



News Release

Pine Cliff Energy Ltd. Announces Third Quarter 2020 Results

CALGARY, Alberta – (Newsfile Corp. – November 3, 2020) - Pine Cliff Energy Ltd. ("**Pine Cliff**" or the "**Company**") (TSX: **PNE**) is pleased to announce the filing of its third quarter financial and operating results. Included in the filings were Pine Cliff's unaudited interim condensed consolidated financial statements and related management's discussion and analysis for the three and nine months ended September 30, 2020 (the "**Q3-Report**"). Selected highlights are shown below and should be read in conjunction with the Q3-Report.

Third Quarter 2020 Highlights

The third quarter of 2020 saw the steady recovery of crude oil prices along with stable natural gas prices. Pine Cliff benefited from AECO 5A benchmark pricing averaging \$2.23 per mcf for the quarter, resulting in Pine Cliff generating positive adjusted funds flow of \$809,000.

Highlights from Pine Cliff's third quarter ended September 30, 2020 include:

- realized \$2.18 per Mcf natural gas price for the three months ended September 30, 2020, 41% higher than the \$1.55 per Mcf realized for the comparable quarter in 2019;
- produced an average of 18,755 Boe/d and 18,963 Boe/d in the three and nine months ended September 30, 2020, a 1% decrease and unchanged respectively compared to the same periods in 2019;
- brought on production at the end of the quarter from one gross (0.08 net) Edson liquids rich natural gas well drilled during the quarter; and
- issued 7,500,000 common shares at a price of \$0.20565 per share on the exercise of share purchase warrants by Alberta Investment Management Corporation.

Outlook

In Q3 2019, the AECO 5A natural gas benchmark price was \$0.90 per Mcf. In Q3 2020, this benchmark price was \$2.23 per Mcf, a level not seen for a comparable third quarter since 2016. The strengthening of forward AECO natural gas prices has continued into Q4, where this morning spot daily AECO 5A was priced at \$3.15 Mcf and the forward AECO 5A price for calendar 2021 was \$3.05 per Mcf.

Operating within the confines of a global pandemic has brought challenges to all businesses, but relatively speaking, the natural gas sector has not been impacted as much as most other industries. The reduction in oil demand combined with oil oversupply has resulted in a reduced global oil price and North American rig counts remaining at historical lows. Pine Cliff's production is 92% natural gas and over 75% of our production is currently priced off AECO, making Pine Cliff one of the most levered public companies to increases in AECO pricing. With a production decline rate of approximately 8%, Pine Cliff is required to spend a relatively minimal amount of its adjusted funds flow to support, maintain or grow its production levels.

Pine Cliff continues to be disciplined and focused on its strategy, including prioritizing the health and safety of its employees. Pine Cliff successfully transitioned its office staff to work remotely in March and as restrictions eased through the summer, Pine Cliff's entire workforce had returned to the office by mid-September. Pine Cliff continues to monitor the situation related to COVID-19 and will follow the advice of public health officials in supporting our employees, their families and our business partners.

2020 Updated Guidance

Pine Cliff expects its capital expenditure program for 2020 will total \$7.6 million, lower than guidance of \$10.2 million, with the drilling of one (1.0 net) Pekisko oil well in Central Alberta being deferred at this time. Based on this revised capital expenditure amount, Pine Cliff expects its 2020 annual production volumes to average at the high end of the guidance range of 18,500 to 19,000 Boe per day, weighted 92% to natural gas.

Financial and Operating Results¹

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
(\$000s, unless otherwise indicated)				
Commodity sales (before royalty expense)	24,744	20,107	71,878	73,667
Cash flow from operating activities	3,945	(2,931)	6,121	11,497
Adjusted funds flow ²	809	(3,922)	733	854
Per share – Basic and Diluted (\$/share) ²	-	(0.01)	-	-
Loss	(12,110)	(17,739)	(46,285)	(48,443)
Per share – Basic and Diluted (\$/share)	(0.04)	(0.05)	(0.14)	(0.15)
Capital expenditures	2,213	1,123	6,210	2,933
Net debt ²	69,312	63,745	69,312	63,745
Production (Boe/d)	18,755	19,033	18,963	18,967
Percentage natural gas (%)	92%	91%	91%	92%
Weighted-average common shares outstanding (000s)				
Basic and diluted	330,230	327,784	328,605	316,406
Combined sales price (\$/Boe)	14.34	11.48	13.83	14.23
Operating netback (\$/Boe) ²	1.90	(0.97)	1.58	1.59
Corporate netback (\$/Boe) ²	0.47	(2.24)	0.14	0.17
Operating netback (\$ per Mcfe) ²	0.32	(0.16)	0.26	0.27
Corporate netback (\$ per Mcfe) ²	0.08	(0.37)	0.02	0.03

¹ Includes results for acquisitions and excludes results for disposition from the closing date.

² This is a non-GAAP measure, see "NON-GAAP Measures" for additional information.

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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 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 funds flow; 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; the effects of COVID-19 on global crude oil demand and pricing; risks inherent in the ability to generate sufficient cash flow from operations 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, 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.

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.

NON-GAAP Measures

This press release uses the terms “adjusted funds flow”, “operating netbacks”, “corporate netbacks” and “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 income (loss), 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. Net debt is a non-GAAP measure calculated as the sum of Term Debt, subordinated promissory notes at the principal amount, amounts due to related party and trade and other payables less trade and other receivables, cash and prepaid expenses and deposits. Operating netback is a non-GAAP measure calculated as the Company’s total revenue, less net operating 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 expense and bank charges, divided by the Boe production of the Company. Please refer to the Annual Report for additional details regarding non-GAAP measures and their calculation.

The TSX does not accept responsibility for the accuracy of this release.