

FORM 51-102F3

MATERIAL CHANGE REPORT

1. **Name and Address of Company**

Pine Cliff Energy Ltd. ("**Pine Cliff**")
850, 1015-4th Avenue SW
Calgary, Alberta T2R 1J4

2. **Date of Material Change**

July 13, 2018

3. **News Release**

A news release with respect to the material change described herein was issued by Pine Cliff on July 13, 2018 through CNW Group and filed on the System for Electronic Document Analysis and Retrieval ("**SEDAR**"). A copy of the news release is attached to this material change report as Schedule "A".

4. **Summary of Material Change**

On July 13, 2018, Pine Cliff completed a private placement of 19,000 units ("**Units**") to Her Majesty the Queen in Right of Alberta, by its agent, Alberta Investment Management Corporation (the "**Lender**"), at a price of \$1,000 per Unit for aggregate gross proceeds of \$19,000,000, with each Unit comprised of: (i) one (1) promissory note (a "**Note**") with a par value of \$1,000 per Note and interest payable thereon equal to 7.05% per annum; and (ii) 150 common share purchase warrants ("**Warrants**") of Pine Cliff (the "**Private Placement**").

On July 13, 2018, Pine Cliff entered into a fifth amending agreement to the restated credit agreement dated August 10, 2016 (the "**Amending Agreement**") with a lending syndicate (the "**Syndicate**"), which provides for an \$11 million revolving credit facility (the "**Amended Credit Facility**"), consisting of a \$6 million revolving syndicated facility and a \$5 million revolving operating facility.

5. **Full Description of Material Change**

5.1 **Full Description of Material Change**

Private Placement

On July 13, 2018, Pine Cliff completed a private placement of 19,000 Units to the Lender at a price of \$1,000 per Unit for aggregate gross proceeds of \$19,000,000. Each Unit is comprised of: (i) one (1) Note with a par value of \$1,000 per Note and interest payable thereon equal to 7.05% per annum; and (ii) 150 Warrants. The proceeds from the Private Placement were used to reduce the bank indebtedness of Pine Cliff.

The Notes mature on July 31, 2022 and all or a portion of the principal amount outstanding thereunder can be repaid by Pine Cliff without penalty after one year. Pine Cliff issued 2,850,000 Warrants under the Private Placement, with each Warrant entitling the holder to purchase one common share of Pine Cliff for a price of \$0.51 until July 31, 2021.

A redacted copy of the floating charge debenture between Pine Cliff and the Lender, providing for, among other things, the issuance of the Units, has been filed on SEDAR.

Amending Agreement

On July 13, 2018, Pine Cliff entered into a fifth amending agreement with the Syndicate. Pine Cliff entered into the Amending Agreement with the Syndicate and reduced its maximum borrowing to the amounts of the Amended Credit Facility. The Amended Credit Facility has a revolving period maturing on July 27, 2019. If the Amended Credit Facility is not renewed by the Syndicate, it will convert to a one-day term loan due on July 28, 2019. The Amended Credit Facility bears interest at the Canadian prime rate plus 1.5% to 4% or the bankers' acceptance rate plus 2.75% to 5%, depending, in each case, on Pine Cliff's ratio of consolidated debt to EBITDA.

A redacted copy of the Amended Agreement has been filed on SEDAR.

5.2 Disclosure for Restructuring Transactions

Not applicable.

6. Reliance on Subsection 7.1(2) of National Instrument 51-102

Not applicable.

7. Omitted Information

Not applicable.

8. Executive Officer

For further information concerning the material change described herein, please contact:

Alan MacDonald
Interim Chief Financial Officer and Corporate Secretary
Phone: (587) 393-1692

9. Date of Report

July 20, 2018