

Form 51-102F3

MATERIAL CHANGE REPORT

1. Name and Address of Company

Pine Cliff Energy Ltd. (“**Pine Cliff**”)
850, 1015 4th Ave SW
Calgary, AB T2R 1J4

2. Date of Material Change

October 1, 2019

3. New Release

A news release with respect to the material change described herein was issued by Pine Cliff on October 1, 2019 through Newsfile Corp 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

Pine Cliff has entered into a credit agreement with Alberta Investment Management Corporation (“**AIMCo**”) to exchange its existing \$30 million promissory notes due on September 30, 2020 and its existing \$19 million promissory notes due on July 31, 2022 for a non-revolving term credit facility. This credit facility consists of a first tranche with a principal amount of \$30 million that matures on December 31, 2024 (the “**First Tranche**”) and a second tranche with a principal amount of \$19 million that matures on July 31, 2022 (the “**Second Tranche**”), (collectively the “**Refinancing**”). Interest on the First Tranche is payable at a rate of 8.75% per annum until September 30, 2020 and thereafter such interest rate will increase by 1% per annum up to 12.75% and interest is payable on the Second Tranche at a rate of 7.05% per annum.

Pine Cliff issued 7.5 million common share purchase warrants (the “**Warrants**”) in connection with the Refinancing, with each Warrant entitling the holder to purchase one common share (“**Common Shares**”) of Pine Cliff for \$0.20565 (the “**Exercise Price**”) until September 30, 2022.

Pine Cliff has also extended the term of its subordinated debt with insiders of the Company totaling \$12 million (the “**Insider Debt**”) to December 31, 2024 and set the interest rate to 6.5% per annum.

5. Full Description of Material Change

Pine Cliff has entered into a credit agreement with AIMCo, acting on behalf of its clients, to exchange its existing \$30 million promissory notes due on September 30, 2020 with interest payable at 6.75% per annum and its existing \$19 million promissory notes due on July 31, 2022 with interest payable at 7.05% per annum for a non-revolving term credit facility. This credit facility consists of a first tranche with a principal amount of \$30 million that matures on December 31, 2024 and a second tranche with a principal amount of \$19

million that matures on July 31, 2022. Interest on the First Tranche is payable at a rate of 8.75% per annum until September 30, 2020 and thereafter such interest rate will increase by 1% per annum up to 12.75% and interest is payable on the Second Tranche at a rate of 7.05% per annum. All or a portion of the principal amount outstanding can be repaid at any time, but without any penalty or premium after September 30, 2022 with respect to the First Tranche, and, July 13, 2021 with respect to the Second Tranche.

Pine Cliff issued 7.5 million common share purchase warrants (the "**Warrants**") in connection with the Refinancing, with each Warrant entitling the holder to purchase one common share ("**Common Shares**") of Pine Cliff for \$0.20565 (the "**Exercise Price**") until September 30, 2022, which reflects a 50% premium to the 10-day volume weighted average trading price of the Common Shares up to and including October 1, 2019. Pine Cliff will have the option to force the exercise of the Warrants at any time within 20 trading days after the date which the volume weighted average trading price of the Common Shares has been greater or equal to the Exercise Price for a period of 20 trading days.

Pine Cliff has extended the term of its subordinated debt with insiders of the Company totaling \$12 million (the "**Insider Debt**") to December 31, 2024 and set the interest rate to 6.5% per annum.

A redacted copy of the credit agreement between Pine Cliff and AIMCo and redacted copies of the material debentures relating to the Insider Debt have been filed on SEDAR.

5.2 Disclosure for Restructuring Purposes

Not applicable.

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

Not applicable.

7. Omitted Information

Not applicable.

8. Executive Office

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

Cheryne Lowe
Chief Financial Officer and Corporate Secretary
(403) 750-2231

9. Date of Report

October 10, 2019