882)**	(4,877)
Commodity sales, net of royalties		**44,596**	46,422
Processing and gathering		**1,394**	1,250
Total revenue		**45,990**	47,672
EXPENSES			
Operating		**26,904**	28,837
Transportation		**3,028**	2,976
Depletion and depreciation		**11,647**	13,558
Share-based compensation	13	**837**	859
Finance	15	**3,878**	4,382
General and administrative		**2,693**	3,136
Total expenses		**48,987**	53,748
Loss before income taxes		**(2,997)**	(6,076)
Deferred income tax recovery	9	**260**	1,218
LOSS FOR THE PERIOD		**(2,737)**	(4,858)
OTHER COMPREHENSIVE LOSS			
Realized loss on investments		**-**	(25)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD		**-**	(25)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(2,737)**	(4,883)
Net loss per share ($)			
Basic and diluted	13	**(0.01)**	(0.01)

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)
(Canadian dollars, 000s)
(unaudited)

	Note	Share capital	Contributed surplus[1]	Accumulated other comprehensive loss[2]	Deficit	Total Shareholders' equity
BALANCE AT JANUARY 1, 2024		**278,623**	**18,746**	**(224)**	**(197,217)**	**99,928**
Net loss for the period		-	-	-	(4,858)	(4,858)
Dividends	13	-	-	-	(9,499)	(9,499)
Tax on excessive eligible dividends		-	-	-	(1,648)	(1,648)
Share-based compensation		-	859	-	-	859
Other comprehensive loss		-	-	(25)	-	(25)
Exercise of stock options		31	(23)	-	-	8
BALANCE AT MARCH 31, 2024		**278,654**	**19,582**	**(249)**	**(213,222)**	**84,765**
Net loss for the period		-	-	-	(16,588)	(16,588)
Dividends	13	-	-	-	(16,098)	(16,098)
Tax on excessive eligible dividends		-	-	-	77	77
Share-based compensation		-	2,123	-	-	2,123
Exercise of stock options		328	(283)	-	-	45
BALANCE AT DECEMBER 31, 2024		**278,982**	**21,422**	**(249)**	**(245,831)**	**54,324**
Net loss for the period		-	-	-	(2,737)	(2,737)
Dividends	13	-	-	-	(5,373)	(5,373)
Share-based compensation		-	837	-	-	837
Exercise of stock options		83	(73)	-	-	10
BALANCE AT MARCH 31, 2025		**279,065**	**22,186**	**(249)**	**(253,941)**	**47,061**

[1]Contributed surplus is comprised of share-based compensation.
[2]Accumulated other comprehensive loss is comprised of realized and unrealized losses on financial assets held at fair value through other comprehensive loss.

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Canadian dollars, 000s)
(unaudited)

	Note	Three months ended March 31, 2025	2024
CASH PROVIDED BY (USED IN):			
OPERATING ACTIVITIES			
Net loss for the period		**(2,737)**	(4,858)
Items not affecting cash:			
Depletion and depreciation	7	**11,647**	13,558
Share-based compensation	13	**837**	859
Finance expenses	15	**3,878**	4,382
Deferred income tax recovery	9	**(260)**	(1,218)
Interest and debt charges	15	**(1,859)**	(2,225)
Decommissioning obligations settled	12	**(1,186)**	(621)
Changes in non-cash working capital accounts	15	**1,168**	(350)
Cash provided by operating activities		**11,488**	9,527
FINANCING ACTIVITIES			
Exercise of stock options		**10**	8
Term loan	10	**(5,026)**	-
Demand loan	11	**1,226**	1,007
Dividends	13	**(5,373)**	(9,499)
Tax on excessive eligible dividends		**-**	(1,648)
Payments on lease obligations	8	**(343)**	(587)
Changes in non-cash working capital accounts	15	**(1,571)**	1,648
Cash used in financing activities		**(11,077)**	(9,071)
INVESTING ACTIVITIES			
Property, plant and equipment		**(1,243)**	(559)
Proceeds from dispositions		**292**	1,623
Property acquisitions		**-**	(91)
Proceeds on sale of investments		**-**	191
Changes in non-cash working capital accounts	15	**540**	(1,620)
Cash used in investing activities		**(411)**	(456)
Increase in cash		**-**	-
Cash - beginning of period		**-**	-
CASH - END OF PERIOD		**-**	-

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at March 31, 2025 and December 31, 2024, and for the three month periods ended March 31, 2025 and 2024 (unaudited). All tabular amounts in Canadian dollars 000s, unless otherwise indicated.

1. NATURE OF BUSINESS

Pine Cliff Energy Ltd. ("**Pine Cliff**" or the "**Company**") is a public company listed on the Toronto Stock Exchange ("**TSX**") and incorporated under the *Business Corporations Act (Alberta)*. The address of the Company's registered office is Suite 850, 1015 - 4th Street SW, Calgary, Alberta, T2R 1J4.

Pine Cliff is engaged in the acquisition, exploration, development and production of natural gas and oil in the Western Canadian Sedimentary Basin and conducts many of its activities jointly with others; these interim condensed consolidated financial statements (the "**Financial Statements**") reflect only the Company's proportionate interest in such activities.

2. BASIS OF PREPARATION

The Financial Statements have been prepared in accordance with IAS 34 – Interim Financial Reporting using IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB®")

The Financial Statements do not include all the information required for annual financial statements and should be read in conjunction with the Company's annual audited consolidated financial statements for the year ended December 31, 2024 ("**Annual Financial Statements**").

The accounting policies, basis of measurement, critical accounting judgments and significant estimates to prepare the Annual Financial Statements as at and for the year ended December 31, 2024 have been applied in the preparation of these Financial Statements.

The Financial Statements were authorized for issue by the Company's board of directors (the "**Board of Directors**") on May 5, 2025.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the Financial Statements.

4. FUTURE ACCOUNTING CHANGES

IFRS 18 – Presentation and Disclosure in Financial Statements

In January 2024, the International Accounting Standards Board ("**IASB**") issued amendments to IFRS 18 – Presentation and Disclosure in Financial Statements, which introduce new presentation requirements for specified categories and defined subtotals in the statements of comprehensive loss, as well as enhanced disclosure requirements for management-defined performance measures. The amendments aim to improve comparability and transparency in financial reporting by requiring more structured and consistent presentation of financial performance across entities.

The amendments to IFRS 18 will be effective for annual periods beginning on or after January 1, 2027, with earlier adoption permitted.

The Company is currently assessing the potential impact of these amendments on its Financial Statements.

5. FINANCIAL INSTRUMENTS

Financial instruments and fair value measurement

Financial instruments of the Company consist of cash, accounts receivable, accounts payable and accrued liabilities, Demand Loan, as defined herein and Term Loan, as defined herein. The carrying values of cash, accounts receivable, accounts payable and accrued liabilities, Demand Loan and Term Loan approximate their respective fair values due to the short time before maturing. The carrying value of the Term Loan approximates its fair value due to its interest rates reflecting current market conditions.

Assets and liabilities that are measured at fair value are classified into levels, reflecting the method used to make the measurements. Level 1 fair value measurements are based on quoted prices that are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 2 fair value measurements are based on pricing inputs other than quoted prices in active markets included in Level 1. Prices are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Level 3 valuations are those with inputs for the asset and liability that are not based on observable market data. Pine Cliff has no level 2 or level 3 financial instruments. Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect the placement within the fair value hierarchy level.

The following table sets out the Company's classification, carrying value and fair value of financial assets and liabilities as at March 31, 2025 and December 31, 2024:

($000s)	**March 31, 2025**		December 31, 2024	
Description	**Carrying value**	**Fair value**	Carrying value	Fair value
Accounts receivable	**22,742**	**22,742**	23,702	23,702
Accounts payable and accrued liabilities	**(34,541)**	**(34,541)**	(35,236)	(35,236)
Demand loan	**(8,584)**	**(8,584)**	(7,358)	(7,358)
Term loan	**(44,242)**	**(44,242)**	(49,153)	(49,153)

6. RISK MANAGEMENT

The Company is exposed to both financial and non-financial risks inherent in the oil and gas business. Financial risks include: commodity prices, interest rates, foreign exchange, credit availability and liquidity. Financial risks can be managed, at least to a degree, through the utilization of financial instruments. Certain non-financial risks can be mitigated through the use of insurance and/or other risk transfer mechanisms, good business practices and process controls, while others must simply be borne.

The Company employs risk management strategies and policies to ensure any exposure to risk is consistent with the Company's business objectives and risk tolerance levels. Risk management is ultimately established by the Board of Directors and is implemented by management. All risks can have an impact upon the financial performance of the Company.

Market Risk

Market risk is the risk that the fair value or future cash provided by operating activities of the Company's financial instruments will fluctuate because of changes in market prices. Components of market risk to which Pine Cliff is exposed are discussed below.

Commodity Price Risk

The Company is exposed to commodity price risk since its revenues are dependent on the prices of crude oil, natural gas liquids ("**NGLs**") and natural gas. Commodity prices have fluctuated widely during recent years due to global and regional factors including, but not limited to, supply and demand, inventory levels, weather, economic changes and geopolitical factors and instability. Changes in natural gas, crude oil and NGL prices may have a significant effect on the ability of the Company to meet its obligations, capital spending targets and expected operational results. A material decline or extended period of low natural gas, crude oil or NGL prices will result in a reduction of net production revenue. The economics of producing from some wells may change because of lower prices, which could result in reduced production of natural gas, crude oil or NGL and an associated reduction in the volumes of Pine Cliff's reserves. Management may also elect not to produce from certain wells at lower prices.

Physical Sales Contracts

Pine Cliff enters into physical delivery sales contracts to manage commodity price risk. These contracts are considered normal executory sales contracts and are not recorded at fair value in the financial statements.

At March 31, 2025, the Company had the following physical natural gas sales contracts in place:

Contractual Term	Delivery Point	Physical Delivery Quantity (GJ/day)	Contract Price ($CAD/GJ)[1]	Contract Price ($CAD/Mcf)[1,2]
April 1, 2025 to October 31, 2025	AECO	15,000	$2.54	$2.67
April 1, 2025 to December 31, 2025	AECO	16,411	$3.11	$3.27
April 1, 2025 to October 31, 2026	AECO	7,500	$2.50	$2.63
January 1, 2026 to February 28, 2026	AECO	8,398	$3.58	$3.76
January 1, 2026 to December 31, 2026	AECO	7,500	$3.03	$3.18
April 1, 2026 to October 31, 2026	AECO	5,000	$2.90	$3.05
November 1, 2026 to March 31, 2027	AECO	5,000	$3.45	$3.62
April 1, 2025 to October 31, 2025	TransGas[3]	14,000	AECO 5A + 0.39/GJ	AECO 5A + 0.41/Mcf
April 1, 2025 to October 31, 2025	DAWN[4]	5,000	$3.74	$3.93
April 1, 2025 – March 31, 2026	AECO	5,000	$1.75 - $3.11[5]	$1.84 - $3.27[5]

[1] Prices reported are the weighted average prices of the periods.
[2] Price has been converted from $/GJ to $/Mcf by multiplying by 1.05.
[3] Subsidiary of SaskEnergy, Saskatchewan.
[4] Dawn Hub into Dawn Township, Ontario.
[5] Price is a floor and ceiling for a fixed price costless collar.

At March 31, 2025, the Company had the following physical crude oil sales contracts in place:

Contractual Term	Crude Oil	Physical Delivery Quantity (Bbl/day)	Contract Price ($USD/Bbl)[1]
April 1, 2025 to December 31, 2025	WTI Fixed Price	468	$68.56
January 1, 2026 to February 28, 2026	WTI Fixed Price	435	$66.60

[1] Prices reported are the weighted average prices of the periods.

Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument or funds flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that the Company uses. The principal exposure of the Company is on its borrowings which have a variable interest rate which gives rise to a funds flow interest rate risk.

At March 31, 2025, the Company's debt facilities consist of a $44.2 million term loan (the "**Term Loan**", see note 10) and a $15.0 million demand operating loan (the "**Demand Loan**", see note 11). The borrowings under the Term Loan are at the Canadian prime rate (the "**Prime Rate**") plus 3.65%, (whereby the Prime Rate cannot be less than 6.95%) and the Demand Loan is at the banks' prime lending rate plus 2.2%.

Pine Cliff has not entered into any derivative financial instruments to manage this risk at this time.

Foreign Currency Exchange Risk

The Company is exposed to risk on foreign exchange rates because the commodity prices it receives are indirectly determined in reference to United States dollar denominated commodity prices. The Company manages this risk by monitoring the foreign exchange rate and evaluating its effect on cash provided by operating activities. Pine Cliff has not entered into any derivative financial instruments to manage this risk at this time.

Sensitivity Analysis

Based on historic movements and volatilities in the interest rate markets and management's current assessment of the financial markets, the Company believes that a 1.0% variation in the Canadian prime interest rate is reasonably possible.

A 1.0% increase in the Prime Rate would decrease both annual and comprehensive income by $0.1 million, assuming the change in interest rate is effective from the beginning of the year and the amount of the Term Loan and the Demand Loan as at March 31, 2025.

A 1.0% decrease in the Prime Rate would increase both annual and comprehensive income by $0.1 million, assuming the change in interest rate is effective from the beginning of the year and the amount of the Term Loan and the Demand Loan as at March 31, 2025.

Credit Risk

Credit risk is the risk that a third party will not complete its contractual obligations under a financial instrument and cause the Company to incur a financial loss. Pine Cliff's maximum exposure to credit risk is the sum of the carrying values of its accounts receivable and cash, which reflect management's assessment of the associated maximum exposure to such credit risk.

To mitigate the credit risk on its cash, the Company maintains its cash balances with a Canadian chartered bank. To mitigate the credit risk on accounts receivable, Pine Cliff assesses the financial strength of its counterparties through internal evaluation and limiting exposure to any one counterparty.

The Company's accounts receivable balance at March 31, 2025 of $22.7 million (December 31, 2024 – $23.7 million), is primarily with oil and gas marketers and joint venture partners. Amounts due from these parties have generally been received within 30 to 90 days. When determining whether amounts that are past due are collectible, management assesses the creditworthiness and past payment history of the counterparty, as well as the nature of the past due amount. The Company generally considers amounts greater than 90 days to be past due. As at March 31, 2025, there was $1.9 million (December 31, 2024 - $2.4 million) of accounts receivable over 90 days. Pine Cliff assesses its accounts receivable quarterly to determine if there has been any impairment. During the three months ended March 31, 2025, the Company recorded a bad debt expense of $0.1 million (March 31, 2024 – $0.1 million) against accounts receivable.

Liquidity Risk

Liquidity risk is the risk that Pine Cliff will not be able to meet its financial obligations as they become due. Pine Cliff manages its liquidity risk through actively managing its capital, which it defines as cash, debt and equity. Capital management strategies include continuously monitoring forecasted and actual cash provided by (used in) operating, financing and investing activities and opportunities to issue additional equity. Pine Cliff actively monitors its credit and working capital to ensure that it has sufficient available funds to meet its financial requirements at a reasonable cost. Management believes that funds generated from these sources currently will be adequate to settle Pine Cliff's financial liabilities. A significant decline in commodity prices would hamper the Company's ability to settle it's working capital deficit and potentially require the Company to seek other sources of funding. If required, Pine Cliff will also consider reducing its dividend, additional short-term financing or issuing equity in order to meet its future liabilities. Any of these events could affect Pine Cliff's ability to fund ongoing operations.

The following table details the contractual maturities of Pine Cliff's financial liabilities as at March 31, 2025:

($000s)	**2025**	**2026**	**2027**	**2028**	**2029**	**Thereafter**
Accounts payable and accrued liabilities	34,541	-	-	-	-	-
Demand loan	8,584	-	-	-	-	-
Term loan[1]	12,263	40,803	-	-	-	-
Lease obligations[1]	1,024	1,223	622	300	88	-
Total financial liabilities	**56,412**	**42,026**	**622**	**300**	**88**	**-**

[1] These amounts include the notional principal and interest payments.

7. PROPERTY, PLANT AND EQUIPMENT

Cost:	($000s)
Balance at December 31, 2024	**850,177**
Additions	1,243
Dispositions	(815)
Decommissioning provision	3,507
Balance at March 31, 2025	**854,112**

Accumulated depletion and depreciation:	($000s)
Balance at December 31, 2024	**(547,725)**
Depletion and depreciation	(11,647)
Dispositions	523
Balance at March 31, 2025	**(558,849)**

Carrying value at:	($000s)
December 31, 2024	302,452
March 31, 2025	**295,263**

PP&E Impairment Assessment

As at March 31, 2025, the Company had three cash generating units ("**CGU's**") being Southern CGU, Central CGU and Edson CGU. In accordance with IFRS, an impairment test is performed if the Company identifies indicators of impairment or impairment reversal at the end of a reporting period. At March 31, 2025, there were no indicators of impairment for PP&E assets and therefore an impairment test was not required.

8. LEASE LIABILITIES

Pine Cliff had the following future commitments associated with its lease liabilities:

	($000s)
2025	1,024
2026	1,223
2027	622
2028	300
2029	88
Thereafter	-
Total lease payments as at March 31, 2025	**3,257**
Amounts representing interest	(287)
Present value of lease payments	**2,970**
Current portion of lease obligations	(1,263)
Non-current portion of lease obligations	**1,707**

For the three months ended March 31, 2025, interest expense of $0.1 million (March 31, 2024 - $0.1 million) and a total cash outflow of $0.3 million (March 31, 2024 - $0.6 million) was recognized relating to lease obligations.

The right-of-use assets and lease obligation relates to the Company's leases for vehicles and the head office in Calgary. A right-of-use asset of $9.7 million and $6.9 million in accumulated depreciation on the right-of-use-assets are included in PP&E. Refer to Note 7.

9. DEFFERED INCOME TAX

For the three months ended March 31, 2025, Pine Cliff recorded a deferred income tax recovery of $0.3 million (March 31, 2024 - $1.2 million recovery). The deferred income tax recovery/expense reflects the change in temporary timing differences arising from the book basis of Pine Cliff's assets and liabilities relative to the tax basis.

10. TERM LOAN

The Term Loan as presented in the Annual Financial Statements was unchanged at March 31, 2025.

The amount drawn under the Term Loan at March 31, 2025 was $44.2 million (December 31, 2024 – $49.9 million). Based on the calculated fair value of the Term Loan as at March 31, 2025, the effective interest rate was determined to be 12.5% using the effective interest method. The value of the loan will be accreted up to the principal balance at maturity. Interest accrued at March 31, 2025 was $nil (December 31, 2024 - $nil).

Security for the Term Loan consists of demand debentures totaling $110.0 million (December 31, 2024 - $110.0 million) over all of the Company's assets and a general security agreement with first priority ranking over all personal and real property other than the general security agreement with the Demand Loan.

The Company is subject to certain financial covenants under its Term Loan as follows:

- Consolidated Debt, as defined herein, to EBITDA, as defined herein, ratio shall not exceed 1:5:1.0; and
- Asset Coverage ratio, as defined herein, of not less than 1.5:1.0.

Consolidated Debt is defined as all indebtedness for borrowed money, including issued and drawn letters of credit or letters of guarantee other than letters of credit supported by a performance guarantee from Export Development Canada. EBITDA is defined as net income (loss) for the trailing twelve-month period excluding finance costs, provision for current and deferred income tax, depletion and depreciation, share option compensation and gain or loss on sale of assets and impairment of assets, less cash taxes paid and decommissioning expenses incurred during the period.

Asset Coverage ratio is defined as the proved developed producing reserves of the Company (before income tax, discounted at 10%), as evaluated by an independent third-party engineering report and evaluated on strip commodity pricing, divided by the consolidated borrowings of the Company at December 31 of the calendar year. The ratio is calculated and re-evaluated for strip pricing at June 30 period end, based on an internally prepared engineering report.

The Company was in compliance with its Demand Loan covenants at March 31, 2025.

11. DEMAND LOAN

The Demand Loan as presented in the Annual Financial Statements was unchanged at March 31, 2025.

Subsequent to March 31, 2025, the temporary increase in the Company's Demand Loan to $15 million was extended to May 31, 2025. Borrowings bear interest at the bank's prime lending rate plus 2.0%. There was $8.6 million drawn at March 31, 2025 (December 31, 2024 - $7.4 million). Letters of credit issued under the Demand Loan are supported by a performance guarantee from Export Development Canada for an amount up to $8.8 million and incur an issuance fee of 2.53%. At March 31, 2025, the Company had issued $8.8 million in letters of credit (December 31, 2024 - $6.6 million).

The Demand Loan is secured by a general security agreement over certain tangible field facilities of the Company.

The Company is subject to the following financial covenant under its Demand Loan:

- Senior Debt, as defined herein, to Net EBITDA, as defined herein, ratio shall not exceed 3.0:1.0 at the end of each quarter-end.

Senior Debt is defined as any secured indebtedness for borrowed money. Net EBITDA shall mean net income (loss) excluding finance costs, provision for current and deferred income taxes, depletion and depreciation, share-based compensation and gain or loss on sale of assets and impairment of assets, less dividends paid, on a trailing twelve-month basis.

The Company was in compliance with its Demand Loan covenants at March 31, 2025.

12. DECOMMISSIONING PROVISION

The total current and long-term decommissioning provision of $236.1 million was estimated by management based on the Company's working interest and estimated costs to remediate, reclaim and abandon its wells, pipelines, and facilities and estimated timing of the costs to be incurred in future periods.

At March 31, 2025, the estimated total undiscounted and uninflated amount required to settle the decommissioning liabilities was $317.3 million (December 31, 2024 - $323.8 million). The discounted and inflated amount required to settle the decommissioning liabilities of $236.1 million (December 31, 2024 - $231.9 million) has been calculated assuming a 2.00% inflation rate (December 31, 2024 – 2.00%) and discounted using an average risk-free interest rate of 3.05% (December 31, 2024 – 3.24%). These obligations are currently expected to be settled based on the useful lives of the underlying assets, some of which extend beyond 50 years into the future.

	($000s)
Decommissioning provision, December 31, 2024	**231,867**
Decommissioning expenditures	(1,186)
Revisions (changes in estimates and discount rates)	3,507
Accretion	1,904
Decommissioning provision, March 31, 2025	**236,092**
Less current portion of decommissioning provision	(7,500)
Non-current portion of decommissioning provision	**228,592**

13. SHARE CAPITAL

Authorized

The Company is authorized to issue an unlimited number of Common Shares without nominal or par value. Common Shares carry one vote per share and the right to any dividends declared. The Company is also authorized to issue, in one or more series, an unlimited number of Class B Preferred Shares without nominal or par value.

Issued and outstanding

Issued and outstanding share capital continuity:	Common Shares (000s)	Share capital ($000s)
Balance, December 31, 2024	**358,100**	**278,982**
Exercise of stock options	254	83
Balance, March 31, 2025	**358,354**	**279,065**

Stock Options

The Company provides an equity settled stock option plan (the "**Option Plan**") for its directors, employees and consultants. Under the Option Plan, the Company may grant stock options up to 10% of outstanding Common Shares on the grant date. The term and vesting period of the options granted are determined at the discretion of the Company's Board of Directors. The exercise price of each option granted equals the market price of the Common Shares immediately preceding the date of grant and the option's maximum term is five years.

Stock options issued and outstanding:	Options (000s)	Weighted-average exercise price ($ per Common Share)
Outstanding, December 31, 2024	**27,256**	**1.22**
Granted	168	0.91
Exercised	(417)	0.33
Forfeited	(16)	1.69
Outstanding, March 31, 2025	**26,991**	**1.23**
Exercisable, March 31, 2025	**5,868**	**1.37**

Exercise price:	Stock options outstanding (000s)	Weighted-average remaining term (years)	Stock options exercisable (000s)	Weighted-average remaining term (years)
$0.33 - $0.99	853	0.7	685	0.1
$1.00 - $1.25	12,275	2.1	-	-
$1.26 - $1.50	10,445	1.2	3,484	0.2
$1.51 - $1.92	3,418	0.7	1,699	0.2
	26,991	**1.5**	**5,868**	**0.2**

The Company records share-based compensation expense over the vesting period, based on the fair value of the options granted to employees, directors and consultants. Typically, one third of the stock options granted vest annually on the first, second, and third anniversaries of the grant date and expire one year after each respective vesting date. During the period ended March 31, 2025, the Company granted 168,000 stock options (March 31, 2024 – nil) with a fair value of $0.19 (March 31, 2024 – $nil) per option using the Black-Scholes option pricing model using the following key assumptions:

	Three months ended March 31,	
Assumptions (weighted average):	**2025**	2024
Exercise price ($)	**0.91**	-
Estimated volatility of underlying Common Shares (%)	**44.1**	-
Expected life (years)	**3.0**	-
Risk-free rate (%)	**2.9**	-
Forfeiture rate (%)	**8.3**	-
Expected dividend yield (%)	**6.6**	-

Estimated volatility is measured as the standard deviation of expected share price returns based on statistical analysis of historical daily share prices for a representative period.

Per Share Calculations

The average market value of the Common Shares for the purposes of calculating the dilutive effect of stock options and warrants was based on quoted market prices for the period that the options were outstanding.

Loss per share calculation ($000s):	Three months ended March 31, **2025**	2024
Numerator		
Net loss for the period	**(2,737)**	(4,858)
Denominator (000s)		
Weighted-average Common Shares outstanding – Basic	**358,178**	354,525
Dilutive effect of options outstanding	**-**	-
Weighted-average Common Shares outstanding – Diluted	**358,178**	354,525
Loss per Common Share – Basic and diluted ($)	**(0.01)**	(0.01)

Dividends declared and paid for the three months ended March 31, 2025 were $5.4 million (March 31, 2024 - $9.5 million) or $0.02 per Common Share ($0.03 per Common Share for the three months ended March 31, 2024).

14. COMMODITY SALES

The Company's commodity sales revenue is determined pursuant to the terms of the marketing agreements. The revenue for natural gas, crude oil and NGLs is based on the commodity price in the month of production, adjusted for quality, location, allowable deductions, if any, or other factors. Commodity sales revenues are based on marketed indices that are determined on a monthly or daily basis.

($000s)	Three months ended March 31, **2025**	2024
Natural gas	**26,373**	26,502
NGLs	**11,566**	12,877
Crude oil	**11,539**	11,920
Total commodity sales	**49,478**	51,299

15. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended March 31, **2025**	2024
Changes in non-cash working capital:		
Accounts receivable	**960**	(1,487)
Prepaid expenses and deposits	**(128)**	362
Accounts payable and accrued liabilities	**(695)**	803
	137	(322)
Change related to:		
Operating activities	**1,168**	(350)
Financing activities	**(1,571)**	1,648
Investing activities	**540**	(1,620)
	137	(322)

Finance expenses:	Three months ended March 31, **2025**	2024
Interest and debt charges	**1,859**	2,225
Non cash:		
Accretion on decommissioning provision	**1,904**	2,042
Accretion on term loan	**115**	115
Total finance expenses	**3,878**	4,382

Cash interest and debt charges paid in the three months ended March 31, 2025, was $1.9 million (March 31, 2024 - $1.9 million).

16. COMMITMENTS

As at March 31, 2025, the Company has the following commitments and other contractual obligations:

	2025	2026	2027	2028	2029	Thereafter
($000s)						
Accounts payable and accrued liabilities	34,541	-	-	-	-	-
Demand loan	8,584	-	-	-	-	-
Term loan[1]	12,263	40,803	-	-	-	-
Lease obligations[1]	1,024	1,223	622	300	88	-
Transportation[2]	8,193	8,508	6,325	2,130	1,423	583
Total commitments and contingencies	**64,605**	**50,534**	**6,947**	**2,430**	**1,511**	**583**

[1] These amounts include the notional principal and interest and payments.
[2] Firm transportation agreements.

17. SUBSEQUENT EVENTS

Dividends

On April 2, 2025, the Company declared a monthly dividend of $0.00125 per Common Share. The dividend is payable April 30, 2025, to all shareholders of record on April 15, 2025.

BOARD OF DIRECTORS
William S. Rice – Chairman
Hilary A. Foulkes
Robert B. Fryk
Philip B. Hodge
Calvin B. Jacober
Jacqueline R. Ricci

OFFICERS
Philip B. Hodge
President and Chief Executive Officer
Terry L. McNeill
Chief Operating Officer
Kristopher B. Zack
Chief Financial Officer and Corporate Secretary
Daniel C. Keenan
Vice President Exploitation
Austin W. Nieuwdorp
Vice President Finance and Controller

HEAD OFFICE
850, 1015 – 4th Street SW
Calgary, Alberta T2R 1J4
Phone: (403) 269-2289
Fax: (403) 265-7488

REGISTRAR AND TRANSFER AGENT
Odyssey Trust Company of Canada

AUDITORS
Deloitte LLP

STOCK LISTINGS
Toronto Stock Exchange ("TSX")
Trading Symbol: PNE

OTC Markets Group Inc. ("OTCQX")
Trading Symbol: PIFYF

WEBSITE
www.pinecliffenergy.com

INVESTOR CONTACT
info@pinecliffenergy.com

Pine Cliff Energy Ltd.