Pine Cliff Energy Ltd.

ANNUAL INFORMATION FORM

For the Year Ended December 31, 2019

March 11, 2020

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GLOSSARY OF ABBREVIATIONS AND ADVISORIES

Oil and Gas Abbreviations

Bbl	barrel	**Mcf**	thousand cubic feet
Bbl/d	barrels per day	**Mcf/d**	thousand cubic feet per day
Boe	barrel of oil equivalent	**Mcfe**	thousand cubic feet of natural gas equivalent
Boe/d	barrels of oil equivalent per day	**MMBtu**	million British thermal units
CBM	coal bed methane	**MMcf**	million cubic feet
GJ	gigajoule	**M$**	thousands of dollars
MBbl	thousand barrels	**NGLs**	Natural gas liquids, including condensate, propane, butane and ethane
MBoe	thousand barrels of oil equivalent		

Other Abbreviations

AECO	physical storage and trading hub for natural gas on the TransCanada Alberta transmission system which is the delivery point for various benchmark Alberta index prices
WTI	West Texas Intermediate oil at Cushing, Oklahoma, the benchmark for North American crude oil pricing

Conversion and Units

The following table sets forth certain standard conversions between Standard Imperial Units and the International System of Units (or metric units)

To Convert From	To	Multiply By
Mcf	Cubic metres	28.174
Cubic metres	Cubic feet	35.494
GJ	Mcf	1.05
MMBtu	Mcf	0.95
MMBtu	GJ	1.054
Bbl	Cubic metres	0.159
Cubic metres	Bbl	6.290
Feet	Metres	0.305
Metres	Feet	3.281
Miles	Kilometres	1.609
Kilometres	Miles	0.621
Acres	Hectares	0.405
Hectares	Acres	2.471

In this annual information form ("**Annual Information Form**") where amounts are expressed on a Boe basis, natural gas volumes have been converted to oil equivalence at six Mcf per one Bbl. The term Boe may be misleading, particularly if used in isolation. Natural gas liquids and oil volumes are recorded in Bbl and are converted to Mcfe using a ratio of six (6) thousand cubic feet to one Bbl of oil. The term Mcfe may be misleading, particularly if used in isolation. These conversion ratios are based on an energy equivalency conversion method primarily applicable at the burner tip and do not represent a value equivalency at the wellhead. Unless otherwise specified, references to oil include NGLs.

Where any disclosure of reserves data is made in this Annual Information Form that does not reflect all of the reserves of Pine Cliff Energy Ltd. ("**Pine Cliff**" or the "**Company**") the reader should note that the estimates of reserves and future net revenue for individual properties or groups of properties may not reflect the same confidence level as estimates of the reserves and future net revenue for all properties, due to the effects of aggregation.

Non-GAAP Measures

This Annual Information Form uses the term "operating netback" which is not recognized under Generally Accepted Accounting Principles ("**GAAP**") and may not be comparable to similar measures presented by other companies. The Company considers operating netback to be a key indicator of profitability relative to current commodity prices. Operating netback and operating netback per Boe and per Mcfe are calculated as oil and gas sales, less royalties, operating and transportation expenses on an absolute and a per Boe or per Mcfe basis, respectively. Management uses operating netback on a per Boe basis in operational and capital allocation decisions.

Currency

In this Annual Information Form, unless otherwise noted, all dollar amounts are expressed in Canadian dollars.

FORWARD-LOOKING STATEMENTS

This Annual Information Form contains forward-looking statements. These statements relate to future events or Pine Cliff's future performance. All statements other than statements of historical fact may be forward-looking statements. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", or the negative of these terms or other comparable terminology. These statements are only predictions. Actual events or results may differ materially. In addition, this Annual Information Form may contain forward-looking statements attributed to third party industry sources. Undue reliance should not be placed on these forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur. Forward-looking statements in this Annual Information Form include, but are not limited to, statements with respect to:

- the quantity and quality of the oil and natural gas reserves;
- the performance and characteristics of Pine Cliff's oil and natural gas properties;
- future development and exploration activities and the timing thereof;
- future land expiries;
- results of various projects of Pine Cliff;
- timing of receipt of regulatory approvals;
- timing of development of undeveloped reserves;
- the tax horizon and taxability of Pine Cliff;
- supply and demand for oil, NGLs, natural gas and minerals (including precious metals);
- expectations regarding the Company's ability to raise capital and to continually add to reserves through acquisitions and development;
- the timing and amount of abandonment and reclamation costs;
- the impact of Canadian federal and provincial governmental regulation on Pine Cliff relative to other natural resource issuers of similar size;
- realization of the anticipated benefits of acquisitions and dispositions;
- weighting of production between different commodities;
- projections of commodity prices and costs;
- expected levels of royalty rates, operating costs, transportation costs, general and administrative costs, costs of services and other costs and expenses;
- capital expenditure programs and the timing and method of financing thereof; and
- treatment under government regulation and taxation regimes.

Although Pine Cliff believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Pine Cliff cannot guarantee future results, levels of activity, performance, or achievements. Moreover, neither Pine Cliff nor any other person assumes responsibility for the outcome of the forward-looking statements. Many of the risks and other factors are beyond Pine Cliff's control, which could cause results to differ materially from those expressed in the forward-looking statements contained in this Annual Information Form. The risks and other factors include, but are not limited to:

- general economic conditions in Canada, the United States and globally, including reduced availability of debt and equity financing generally;
- industry conditions, including fluctuations in the price of oil, NGLs and natural gas;
- liabilities inherent in oil, natural gas and mineral operations;
- governmental regulation of the oil and gas, and mining industries, including environmental regulation;
- fluctuation in foreign exchange or interest rates;
- geological, technical, drilling and processing problems and other difficulties in producing reserves;
- unanticipated operating events which can reduce production or cause production to be shut in or delayed;
- failure to realize anticipated benefits of acquisitions;
- failure to obtain industry partner and other third party consents and approvals, when required;
- stock market volatility and market valuations;
- competition for, among other things, capital, acquisitions or reserves, undeveloped land and skilled personnel;
- competition for and inability to retain drilling rigs, production equipment and other services;
- rights to surface access;
- the need to obtain required approvals from regulatory authorities; and
- the other factors considered under "Risk Factors" in this Annual Information Form.

These factors should not be considered as exhaustive. Statements relating to "reserves" or "resources" are by their nature forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the resources and reserves described can be profitably produced in the future. With respect to forward-looking statements contained in this Annual Information Form, Pine Cliff has made assumptions regarding: future exchange rates; the impact of increasing competition; conditions in general economic and financial markets; availability of drilling and related equipment; availability of skilled labour; current technology; cash flow; production rates; timing and amount of capital expenditures; the prices and marketability of oil, NGLs, natural gas; royalty rates; effects of regulation by governmental agencies; future operating costs; future transportation costs; and the Company's ability to obtain financing on acceptable terms. Readers are cautioned that the foregoing list of factors is not exhaustive.

The above summary of assumptions and risks related to forward-looking information has been provided in this Annual Information Form in order to provide readers with a more complete perspective on Pine Cliff's future operations. Readers are cautioned that this information may not be appropriate for other purposes.

The forward-looking statements contained in this Annual Information Form are expressly qualified by this cautionary statement. Pine Cliff is not under any duty to update or revise any of the forward-looking statements and does not intend to do so except as expressly required by applicable securities laws.

CORPORATE STRUCTURE

Name, Address and Incorporation

Pine Cliff was incorporated under the *Business Corporations Act* (Alberta) (the "**ABCA**") on November 10, 2004, by Certificate of Incorporation issued pursuant to the provisions of the ABCA, under the name "Pine Cliff Energy Ltd." Effective January 1, 2011, Pine Cliff amalgamated with its wholly-owned subsidiary, CanAmericas Energy Ltd., and its indirect wholly-owned subsidiary, CanAmericas (Chile) Energy Ltd., pursuant to the provisions of the ABCA. On October 1, 2013, Pine Cliff amalgamated with its wholly-owned subsidiary Skope Energy Inc. ("**Skope Energy**") pursuant to the provisions of the ABCA and, immediately prior to such amalgamation, Skope Energy amalgamated with its wholly-owned subsidiary Skope Energy International Inc. Where applicable, references to the “Company” and “Pine Cliff” in this Annual Information Form shall mean Pine Cliff, together with its direct and indirect subsidiaries.

Pine Cliff is a "reporting issuer" in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and New Brunswick.

On March 3, 2016, Pine Cliff was listed on the Toronto Stock Exchange ("**TSX**") and de-listed from the TSX Venture Exchange ("**TSXV**"). The common shares of the Company ("**Common Shares**") are listed on the TSX under the symbol "PNE".

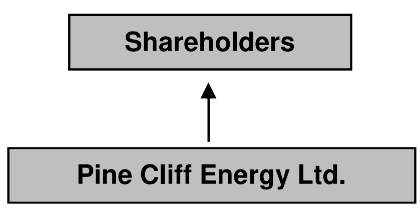
Pine Cliff's registered and head office is located at Suite 850, 1015 - 4th Street S.W., Calgary, Alberta T2R 1J4.

Transfer Agent and Registrar

The Registrar and Transfer Agent for common shares is Odyssey Trust Company at 350, 300 5th Ave SW Calgary, Alberta T2P 3C4.

Intercorporate Relationships

The following diagram sets forth the organizational structure of Pine Cliff, which does not have any material subsidiaries as of the date hereof:



GENERAL DEVELOPMENT OF THE BUSINESS

Overview

Pine Cliff is an Alberta-based corporation primarily engaged in the business of exploration for, and acquisition, development and production of oil, natural gas and NGLs in the Western Canadian Sedimentary Basin (the “**WCSB**”). In order to create value for the holders of Common Shares (“**Shareholders**”), Pine Cliff is pursuing an integrated growth strategy that includes both development and exploration drilling as well as acquisitions.

Through its nonmaterial wholly-owned subsidiary, Geomark Exploration Ltd. (“**Geomark**”), Pine Cliff also owns interests in lands that are prospective for the exploration of precious metals located in Ontario, the Northwest Territories and Nunavut, all in Canada and Utah, United States.

Material Activities in 2017, 2018 and 2019

Year ended December 31, 2017

On April 12, 2017, the Company entered into a restated credit agreement for a $45 million revolving credit facility, consisting of a $35 million revolving credit facility and a $10 million revolving operating facility (collectively, the "**2017 Credit Facility**") and reduced the banking syndicate from five to four Canadian financial institutions. The Credit Facility had a 364 day revolving period maturing July 27, 2018, and if it is not renewed it would have converted to a one day term loan due on July 28, 2018. The 2017 Credit Facility was renewed in 2018.

On November 24, 2017, the 2017 Credit Facility was amended to consist of a $30 million revolving credit facility and a $15 million revolving operating facility.

Year ended December 31, 2018

On July 13, 2018, Pine Cliff completed a private placement of an aggregate of 19,000 units to the Alberta Investment Management Corporation (the "**2018 Private Placement**"), on behalf of certain of its clients, at a price of $1,000 per unit ("**2018 Unit**") for aggregate gross proceeds of $19 million. Each 2018 Unit is comprised of: (i) one promissory note with a par value of $1,000 per Note and bearing interest at 7.05% per annum (collectively the "**$19 Million 2022 Notes"**), which is payable semi-annually; and (ii) 150 Common Share purchase warrants (**"2021 Warrants**"). The proceeds from the 2018 Private Placement were used to reduce bank indebtedness.

The $19 Million 2020 Notes mature on July 31, 2022 and all or a portion of the principal amount outstanding thereunder can be repaid without penalty after three years. Pine Cliff issued 2.85 million 2021 Warrants in connection with the 2018 Private Placement, with each 2021 Warrant entitling the holder to purchase one Common Share for $0.51 until July 13, 2021, which reflected a 45% premium to the 10-day weighted average trading price of the Common Shares prior to, and including, the date of closing of the 2018 Private Placement.

On July 13, 2018, the Company entered into a restated credit agreement with its banking syndicate for an $11 million revolving credit facility, consisting of a $6 million revolving credit facility and a $5 million revolving operating facility (collectively, the "**2018 Credit Facility**") and reduced the banking syndicate from four to three Canadian financial institutions. The 2018 Credit Facility has a 364 day revolving period maturing July 27, 2019 and if it is not renewed it will have convert to a one day term loan due on July 28, 2019.

On July 29, 2016, the Company issued $5.0 million in promissory notes maturing on July 29, 2018. On July 13 2018, these notes were amended to mature on September 30, 2020 and increased to $6.0 million ("**$6 Million 2020 Related Party Note**"). The $6 Million 2020 Related Party Note bears interest at 0.25% less than the monthly average effective interest rate paid on the 2018 Credit Facility, payable monthly. The $6 Million 2020 Note was issued to the Company's Chairman of the Board. The $6 Million 2020 Note is secured by a $6.0 million floating charge debenture over all of the Company's assets and is subordinated to any and all claims in favor of the 2018 Credit Facility and the $30 Million 2020 Note and $19 Million 2022 Note holders.

On July 29, 2016, the Company issued $6.0 million in promissory notes maturing on July 29, 2018. On July 13 2018, these notes were amended to mature on September 30, 2020 ("**$6 Million 2020 Notes**"). The $6 Million 2020 Notes bear interest at 0.25% less than the monthly average effective interest rate paid on the 2018 Credit Facility, payable monthly. The $6 Million 2020 Notes were issued to a shareholder and a relative of that shareholder, owning directly or by discretion and control, greater than 10% of the Common Shares. The $6 Million 2020 Notes are secured by a $6.0 million floating charge debenture over all of the Company's assets and are subordinated to any and all claims in favor of the 2018 Credit Facility and the $30 Million 2020 Note and $19 Million 2022 Note holders.

Year ended December 31, 2019

On May 31, 2019, the Company closed the acquisition of certain mainly natural gas weighted assets (the "**Assets**") in the Ghost Pine area of Central Alberta for net cash consideration of $8.8 million, after estimated closing adjustments.

The Assets add growth opportunities in the Pekisko oil play, where Pine Cliff drilled its first Pekisko oil well in late 2018. Based on Pine Cliff's internal estimates, the Assets increased Pine Cliff's development inventory to an estimated 30 gross (28 net) Pekisko oil well locations, of which 21 gross (19.0 net) are unbooked and nine gross (9.0 net) are booked locations recognized in the Pine Cliff Reserve Report, as defined herein.

On May 31, 2019, Pine Cliff issued 14,492,754 "flow-through" Common Shares (the "**Flow-Through Shares**") at a price of $0.276 per Flow-Through Share, resulting in gross proceeds of $4.0 million. The proceeds from the Flow-Through Shares were used to incur eligible Canadian Development Expenses ((within the meaning of the *Income Tax Act* (Canada) ("**CDE**")) and Pine Cliff incurred all eligible CDE prior to December 31, 2019.

On May 31, 2019, Pine Cliff also issued by way of a non-brokered private placement ("**2019 Private Placement**"), 6,215,652 Common Shares, at a price of $0.23 per Common Share, resulting in gross proceeds of $1.4 million. Insiders, including directors and officers, subscribed for a total of 2,608,695 Common Shares in this 2019 Private Placement.

On July 28, 2019, the Company's syndicated credit facility (the "**Credit Facility**") with three Canadian Financial Institutions expired and was not renewed.

On October 1, 2019, Pine Cliff amended and restated its $6.0 million subordinated promissory note to the Company's Chairman of the Board. This amended and restated promissory note matures on December 31, 2024 ("**Related Party Note**"), bears interest at 6.5% per annum and is payable monthly. The Related Party Note is secured by a $6.0 million floating charge debenture over all of the Company's assets and is subordinated to any and all claims in favor of the holder of the Term Debt, as defined herein.

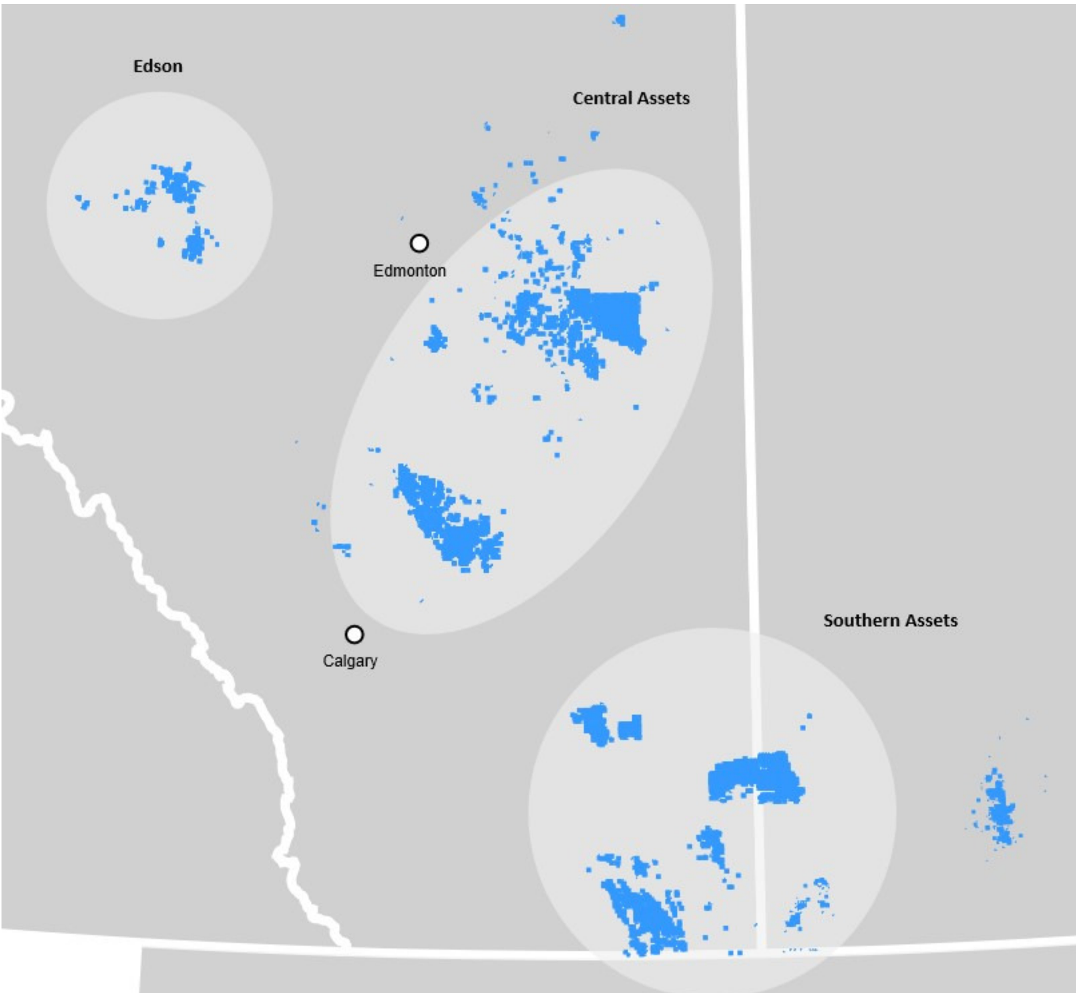
On October 1, 2019, Pine Cliff amended and restated its $6.0 million subordinated promissory notes. These amended and restated subordinated promissory notes mature on December 31, 2024 ("$**6 Million Notes**"), bear interest at 6.5% per annum and are payable monthly. The $6 Million Notes are issued to a shareholder and a relative of that shareholder, owning directly or by discretion and control, greater than 10% of the Common Shares. The $6 Million Notes are secured by a $6.0 million floating charge debenture over all of the Company's assets and are subordinated to any and all claims in favor of the holder of the Term Debt.

On October 1, 2019, Pine Cliff entered into a credit facility with Alberta Investment Management Corporation ("**AIMCo**"), acting on behalf of its clients, to repay its $30 million promissory notes maturing September 30, 2020 ("**2020 Notes**") and its $19 million promissory notes maturing July 31, 2022 ("**2022 Notes**") and replace them with a non-revolving term credit facility ("**Term Debt**"). The Term Debt consists of a first tranche with a principal amount of $30 million that matures on December 31, 2024 (the "**2024 Tranche**") and a second tranche with a principal amount of $19 million that matures on July 31, 2022 (the "**2022 Tranche**"), (collectively the "**Refinancing**"). Interest on the 2024 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 2022 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 2024 Tranche and, July 13, 2021 with respect to the 2022 Tranche. A total of 7.5 million Common Share purchase warrants (the "**Warrants**") were issued in connection with the Refinancing, with each Warrant entitling the holder to purchase one Common Share of Pine Cliff for $0.20565, until September 30, 2022. The Refinancing security consists of floating demand debentures totaling $150.0 million and a general security agreement with first ranking over all current and acquired properties.

DESCRIPTION OF OIL AND GAS PROPERTIES

Pine Cliff's oil and gas properties at December 31, 2019 are located in Alberta and Saskatchewan where the Company operates or has ownership in facilities and other installations necessary to produce, transport and sell oil, natural gas and NGLs. A description of Pine Cliff's oil and gas properties and infrastructure is set out below.

The following map outlines the location of Pine Cliff's assets:



Central Alberta Assets

Pine Cliff owns high working interest, low-cost production with a long reserve life in the Ghost Pine and Viking areas of Central Alberta (the "**Central Alberta Assets**"). Pine Cliff has an average 71% working interest by wells in its Central Alberta Assets and operates 96% of the production.

Greater Ghost Pine

Pine Cliff's Ghost Pine assets are located near the town of Drumheller, Alberta and produce 81% natural gas. Ghost Pine production is from the Late Cretaceous Edmonton Group to the liquids-rich, Early Cretaceous Mannville Group and Mississippian Rundle Group. Within the Ghost Pine asset there are up to 12 separate gas or oil charged reservoir formations. Pine Cliff owns and operates a majority of the infrastructure in this area including three licensed gas plants, numerous large nodal compressor stations and extensive gathering and sales pipeline networks.

Drilling and recompletion development in the Ghost Pine area is primarily focused on exploitation of many different productive intervals from surface to the base of the Mississippian Group. Pine Cliff owns, or has license rights to, 420 square kilometers of 3D and 813 kilometers of 2D seismic on its Central Alberta assets. Pine Cliff has identified 30 gross (28.0 net) horizontal Pekisko oil locations and 10 gross (8.4 net) horizontal Basal Quartz oil locations. Of these locations, 9.0 gross (9.0 net) Pekisko and one gross (1.0 net) Basal Quartz drilling locations are recognized in the Pine Cliff Reserve Report. In the fourth quarter of 2019, Pine Cliff drilled two gross (2.0 net) unbooked oil wells targeting the Pekisko Formation with one well brought onto production at the end of 2019 and the additional well in early 2020. Additionally, Pine Cliff has identified several development prospects in the Mannville Group for both liquids-rich gas and oil.

Viking

Pine Cliff's Viking assets are located near the town of Viking, Alberta and produce 99% natural gas. The majority of this production comes from the Viking shore face sands composed of fine to coarse grained sandstone with inter-beds of conglomerate and cherty conglomeratic sandstone. There is upside potential in the Colorado shale which is a deep water siltstone equivalent to the Cardium shore face found in Western Alberta.

Southern Alberta and Southern Saskatchewan

Pine Cliff owns long-term, low decline producing shallow gas assets in Southern Alberta and Saskatchewan referred to as the Southern Assets. Excluding the Tilley unit in this area, Pine Cliff has a 95% working interest by well in the Southern Assets and is the operator of 98% of the Company's production in the area. Pine Cliff also has a 10% interest in the Tilley unit.

The majority of the producing zones in these properties are from the upper Cretaceous Milk River, Medicine Hat and Second White Specks sands. These fields are characterized by their shallow depths and low-permeability clay-rich sands. The formations occur in broad sheet-like sands that are laterally extensive and have been regarded by many as offshore sands. Underlying structures create fracturing which enhances permeability in these shallow horizons.

Hatton

Pine Cliff's Hatton assets are located near the Town of Maple Creek, Saskatchewan and produce natural gas. Development and production activities in the Hatton area at this time are primarily directed toward exploitation and maintaining production. Pine Cliff controls most of the infrastructure in this area, which includes a gas gathering system and a major compressor station that delivers to a TransGas Limited pipeline.

Many Islands/Long Valley

The Many Islands/Long Valley area is located east of the City of Medicine Hat, Alberta and produce natural gas. Development and production activities in the Many Islands/Long Valley area at this time are primarily directed toward exploitation and maintaining production. Pine Cliff controls most of the infrastructure in this area, which includes a gas gathering system, two field compressors and a 100% interest in a compression station that delivers to two TC Energy pipelines. In 2017, Pine Cliff purchased 100% interest in two Canadian Energy Regulator ("**CER**") regulated inter-provincial natural gas export pipelines that permit Pine Cliff to transport produced natural gas to either Alberta or Saskatchewan. The permits are not tied to premiums.

Pendor/Black Butte

The Pendor/Black Butte area is located approximately 80 kilometers southwest of the City of Medicine Hat, Alberta and produces natural gas. Development and production activities in the Pendor/Black Butte area at this time are primarily directed toward exploitation and maintaining production. Pine Cliff controls most of the infrastructure in this area which includes a gas gathering system, two gas processing facilities and a 100% interest in a CER regulated sales gas export pipeline terminating in Montana, United States.

Tilley/Monogram

The Tilley/Monogram area is located approximately 40 kilometers northwest of the City of Medicine Hat, Alberta and produces natural gas. Development and production activities in the Tilley/Monogram area are currently directed toward exploitation and maintaining production. Pine Cliff controls most of the infrastructure in the Monogram area, which includes a gas gathering system, one field compressor and a 90% interest in a gas plant that delivers to TC Energy meter station or to a third party pipeline that transports gas to Alberta, Saskatchewan or the Empress market. The Tilley asset is a 10% working interest unit not operated by Pine Cliff.

Eagle Butte

The Eagle Butte area is located approximately 24 kilometers southeast of the City of Medicine Hat, Alberta and produces natural gas. Development and production activities in the Eagle Butte area are currently directed towards exploitation and maintaining production. Pine Cliff controls most of the infrastructure in this area, which includes a gas gathering system, two field compressors and a 100% interest in a gas plant that delivers to a TC Energy pipeline.

Edson

Pine Cliff owns assets located near the town of Edson in Western Central Alberta, which produce liquids rich natural gas as well as a small amount of oil (the "**Edson Assets**"). Pine Cliff has a 51% average working interest by wells in the Edson Assets and is the operator of approximately 46% of the Company's production in the area. The Edson Assets have multi-zone potential which can be further exploited.

Pine Cliff's acreage in the area is productive primarily from sands belonging to the Middle Jurassic Rock Creek Formation and the early cretaceous Ellerslie formation. Secondary zones of interest in the area include sands belonging to the Viking, Wilrich, Bluesky, Gething and Notikewin formations. Pine Cliff has identified a total of 20 gross (5.6 net) potential drilling locations including six gross (1.6 net) booked locations in the liquids-rich Ellerslie (Gething) formation.

The Rock Creek sands are interpreted to have been deposited in a shallow marine shelf environment where lateral thickness variations may be the result of paleotopographic variability or changes in depositional environment. The reservoir sands are comprised of fine to medium grained sands and siltstones, average approximately six metres in thickness and are encountered at an average drill depth of 2,425 m.

Unconformable overlying the Fernie Shale are the Lower Manville (basal quartz) equivalent sands. Derived from the Rocky Mountains to the west, these chert-rich sands were deposited by the northerly flowing Spirit River Channel system. The trapping mechanism for all the reservoirs in the Edson Assets is largely stratigraphic.

Non-core Areas

At December 31, 2019, Pine Cliff also has working interests in non-operated properties in the Sundance, Carstairs, Garrington and Harmattan areas of Alberta and the Cadillac area of Southern Saskatchewan, but does not consider any of these assets to be core areas of the Company at this time.

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

Presentation of Oil and Gas Information

All oil and gas information contained in this Annual Information Form has been prepared and presented in accordance with National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* ("**NI 51-101**"). The actual oil and gas reserves and future production will be greater than or less than the estimates provided herein. The estimated value of future net revenue from the production of the disclosed oil and gas reserves does not represent the fair market value of these reserves.

There is no assurance that the forecast prices and costs or other assumptions made in connection with the reserves disclosed herein will be attained and variances could be material.

Definitions and Notes to Reserve Data Tables

Certain terms used herein are defined in NI 51-101 or the Canadian Oil and Gas Evaluation Handbook ("**COGE Handbook**") and, unless the context otherwise requires, shall have the same meanings in this Annual Information Form as in NI 51-101 or the COGE Handbook.

The following definitions form the basis of the classification of reserves and values presented in the Pine Cliff Reserve Report, as defined herein. They have been jointly prepared by the Canadian Institute of Mining, Metallurgy and Petroleum and the Society of Petroleum Evaluation Engineers and incorporated into the COGE Handbook and specified by NI 51-101. Reserve data tables may not add due to rounding.

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recovered from known accumulations, from a given date forward, based on:

- analysis of drilling, geological, geophysical and engineering data;
- the use of established technology;
- specified economic conditions, which are generally accepted as being reasonable, and shall be disclosed; and
- a remaining reserve life of 50 years.

Reserves are classified according to the degree of certainty associated with the estimates.

1. Proved Reserves

Proved reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

2. Probable Reserves

Probable reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

3. Possible Reserves

Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves. Possible reserves have not been considered in this Annual Information Form.

Other criteria that must also be met for categorization of reserves are provided in Section 5.5 of the COGE Handbook.

Each of the reserves categories (proved, probable and possible) may be divided into developed or undeveloped categories.

4. Developed Reserves

Developed reserves are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g., when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing.

5. Developed Producing Reserves

Developed producing reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

6. Developed Non-Producing Reserves

Developed non-producing reserves are those reserves that either have not been on production, or have previously been on production, but are shut in, and the date of resumption of production is unknown.

7. Undeveloped Reserves

Undeveloped reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable or possible) to which they are assigned.

In multi-well pools, it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to subdivide the developed reserves for the pool between developed producing and developed non-producing. This allocation is typically based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities and completion intervals in the pool and their respective development and production status.

8. Levels of Certainty for Reported Reserves

The qualitative certainty levels contained in the definitions in Sections 1, 2 and 3 above are applicable to individual reserves entities, which refers to the lowest level at which reserves estimates are made, and to reported reserves, which refers to the highest level sum of individual entity estimates for which reserve estimates are made.

Reported total reserves estimated by deterministic or probabilistic methods, whether comprised of a single reserves entity or an aggregate estimate for multiple entities, should target the following levels of certainty under a specific set of economic conditions:

(a) there is a 90% probability that at least the estimated proved reserves will be recovered;
(b) there is a 50% probability that at least the sum of the estimated proved reserves plus probable reserves will be recovered; and
(c) there is a 10% probability that at least the sum of the estimated proved reserves plus probable reserves plus possible reserves will be recovered.

A quantitative measure of the probability associated with a reserves estimate is generated only when a probabilistic estimate is conducted. The majority of reserves estimates will be performed using deterministic methods that do not provide a quantitative measure of probability. In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods.

Additional clarification of certainty levels associated with reserves estimates and the effect of aggregation is provided in Section 5.5.3 of the COGE Handbook. Whether deterministic or probabilistic methods are used, evaluators are expressing their professional judgement as to what are reasonable estimates.

Reserves Data in Respect of Pine Cliff

All of Pine Cliff's oil and gas reserves are located in Canada. Pine Cliff conducts an annual independent evaluation of all of the Company's reserves. Pine Cliff engaged independent petroleum consultants McDaniel & Associates Consultants Ltd. ("**McDaniel**") to evaluate reserves for all of Pine Cliff's oil and gas properties effective December 31, 2019 (the "**Pine Cliff Reserve Report**"). The Pine Cliff Reserve Report has been prepared in accordance with the standards contained in the COGE

Handbook and the reserve definitions contained in NI 51-101. McDaniel has reviewed and consented to the information contained herein.

The reserves data summarizes the oil, natural gas and NGLs reserves of Pine Cliff and the net present values of future net revenue for these reserves using forecast prices and costs. The reserves data conforms to the requirements of NI 51-101. Additional information not required by NI 51-101 has been presented to provide continuity and additional information which the Company believes is important to the readers of this information. Pine Cliff engaged McDaniel to provide an evaluation of proved and proved plus probable reserves and no attempt was made to evaluate possible reserves.

All evaluations of future net production revenue set forth in the tables below are based on the average forecast prices of McDaniel & Associates Consultants Ltd., GLJ Petroleum Consultants Ltd. and Sproule Associates Limited as of January 1, 2020 and are stated for Pine Cliff's working interest share of reserves (referred to as "Gross" in NI 51-101) in accordance with the COGE Handbook. Pine Cliff's net interest share is after deduction for royalty burdens payable and receivable. It should not be assumed that the discounted future net production revenue estimated by the Pine Cliff Reserve Report represents the fair market value of the reserves. There is no assurance that the future price and cost assumptions used in the Pine Cliff Reserve Report will prove accurate and variances could be material. The recovery and reserve estimates of oil, natural gas and NGLs reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual oil, natural gas and NGLs reserves may be greater than or less than the estimates provided herein. Tables may not add due to rounding.

Estimates of reserves and future net revenue have been made assuming that development of each property in respect of which the estimate is made will occur, without regard to the likely availability to Pine Cliff of adequate liquidity and capital resources required for that development to occur.

Pine Cliff's Reserves Committee reviews the qualifications and appointment of the independent qualified reserves evaluators and the procedures for providing information to the evaluators. Pine Cliff's board of directors has reviewed and approved the Pine Cliff Reserve Report.

In accordance with the requirements of NI 51-101, the Report on Reserves Data by Independent Qualified Reserves Evaluator in Form 51-101F2 and the Report of Management and Directors on Oil and Gas Disclosure in Form 51-101F3 are attached as Appendices A and B hereto, respectively.

PART 1 – DATE OF STATEMENT

Relevant dates:
(1) Statement date is February 12, 2020
(2) Effective date is December 31, 2019
(3) Preparation date is February 12, 2020

PART 2 – DISCLOSURE OF RESERVE DATA

SUMMARY OF OIL AND GAS RESERVES
AS OF DECEMBER 31, 2019
FORECAST PRICES AND COSTS

	Light and Medium Crude Oil Combined		Heavy Oil		Conventional Natural Gas	
Reserve Category:	Gross (MBbl)	Net (MBbl)	Gross (MMcf)	Net (MMcf)	Gross (MMcf)	Net (MMcf)
Proved						
Developed Producing	983.6	914.2	20.1	17.7	219,071.8	201,097.8
Developed Non-Producing	0.6	0.5	12.8	11.0	1,492.9	1,336.7
Undeveloped	606.2	564.7	-	-	7,053.6	6,588.7
Total Proved	**1,590.4**	**1,479.4**	**32.9**	**28.7**	**227,618.3**	**209,023.2**
Probable	878.4	765.0	6.5	5.5	53,556.6	49,417.7
Total Proved plus Probable	**2,468.8**	**2,244.5**	**39.3**	**34.2**	**281,174.9**	**258,440.9**

	Coal Bed Methane		Natural Gas Liquids		Total Oil Equivalent	
Reserve Category:	Gross (MMcf)	Net (MMcf)	Gross (MBbl)	Net (MBbl)	Gross (MBoe)	Net (MBoe)
Proved						
Developed Producing	18,530.3	16,997.4	3,106.9	2,342.2	43,710.8	39,623.3
Developed Non-Producing	728.6	685.2	36.6	28.4	420.3	376.9
Undeveloped	-	-	229.4	196.4	2,011.2	1,859.4
Total Proved	**19,258.9**	**17,682.6**	**3,372.8**	**2,567.1**	**46,142.2**	**41,859.6**
Probable	3,075.1	2,821.3	1,295.5	1,080.3	11,619.0	10,557.3
Total Proved plus Probable	**22,334.0**	**20,503.9**	**4,668.3**	**3,647.4**	**57,761.2**	**52,416.9**

FUTURE NET REVENUE
AS OF DECEMBER 31, 2019
FORECAST PRICES AND COSTS

Net Present Values of Future Net Revenue [(1)]

Before and After Income Taxes

($ millions)	Discounted at (% per year)					Unit Value Before Tax @10% [(2)]
Reserve Category:	0%	5%	10%	15%	20%	$/Boe
Proved						
Developed Producing	(135,997.7)	21,001.3	61,959.6	70,912.1	69,978.9	1.56
Developed Non-Producing	3,598.5	2,856.4	2,327.9	1,937.6	1,640.5	6.18
Undeveloped	31,590.8	18,400.5	10,980.5	6,477.6	3,569.9	5.91
Total Proved	**(100,808.4)**	**42,258.2**	**75,268.0**	**79,327.3**	**75,189.3**	**1.80**
Total Probable	125,783.0	77,292.6	51,861.1	37,074.9	27,758.2	4.91
Total Proved plus Probable	**24,974.6**	**119,550.8**	**127,129.1**	**116,402.2**	**102,947.5**	**2.43**

[(1)] Net of abandonment and reclamation costs.
[(2)] The unit values are based on net reserve volumes.

TOTAL FUTURE NET REVENUE
(UNDISCOUNTED)
AS OF DECEMBER 31, 2019
FORECAST PRICES AND COSTS

($ millions)	Revenue [(1)]	Royalties [(2)]	Operating Costs	Development Costs	Abandonment and Reclamation Costs	Future Net Revenue Before Income Taxes	Income Taxes	Future Net Revenue After Income Taxes
Proved	1,050,008	59,997	692,874	52,883	345,062	(100,809)	-	(100,809)
Proved plus Probable	1,387,003	82,928	851,600	81,086	346,414	24,975	-	24,975

(1) Includes all product revenues and other revenues as forecast.
(2) Royalties include any net profits interests paid, as well as the Saskatchewan Corporation Capital Tax Surcharge.

NET PRESENT VALUE OF FUTURE NET REVENUE
BY PRODUCT TYPE
AS OF DECEMBER 31, 2019
FORECAST PRICES AND COSTS

($ millions)		Future Net Revenue Before Income Taxes (Discounted at 10% per year)	Unit Value Before Income Taxes (Discounted at 10% per year)
Reserve Category:	Product	(M$)	$/Boe
Proved	Light and Medium Crude Oil Combined[(1)]	33,344	26.14
	Heavy Oil [(1)]	663	23.08
	Conventional Natural Gas [(2)]	33,538	0.17
	Coal Bed Methane[(2)]	7,723	0.44
	Total	**75,268**	
Proved plus Probable	Light and Medium Crude Oil Combined [(1)]	49,429	26.39
	Heavy Oil [(1)]	769	22.47
	Conventional Natural Gas [(2)]	67,779	0.27
	Coal Bed Methane[(2)]	9,152	0.45
	Total	**127,129**	

(1) Including solution gas and by-products.
(2) Including by-products.

PART 3 – PRICING ASSUMPTIONS

SUMMARY OF PRICING AND INFLATION RATE ASSUMPTIONS
AS OF DECEMBER 31, 2019
FORECAST PRICES AND COSTS

McDaniel has used a three consultant (McDaniel & Associates Consultants Ltd., GLJ Petroleum Consultants Ltd. and Sproule Associates Limited) average price forecast in the preparation of the Pine Cliff Reserve Report:

	WTI Crude Oil	Edmonton Light Crude Oil	Edmonton Cond & Natural Gasolines	Edmonton Ethane	Edmonton Propane	Edmonton Butanes	Alberta AECO Spot Price	$C to $US Exchange Rate
	$US/Bbl	$C/Bbl	$/Bbl	$/Bbl	$/Bbl	$/Bbl	$C/MMBtu	
2020	61.00	72.64	76.83	6.42	26.36	42.10	2.04	0.760
2020	63.75	76.06	79.82	7.41	29.80	47.03	2.32	0.770
2021	66.18	78.35	82.30	8.33	32.94	50.66	2.62	0.785
2022	67.91	80.71	84.72	8.65	34.00	52.21	2.71	0.785
2023	69.48	82.64	86.71	8.98	34.88	53.48	2.81	0.785
2024	71.07	84.60	88.73	9.24	35.78	54.77	2.89	0.785
2025	72.68	86.57	90.77	9.46	36.69	56.07	2.96	0.785
2026	74.24	88.49	92.76	9.67	37.57	57.32	3.03	0.785
2027	75.73	90.31	94.65	9.89	38.41	58.50	3.09	0.785
2028	77.24	92.17	96.57	10.12	39.26	59.71	3.16	0.785
2029	78.79	94.01	98.50	10.33	40.04	60.90	3.23	0.785
2030	80.36	95.89	100.47	10.53	40.85	62.12	3.29	0.785
2031	81.97	97.81	102.48	10.74	41.66	63.36	3.36	0.785
2032	83.61	99.76	104.53	10.96	42.50	64.63	3.43	0.785
2034	85.28	101.76	106.62	11.18	43.35	65.92	3.49	0.785
Thereafter	+2%/year	+2%/year	+2%/year	+2%/year	+2%/year	+2%/year	+2%/year	0.785

- Pine Cliff's weighted average realized sale price for the year ended December 31, 2019 was $61.32 per Bbl for crude oil, $31.92 per Bbl for NGLs and $2.15 per Mcf ($2.05 per MMBtu) for natural gas.

PART 4 – RECONCILIATION OF CHANGES IN RESERVES

RECONCILIATION OF PINE CLIFF'S GROSS RESERVES
(BEFORE ROYALTY) BY PRINCIPAL PRODUCT TYPE
AS OF DECEMBER 31, 2019
FORECAST PRICES AND COSTS

	Light and Medium Crude Oil Combined			Heavy Oil			Conventional Natural Gas		
	Proved (MBbl)	Probable (MBbl)	Proved Plus Probable (MBbl)	Proved (MBbl)	Probable (MBbl)	Proved Plus Probable (MBbl)	Proved (MMcf)	Probable (MMcf)	Proved Plus Probable (MMcf)
December 31, 2018	**706.2**	**305.9**	**1,012.1**	**58.2**	**14.4**	**72.6**	**246,758.0**	**68,530.8**	**315,288.8**
Extension and Improved Recovery	3.8	6.4	10.2	-	-	-	177.1	289.9	467.0
Technical Revisions	474.1	35.3	509.4	(20.4)	(7.7)	(28.1)	28,216.4	(2,531.7)	25,684.7
Acquisitions	821.0	532.1	1,353.1	-	-	-	17,551.1	5,607.4	23,158.5
Economic Factors	(12.2)	(1.3)	(13.5)	(0.8)	(0.3)	(1.1)	(28,829.4)	(18,339.9)	(47,169.3)
Total Changes	1,286.7	572.5	1,859.2	(21.2)	(8.0)	(29.2)	17,115.2	(14,974.3)	2,140.9
Production	(402.7)	-	(402.7)	(4.1)	-	(4.1)	(36,254.9)	-	(36,254.9)
December 31, 2019	**1,590.2**	**878.4**	**2,468.6**	**32.9**	**6.4**	**39.3**	**227,618.3**	**53,556.5**	**281,174.8**

	Coal Bed Methane			Natural Gas Liquids			Oil Equivalent		
	Proved (MMcf)	Probable (MMcf)	Proved Plus Probable (MMcf)	Proved (MBbl)	Probable (MBbl)	Proved Plus Probable (MBbl)	Proved (MBoe)	Probable (MBoe)	Proved Plus Probable (MBoe)
December 31, 2018	**19,974.1**	**3,256.3**	**23,230.4**	**3,056.4**	**1,018.3**	**4,074.7**	**48,276.1**	**13,303.1**	**61,579.2**
Extension and Improved Recovery	-	-	-	12.2	20.0	32.2	45.6	74.6	120.2
Technical Revisions	(1,536.6)	(678.1)	(2,214.7)	(44.8)	81.7	36.9	4,855.9	(425.7)	4,430.2
Acquisitions	4,723.4	819.1	5,542.5	626.7	201.7	828.4	5,160.0	1,805.0	6,965.0
Economic Factors	(1,569.4)	(322.2)	(1,891.6)	(129.1)	(26.2)	(155.3)	(5,208.6)	(3,138.1)	(8,346.7)
Total Changes	1,617.4	(181.2)	1,436.2	465.0	277.2	742.2	4,852.9	(1,684.2)	3,168.7
Production	(2,332.6)	-	(2,332.6)	(148.6)	-	(148.6)	(6,986.7)	-	(6,986.7)
December 31, 2019	**19,258.9**	**3,075.1**	**22,334.0**	**3,372.8**	**1,295.5**	**4,668.3**	**46,142.2**	**11,618.9**	**57,761.2**

PART 5 – ADDITIONAL INFORMATION RELATED TO RESERVE DATA

Undeveloped Reserves

Undeveloped reserves were attributed in accordance with the standards and procedures in the COGE Handbook. The following chart shows the Company's gross reserves, first attributed by year.

	Light and Medium Crude Oil Combined(MBbl)		Heavy Oil (MBbl)		Conventional Natural Gas (MMcf)		Coal Bed Methane (MMcf)	
	First Attributed	Total at Year End	First Attributed	Total at Year End	First Attributed	Total at Year End	First Attributed	Total at Year End
Proved Undeveloped Reserves								
Prior	-	26.2	-	-	169.8	4,731.8	-	-
2017	-	4.5	27.1	27.1	2,364.0	5,054.3	-	-
2018	180.1	185.8	-	-	823.9	5,223.4	-	-
2019	409.3	606.2	-	-	1,614.7	7,053.6	-	-
Probable Undeveloped Reserves								
Prior	23.5	129.0	-	-	1,856.9	22,160.6	-	10,406.2
2017	22.0	115.6	6.6	6.6	1,092.5	24,331.3	-	10,984.6
2018	98.9	192.7	-	-	1,317.4	24,764.4	-	-
2019	455.5	649.1	-	-	2,823.3	14,174.2	-	-

	Natural Gas Liquids (MBbl)		MBoe (MBbl)	
	First Attributed	Total at Year End	First Attributed	Total at Year End
Proved Undeveloped Reserves				
Prior	1.4	287.4	29.7	1,102.2
2017	103.8	152.7	524.9	1,026.7
2018	35.9	174.0	353.3	1,230.4
2019	64.7	229.4	743.1	2,011.1
Probable Undeveloped Reserves				
Prior	46.9	343.1	379.9	5,899.9
2017	47.5	562.4	258.2	6,570.6
2018	57.1	490.2	375.6	4,810.3
2019	112.5	671.5	1,038.6	3,683.1

Proved undeveloped reserves comprise approximately 4.8% of Pine Cliff's total proved reserves on a Boe basis. Proved undeveloped reserves of 2,011.2MBoe were assigned by McDaniel in accordance with NI 51-101. In general, proved undeveloped reserves were assigned to certain properties as a result of Pine Cliff's capital program. Pine Cliff plans to convert the proved undeveloped reserves to proved developed producing reserves over the next three years through future capital spending.

Probable undeveloped reserves were assigned by McDaniel in accordance with NI 51-101 requirements and standards. Pine Cliff's probable undeveloped reserves amount to 3,683.1 MBoe and represent about 64.7% of the total proved plus probable undeveloped reserves. Probable undeveloped reserves are assigned for similar reasons and generally to the same properties as proved undeveloped reserves, but also meet the requirements of the reserve classification to which they belong. Probable undeveloped reserves are those reserves that are less certain to be recovered than proved reserves and are expected to be recovered from known accumulations. Pine Cliff plans to convert the probable undeveloped reserves to proved developed producing reserves over the next five years as a result of historical and future capital spending.

Significant Factors or Uncertainties

The process of estimating reserves is complex. It requires significant judgments and decisions based on available geological, geophysical, engineering or economic data. These estimates may change substantially as additional data from ongoing development activities and production performance become available and as economic conditions impacting oil and gas prices and costs change. The reserve estimates contained herein are based on forecast prices, production forecasts, prices and economic conditions.

As circumstances change and additional data becomes available, reserve estimates also change. Estimates made are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required due to changes in well performance, prices, economic conditions and governmental restrictions.

Although every reasonable effort is made to ensure that reserve estimates are accurate, reserve estimation is an inferential science. As a result, the subjective decisions, new geological or production information and a changing environment may impact these estimates. Revisions to reserve estimates can arise from changes in year-end oil and gas prices, and reservoir performance. Such revisions can either be positive or negative.

Future Development Costs

The following table outlines development costs deducted in the Pine Cliff Reserve Report in the estimation of future net revenue attributable to proved reserves and proved plus probable reserves, in each instance using forecast prices and costs.

(M$)	Total Proved	Total Proved plus Probable
2020	13,648	14,623
2021	14,753	16,245
2022	6,567	17,742
2023	6,607	16,428
2024	3,476	6,099
Remainder	7,832	9,949
Total for all years undiscounted	52,883	81,086
Total for all years discounted at 10% per year	42,519	63,646

Undeveloped Locations

Undeveloped locations consist of drilling and recompletion locations booked in the Pine Cliff Reserve Report and unbooked drilling and recompletion locations. Booked locations are proposed proved and probable locations identified in the Pine Cliff Reserve Report. Unbooked drilling and recompletion locations are internal estimates based on an evaluation of geology, volumetrics and analogs evaluation of geologic, reserves and spacing based on industry practice. As outlined in the following table, Pine Cliff has identified 117 gross (68.6 net) undeveloped locations of which 15 gross (8.8 net) are proved drilling locations, 22 gross (8.1 net) are probable drilling locations, and 80 gross (51.7 net) are unbooked drilling and recompletion locations.

	Unbooked Locations		Booked Locations		Total Locations	
	Gross	Net	Gross	Net	Gross	Net
Carrot Creek Ellerslie	14	4.0	6	1.6	20	5.6
Carrot Creek Ostracod	-	-	1	0.4	1	0.4
Carrot Creek Rock Creek	-	-	3	1.1	3	1.1
Ghost Pine Basal Quartz Gas	4	3.4	-	-	4	3.4
Ghost Pine Basal Quartz Oil	10	8.4	1	1.0	11	9.4
Ghost Pine Pekisko Oil	21	19.0	9	9.0	30	28.0
Ghost Pine Sparky Gas	6	5.6	-	-	6	5.6
Pine Creek Bluesky	-	-	6	2.2	6	2.2
Pine Creek/McLeod Ellerslie	17	3.3	4	0.5	21	3.8
Sundance Wilrich	-	-	7	1.2	7	1.1
Three Hills Pekisko Oil	8	8.0	-	-	8	8.0
Total	**80**	**51.7**	**37**	**17.0**	**117**	**68.6**

There is no guarantee that Pine Cliff will drill any or all of the undrilled locations and there is no certainty that the drilling of these locations will result in additional reserves or production or achieve expected rates of return. Pine Cliff's drilling activity depends on availability of capital, regulatory approvals, commodity prices, drilling costs and other factors. As such, Pine Cliff's actual drilling activities may materially differ from those presently identified, which could adversely affect Pine Cliff's business.

Pine Cliff estimates that its internally generated cash flow will be sufficient to fund the future development costs disclosed above. Pine Cliff typically has available three sources of funding to finance its capital expenditure program: internally generated cash flow from operating activities; debt financing when appropriate; and new equity issues, if available on favorable terms.

PART 6 – OTHER OIL AND GAS INFORMATION

Well Count

The wells in which Pine Cliff had an interest in as at December 31, 2019 are set out in the following table:

	Oil Wells		Gas Wells		Total Wells	
	Gross	Net	Gross	Net	Gross	Net
Producing wells						
Alberta	249	157	6,235	4,413	6,484	4,570
Saskatchewan	0	0	1,459	1,398	1,459	1,398
Total producing	**249**	**157**	**7,694**	**5,811**	**7,943**	**5,968**
Non-producing wells						
Alberta	144	70	956	687	1,100	757
Saskatchewan	0	0	272	239	272	239
Total non-producing	144	70	1,228	926	1,372	996
Total	**393**	**227**	**8,922**	**6,737**	**9,315**	**6,964**

Additionally, the Company has 857 gross (631.1 net) wells in the Province of Alberta and 18 gross (15.9 net) wells in the Province of Saskatchewan that are abandoned and not yet reclaimed.

Marketing and Forward Contracts

The Corporation currently sells its natural gas at the AECO, Dawn, Empress and TEP trading points. The Corporation has used fixed price, daily and monthly physical sales contracts to manage the risks related to fluctuating commodity prices and may continue to use these and various types of derivative financial instruments in the future. For details of the Company's physical sales contracts, please refer to Note 7 – Risk Management of the Company's audited annual financial statements for the year ended December 31, 2019.

Abandonment and Reclamation Costs

In connection with its operations, the Company will incur abandonment and reclamation costs for surface leases, wells, facilities and pipelines. The Company budgets for and recognizes as a liability the estimated present value of the future decommissioning liabilities associated with its property, plant and equipment. The Company estimates such costs through a model that incorporates data from the Company's operating history, industry sources and cost formulas used by Alberta Energy Regulator, together with other operating assumptions. The Company expects all of its net wells to incur these costs.

Pine Cliff has included abandonment, decommissioning and reclamation costs ("**ADR**") for inactive wells and has also included inactive well operating costs ("**IWC**") in order to provide greater transparency and accuracy of current values and future cash flows. The change from prior year was based on new guidelines added to the Canadian Oil and Gas Handbook ("COGEH") in 2019, which recommends including ADR and IWC as best practices.

(M$)	Total Proved	Total Proved Plus Probable
2020	2,000	2,000
2021	2,000	2,000
2022	2,033	2,033
2023	2,074	2,074
2024	2,116	2,116
Remainder	334,839	336,191
Total for all years, inflated but undiscounted	345,062	346,414
Total for all years, inflated and discounted at 10% per year	69,444	69,470

Tax Horizon

Pine Cliff does not expect to pay income tax in the 2020 fiscal year. Depending on production, commodity prices and capital spending levels, Pine Cliff does not expect to pay cash income taxes in the foreseeable future.

The Company has the following tax pools, which may be used to reduce taxable income in future years, limited to the applicable rates of utilization:

(M$)	Rate of Utilization (%)	2019
Undepreciated capital costs	4 - 100	30,847
Canadian oil and gas property expenditures	10	214,339
Canadian development expenditures	30	10,099
Canadian exploration expenditures	100	167
Share issue costs	20	668
Non-capital losses carried forward(1)	100	138,673
Capital losses carried forward(2)		5,462
Total		400,255

[1] Non-capital losses expire between the years 2030 and 2038.
[2] The capital losses carried forward can only be claimed against taxable capital gains.

Capital Expenditures Incurred

The following table summarizes petroleum and natural gas capital expenditures incurred by the Company on acquisitions, dispositions, land, seismic, exploration and development drilling and production facilities for the year ended December 31, 2019:

(M$)	
Property acquisition costs – proved	8,801
Property disposition proceeds – proved	(1,542)
Exploration	398
Development	7,981
Net oil and natural gas capital expenditures	15,638

Exploration and Development Activities

The following table summarizes Pine Cliff's gross and net drilling activity and success in the year ended December 31, 2019:

	Development		**Exploratory**		**Total**	
	Gross	Net	Gross	Net	Gross	Net
Oil	2	2.0	-	-	2	2.0
Gas	-	-	-	-	-	-
Dry Holes	-	-	-	-	-	-
Total	2	2.0	-	-	2	2.0
Success Rate	100%	100%	0%	0%	100%	100%

In 2019, Pine Cliff drilled two gross (2.0 net) Pekisko oil wells in the Central Alberta Assets that were both successful. Pine Cliff's development drilling activities in 2020 are expected to be focused on oil drilling and recompletions in the Central Alberta Assets and oil and liquids drilling in the Edson Assets.

Production Estimates

The following table summarizes the estimated 2020 production reflected in the estimates of future net revenue disclosed under Part 2 in the Pine Cliff Reserve Report:

	Gross Daily Production Total
Total Proved	
Light, Medium and Heavy Oil Combined (Bbl/d)	622.5
Natural Gas (Boe/d)	17.503.8
Natural Gas Liquids (Bbl/d)	1,128.9
Total (Boe/d)	19,255.2
Total Proved plus Probable	
Light, Medium and Heavy Oil Combined (Bbl/d)	662.0
Natural Gas (Boe/d)	17,719.5
Natural Gas Liquids (Bbl/d)	1,159.0
Total (Boe/d)	19,540.6

Production History

	Quarter ended March 31, 2019	Quarter ended June 30, 2019	Quarter ended September 30, 2019	Quarter ended December 31, 2019	Year ended December 31, 2019
Average daily production					
Natural gas volumes (Mcf/d)	104,186	105,965	104,488	108,208	105,725
NGLs (Bbl/d)	981	1,063	1,195	1,216	1,114
Light, Medium and Heavy oil (Bbl/d)	396	399	423	410	407
Combined (BOE/d)	**18,741**	**19,123**	**19,033**	**19,661**	**19,142**
Light, Medium and Heavy oil netbacks ($/Bbl)					
Average sales price	58.89	65.16	61.33	59.91	61.32
Royalty expense	(3.50)	(5.07)	(3.72)	(4.31)	(4.15)
Operating expenses	(9.91)	(9.80)	(9.39)	(9.67)	(9.69)
Operating netback	45.48	50.29	48.22	45.93	47.48
Natural Gas netbacks ($/Mcf)					
Average sales price	2.84	1.69	1.55	2.53	2.15
Royalty expense	(0.07)	0.10	0.09	(0.05)	0.02
Transportation expenses	(1.84)	(1.72)	(1.65)	(1.53)	(1.68)
Operating expenses	(1.75)	(1.70)	(1.75)	(1.69)	(1.72)
Operating netback	(0.82)	(1.63)	(1.76)	(0.74)	(1.23)
NGLs netbacks ($/Bbl)					
Average sales price	37.64	29.74	25.75	35.36	31.92
Royalty expense	(10.94)	(12.21)	(12.31)	(19.35)	(13.92)
Operating expenses	(10.00)	(11.05)	(9.97)	(9.78)	(10.18)
Operating netback	16.70	6.48	3.47	6.23	7.82
Combined netbacks ($/Boe)					
Average sales price	19.01	12.35	11.48	17.33	15.03
Royalty expense	(1.02)	(0.22)	(0.36)	(1.56)	(0.80)
Transportation expenses	(1.84)	(1.72)	(1.65)	(1.53)	(1.68)
Operating expenses	(10.47)	(10.23)	(10.44)	(10.08)	(10.30)
Operating netback	**5.68**	**0.18**	**(0.97)**	**4.16**	**2.25**

The following table provides a summary of the average production volumes from Pine Cliff's main producing areas:

	Quarter ended March 31, 2019	Quarter ended June 30, 2019	Quarter ended September 30, 2019	Quarter ended December 31, 2019	Year ended December 31, 2019
Light, Medium and Heavy Crude Oil (Bbl/d)					
Central Alberta Assets	329	332	359	350	342
Southern Assets	4	5	5	6	5
Edson Assets	63	62	59	54	60
Total	**396**	**399**	**423**	**410**	**407**
Natural Gas (Mcf/d)					
Central Alberta Assets	8,120	8,321	8,624	8,891	8,492
Southern Assets	7,862	8,064	7,582	7,887	7,848
Edson Assets	1,382	1,276	1,209	1,257	1,281
Total	**17,364**	**17,661**	**17,415**	**18,035**	**17,621**
Natural Gas Liquids (Bbl/d)					
Central Alberta Assets	531	641	762	780	679
Southern Assets	6	2	2	5	4
Edson Assets	444	420	431	431	431
Total	**981**	**1,063**	**1,195**	**1,216**	**1,114**
Total (Boe/d)					
Central Alberta Assets	8,980	9,294	9,745	10,021	9,513
Southern Assets	7,872	8,071	7,589	7,898	7,857
Edson Assets	1,889	1,758	1,699	1,742	1,772
Total	**18,741**	**19,123**	**19,033**	**19,661**	**19,142**

Lease Holdings

Pine Cliff's December 31, 2019 holdings of petroleum and natural gas leases and rights are as follows:

	Developed Acres		Undeveloped Acres		Total	
	Gross	Net	Gross	Net	Gross	Net
Area:						
Viking	633,345	540,276	94,854	63,409	728,199	603,685
Ghost Pine	375,759	297,004	37,305	29,431	413,064	326,435
Pendor/Black Butte	311,300	295,413	10,720	8,925	322,020	304,338
Many Islands/Long Valley	226,878	218,141	4,519	4,279	231,397	222,420
Hatton	127,668	115,808	82,212	20,235	209,880	136,044
Tilley/Monogram	173,318	63,415	-	-	173,318	63,415
Edson	88,480	41,122	27,840	7,514	116,320	48,636
Eagle Butte	51,443	50,901	1,922	1,922	53,365	52,823
Wymark/Vidora	43,537	39,147	2,240	2,240	45,777	41,387
Other	93,924	85,512	6,714	5,775	100,638	91,287
Total	2,125,651	1,746,742	268,327	143,730	2,393,978	1,890,472

There are no attributed reserves assigned to 45,577 gross (41,387 net) acres in the Wymark/Vidora area. The Company has interests in 3,520 gross (3,548 net) acres that will expire within one year.

MINING ASSETS

Through its non-material wholly-owned subsidiary, Geomark, Pine Cliff holds mining assets, including certain mineral leases and claims located in Ontario, the Northwest Territories, Nunavut and Utah. None of the mineral leases and claims are presently material to Pine Cliff from an accounting or securities perspective. The Company does not plan to incur any capital expenditures on the properties in 2020.

INDUSTRY CONDITIONS

Competition

The oil and natural gas industry is competitive in all the respective phases. Pine Cliff competes with numerous other participants in the search acquisition and exploitation of, oil and natural gas properties and in the production and marketing of oil and natural gas. Pine Cliff's competitors include resource companies which have greater financial resources, staff and facilities than those of Pine Cliff which could give them a competitive advantage. Competitive factors in the distribution and marketing of oil and natural gas include price, and methods and reliability of delivery. Pine Cliff believes that its competitive position is equivalent to that of companies of similar size and at a similar stage of development. See "*Risk Factors*".

Seasonality

The exploration for, and development of, oil and natural gas reserves is dependent on access to areas where production is to be conducted. Seasonal weather variations, including freeze-up and break-up, affect access and operational efficiencies in certain circumstances. See "*Risk Factors*".

Environmental Regulation

The oil and natural gas industry is currently subject to environmental regulations pursuant to a variety of municipal, provincial and federal legislation. Compliance with such legislation can require significant expenditures or result in operational restrictions. Breach of such requirements may result in suspension or revocation of necessary licenses and authorizations, civil liability for pollution damage and the imposition of material fines and penalties, all of which might have a significant negative impact on earnings and overall competitiveness. See "*Risk Factors*".

Personnel

As at December 31, 2019, Pine Cliff had 32 full-time employees at its head office and 54 full-time employees in the field. Pine Cliff has also entered into various contracting and consulting agreements with individuals to assist in the conduct of its business.

Specialized Skills and Knowledge

Pine Cliff believes that its success is dependent on the performance of its management and key employees, all of whom have specialized knowledge and skills relating to oil and natural gas operations. Pine Cliff believes it has, or will be able to attract, adequate personnel with the specialized skills required to successfully carry out its operations but the failure to attract or retain such personnel could have a material adverse impact on its business. See "*Risk Factors*".

Bankruptcies and Reorganizations

There has not been any bankruptcy, receivership or similar proceedings against Pine Cliff or any of its subsidiaries, or any voluntary bankruptcy, receivership or similar proceedings by Pine Cliff or any of its subsidiaries, within the three most recently completed financial years or during or proposed for the current financial year. There has not been any material reorganization of Pine Cliff as a whole or any of its subsidiaries within the three most recently completed financial years or completed during or proposed for the current financial year.

RISK FACTORS

The following is a summary of certain risk factors relating to the business of Pine Cliff. The following information is only a summary of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Annual Information Form. Shareholders and potential Shareholders should consider carefully the information contained herein and, in particular, the following risk factors. If any of these risks occur, Pine Cliff's production, revenues and financial conditions could be materially harmed, with a resulting decrease in the market price of the Common Shares.

Risks Related to the Oil and Natural Gas Industry

Operational Risks

Oil and natural gas development and exploration operations are subject to all the risks and hazards typically associated with such operations, including hazards such as fire, explosion, blowouts, cratering and hydrocarbon spills, each of which could result in substantial damage to oil and natural gas wells, producing facilities, other property and the environment or in personal injury. In accordance with industry practice, Pine Cliff is not fully insured against all of these risks, nor are all such risks insurable. Although Pine Cliff maintains liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities could exceed policy limits, in which event Pine Cliff could incur significant costs that could have a material adverse effect upon its financial condition. Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including premature decline of reservoirs and the invasion of water into producing formations that could impede or prohibit hydrocarbon production.

Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment and skilled personnel in the particular areas where such activities will be conducted. Demand for such qualified personnel, limited equipment and skilled personnel or access restrictions may affect the availability of such equipment to Pine Cliff and may delay exploration and development activities.

To the extent Pine Cliff will not be the operator of its oil and gas properties, Pine Cliff will be dependent on such operators for the timing of activities related to such properties and will be largely unable to direct or control the activities of the operators. Payments from production generally flow through the operator and there is a risk of delay and additional expense in receiving such revenues if the operator becomes insolvent.

In addition, the success of Pine Cliff will be largely dependent upon the performance of its management and key employees. Pine Cliff does not currently have any key person insurance policies and, therefore, there is a risk that the death or departure of any member of management or any key employee could have a material adverse effect on Pine Cliff.

Pine Cliff's ability to market oil and natural gas from its wells also depends upon numerous other factors beyond its control, including, among other things, the availability of natural gas processing and storage capacity, the availability of pipeline capacity, the price of oilfield services and the effects of inclement weather. Because of these factors, Pine Cliff may be unable to market some or all of the oil, natural gas and NGLs it produces or to obtain favourable prices for such production.

A small portion of Pine Cliff's natural gas is directly exported from Canada to the United States and is subject to regulation by the CER. The current natural gas export permit ends on January 31, 2021 and if not renewed, Pine Cliff may be unable to find an alternative market for this portion of its natural gas production.

Weakness in the Oil and Gas Industry

Recent market events and conditions, including an excess in global oil and natural gas supply, recent actions taken by the Organization of the Petroleum Exporting Countries ("**OPEC**"), slowing growth in China and other emerging economies, market volatility and disruptions in Asia, sovereign debt levels and political instability in various countries, protectionist trade practices, and increased oil and natural gas production from competing markets, have caused significant weakness and volatility in commodity prices. These events and conditions have caused a significant decrease in the valuation of oil and gas companies. These difficulties have been exacerbated in North America by political and regulatory developments at a federal level in both Canada and the United States and, in the case of the Provinces of Alberta and Saskatchewan, the provincial and municipal level, and the resultant uncertainty surrounding regulatory, tax and royalty changes that may be implemented in the future. In addition, the inability to get the necessary approvals to build pipelines and other facilities to provide better access to markets for the oil and gas industry in Western Canada has led to additional uncertainty and a decrease in the price of oil, natural gas and NGLs produced in Western Canada.

Additionally, lower commodity prices have reduced, and may continue to reduce, Pine Cliff's cash flow which could result in a reduced capital expenditure budget and, as a result, Pine Cliff may not be able to replace its production with additional reserves and both the Company production and reserves could be reduced.

Given the current market conditions, Pine Cliff may have difficulty raising additional funds in the future or if it is able to do so, it may be on unfavourable or highly dilutive terms.

Reserve Estimates

There are numerous uncertainties inherent in estimating quantities of reserves and potential cash flows to be derived therefrom, including many factors beyond the control of Pine Cliff. The reserve and cash flow information set forth in this Annual Information Form represent estimates only. These evaluations include a number of assumptions relating to factors such as initial production rates, production decline rates, ultimate recovery of reserves, timing and amount of capital expenditures, marketability of production, future prices of oil and natural gas, operating costs and royalties and other government levies that may be imposed over the producing life of the reserves. These assumptions were based on price forecasts in use at the date the relevant evaluations were prepared and many of these assumptions are subject to change and are beyond the control of Pine Cliff. Actual production and cash flows derived therefrom will vary from these evaluations, and such variations could be material. These evaluations are based in part on the assumed success of exploitation activities intended to be undertaken in future years. The reserves and estimated cash flows to be derived therefrom contained in such evaluations will be reduced to the extent that such exploitation activities do not achieve the level of success assumed in the evaluations.

Reserve Replacement

Pine Cliff's future oil and natural gas production and cash flows are dependent on successfully acquiring or discovering new reserves. Without the continual addition of new reserves, any existing reserves and production will decline over time as such existing reserves are exploited. A future increase in reserves will depend not only on Pine Cliff's ability to develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. There can be no assurance that Pine Cliff's future exploration and development efforts will result in the discovery and development of additional commercial accumulations of oil and natural gas. The Common Shares may decrease in value as reserves from Pine Cliff's properties can no longer be economically produced.

Industry Regulation and Competition

There is strong competition relating to all aspects of the oil and natural gas industry. Pine Cliff will actively compete for capital, skilled personnel, undeveloped land, reserve acquisitions, access to drilling rigs, service rigs and other equipment, access to processing facilities, pipeline and refining capacity, and in all other aspects of its operations with a substantial number of other organizations, many of which may have greater technical and financial resources than Pine Cliff. Some of those organizations not only explore for, develop and produce oil and natural gas but also carry on refining operations and market petroleum and other products on a world-wide basis and as such have greater and more diverse resources on which to draw.

The marketability of oil, natural gas and NGLs acquired or discovered will be affected by numerous factors beyond the control of Pine Cliff. These factors include reservoir characteristics, market fluctuations, the proximity and capacity of oil and natural gas pipelines and processing equipment and government regulation. Oil and natural gas operations (exploration, production, pricing, marketing and transportation) are subject to extensive controls and regulations imposed by various levels of government which may be amended from time to time. Pine Cliff's oil and natural gas operations are also subject to compliance with federal, provincial and local laws and regulations controlling the discharge of materials into the environment or otherwise relating to the protection of the environment.

Royalty Regimes

Pine Cliff's cash flows may be directly affected by changes to royalty regimes. The governments of the Provinces of Alberta and Saskatchewan receive royalties on the production of hydrocarbons from lands in which they respectively own the mineral rights. Government regulation of Crown royalties is subject to change for a number of reasons, including, among other things, political factors. Royalties are typically calculated based on benchmark prices, productivity per well, location, date of discovery, recovery method, well depth and the nature and quality of petroleum product produced. There is also a mineral tax in each province levied on hydrocarbon production from lands in which the Crown does not own the mineral rights. The potential for changes in the royalty and mineral tax regimes applicable in the provinces in which Pine Cliff operates creates uncertainty relating to the ability to accurately estimate future Crown burdens.

Alberta - Royalties

In terms of oil or natural gas production from Crown lands, royalties are payable to the Province of Alberta. In respect of freehold lands, royalties are payable to the mineral owner and taxes are payable to the Province of Alberta. The Government of Alberta's approach to the royalty and tax regime is regularly reviewed for compliance with the purpose of the regimes; to ensure that Albertans are receiving a fair share from energy development through royalties, taxes and fees.

On January 29, 2016, the Government of Alberta released and accepted the Royalty Review Advisory Panel's recommendations, which outlined the implementation of Modernized Royalty Framework for Alberta ("**MRF**"). The MRF formally took effect on January 1, 2017 for new wells drilled after this date. The previous royalty framework (the "**Old Framework**") will continue to apply to wells drilled prior to January 1, 2017 for a period of ten years ending on December 31, 2026. After the expiry of this ten-year period, these older wells will become subject to the Modernized Framework. On July 12, 2016, the Government of Alberta announced that producers could apply for early adoption of the MRF in respect of wells spud between July 13, 2016 and December 31, 2016.

The MRF applies to all hydrocarbons other than oil sands which will remain subject to their existing royalty regime. Royalties on production from non-oil sands wells under the MRF is determined on a "revenue-minus-costs" basis with the cost component based on a drilling and completion cost allowance formula for each well, depending on its vertical depth and horizontal length. The formula is based on the industry's average drilling and completion costs as determined by the Alberta Energy Regulator ("AER") on an annual basis.

Producers pay a flat royalty rate of five percent of gross revenue from each well that is subject to the MRF until the well reaches payout. Payout for a well is the point at which cumulative gross revenues from the well equals the Drilling and Completion Cost Allowance for the well set by the AER. After payout, producers pay an increased post-payout royalty on revenues determined by reference to the then current commodity prices of the various hydrocarbons. Similar to the Old Framework, the post-payout royalty rate under the MRF varies with commodity prices. Once production in a mature well drops below a threshold level where the rate of production is too low to sustain the full royalty burden, its royalty rate is adjusted downward as the mature well's production declines.

As the MRF uses deemed drilling and completion costs in calculating the royalty and not the actual drilling and completion costs incurred by a producer, low cost producers benefit if their well costs are lower than the drilling and completion cost allowance and, accordingly, they continue to pay the lower 5% royalty rate for a period of time after their wells achieve actual payout.

The Old Framework is applicable to all conventional oil and natural gas wells drilled prior to January 1, 2017 and bitumen production. Subject to certain available incentives, effective from the January 2011 production month, royalty rates for conventional oil production under the Old Framework range from a base rate of 0% to a cap of 40%. The Old Framework also includes a natural gas royalty formula which provides for a reduction based on the measured depth of the well below 2,000 metres deep, as well as the acid gas content of the produced gas. Subject to certain available incentives, effective from the January 2011 production month royalty rates for natural gas production under the Old Framework range from a base rate of 5% to a cap of 36%. Under the Old Framework, the royalty rate applicable to natural gas liquids is a flat rate of 40% for pentanes and 30% for butanes and propane.

Saskatchewan - Royalties

The amount payable as a royalty with respect to oil depends on the type and vintage of the oil, the quality of the oil produced in the month and the value of the oil determined monthly by the provincial government. Each month, royalty rates are adjusted based on reference prices established by the Province for each type of oil. There are separate reference prices established for each type of oil (heavy oil, Southwest designated oil, or non-heavy oil other than Southwest designated oil) which represents the average well head price received by producers during the month for sales of that oil type in Saskatchewan.

The government of Saskatchewan has introduced the Oil and Gas Orphan Fund, funded by oil and gas companies to cover the cost of cleaning up abandoned wells and facilities where the owner cannot be located or has gone out of business. The program is composed of a security deposit, based upon a formula considering assets of the well and the facility licensee against the estimated cost of decommissioning the well and facility once it is no longer producing, and an annual levy assessed to each licensee.

Liability Management Rating Programs

Alberta

The Alberta Energy Regulator ("**AER**") administers the licensee Liability Management Rating Program (the "**AB LMR Program**"). The AB LMR Program is a liability management program governing most conventional upstream crude oil and natural gas wells, facilities and pipelines. It consists of three distinct programs: the Licensee Liability Rating Program (the "**AB LLR Program**"), the Oilfield Waste Liability Program (the "**AB OWL Program**") and the Large Facility Liability Management Program (the "**AB LFP**"). At its core, the AER uses the AB LMR Program to aid in determining the ability of licensees to manage the abandonment and reclamation obligations associated with the licensee's assets. If a licensee's deemed liabilities in the AB LLR Program, the AB OWL Program and/or the AB LFP exceed its deemed assets in those programs, the AB LMR Program requires the licensee to provide the AER with a security deposit and may restrict the licensee's ability to transfer licenses. This ratio of a licensee's assets to liabilities across the three programs is referred to as the licensee's liability management rating ("**LMR**"). The AER assesses the LMR of all licensees on a monthly basis and posts the ratings on the AER's public website. Where the AER determines that a security deposit is required, the failure to post any required amounts may result in the initiation of enforcement action by the AER.

Complementing the AB LMR Program, *Alberta's Oil and Gas Conservation Act* ("**ABOGCA**") establishes an orphan fund (the "**Orphan Fund**") to help pay the costs to suspend, abandon, remediate and reclaim a well, facility or pipeline included in the AB LLR Program and the AB OWL Program if a licensee or working interest participant ("**WIP**") becomes insolvent or is unable to meet its obligations. Licensees in the AB LLR Program and AB OWL Program fund the Orphan Fund through a levy administered by the AER. A separate orphan levy applies to persons holding licences subject to the AB LFP. Collectively, these programs are designed to minimize the risk to the Orphan Fund posed by the unfunded liabilities of licensees and to limit the taxpayers of Alberta from incurring costs to suspend, abandon, remediate and reclaim wells, facilities or pipelines.

In *Redwater Energy Corporation (Re)* ("**Redwater**"), the Court of Queen's Bench of Alberta found that there was an operational conflict between the abandonment and reclamation provisions of the ABOGCA, including the AB LLR Program, and the federal Bankruptcy and Insolvency Act (the "**BIA**"). This ruling meant that receivers and trustees of insolvent entities have the right to renounce assets within insolvency proceedings and was affirmed by a majority of the Alberta Court of Appeal. On January 31, 2019, the Supreme Court of Canada overturned the lower courts' decisions, holding that there is no operational conflict between the abandonment and reclamation provisions contained in the ABOGCA, the liability management regime administered by the AER and the federal bankruptcy and insolvency regime. As a result, receivers and trustees can no longer avoid the AER's legislated authority to impose abandonment orders against licensees or to require a licensee to pay a security deposit before approving a transfer when such a licensee is subject to formal insolvency proceedings. This means that insolvent estates can no longer disclaim assets of a bankrupt licensee that have reached the end of their productive lives and represent a liability while dealing with the company's valuable assets for the benefit of the company's creditors without first satisfying abandonment and reclamation obligations.

In response to the lower courts' decisions in Redwater, the AER issued several bulletins and interim rule changes to govern the AER's administration of its licensing and liability management programs pending a final decision from the Supreme Court of Canada. The AER amended its Directive 067: Eligibility Requirements for Acquiring and Holding Energy Licences and Approvals, which deals with licence eligibility to operate wells and facilities, to require the provision of extensive corporate governance and shareholder information, including whether any director and officer was a director or officer of an energy company that has been subject to insolvency proceedings in the last five years. All transfers of well, facility and pipeline licences in the province are subject to AER approval. As a condition of transferring existing AER licences, approvals and permits, all are now assessed on a non-routine basis and the AER now requires all transferees to demonstrate that they have an LMR of 2.0 or higher immediately following the transfer, or to otherwise prove to the satisfaction of the AER that it can meet its abandonment and reclamation obligations. The AER may make further rule changes at any time. While the Supreme Court of Canada's Redwater decision alleviates some of the concerns that the AER's rule changes were intended to address, it is unclear how or if the AER will respond.

The AER has also implemented the Inactive Well Compliance Program (the "**IWCP**") to address the growing inventory of inactive wells in Alberta and to increase the AER's surveillance and compliance efforts under Directive 013: Suspension Requirements for Wells ("**Directive 013**"). The IWCP applies to all inactive wells that are noncompliant with Directive 013 as of April 1, 2015. The objective is to bring all inactive noncompliant wells under the IWCP into compliance with the requirements of Directive 013 within five years. As of April 1, 2015, each licensee is required to bring 20% of its inactive wells into compliance every year, either by reactivating or by suspending the wells in accordance with Directive 013 or by abandoning them in accordance with Directive 020: Well Abandonment. The list of current wells subject to the IWCP is available on the AER's Digital Data Submission system. The AER has announced that from April 1, 2015 to April 1, 2016, the number of noncompliant wells subject to the IWCP fell from 25,792 to 17,470, with 76% of licensees operating in the province having met their annual quota. From April 1, 2016 to April 1, 2017, this number fell from 17,470 to 12,375 noncompliant wells, with 81% of licensees operating in the province having met their annual quota. The IWCP completed its third year on March 31, 2018 but the AER has not yet released its third annual report.

Saskatchewan

The Ministry of the Economy administrates the Licensee Liability Rating Program (the "**SK LLR Program**"). The SK LLR Program is designed to assess and manage the financial risk that a licensee's well and facility abandonment and reclamation liabilities pose to the orphan fund (the "**Oil and Gas Orphan Fund**") established under *Saskatchewan's Oil and Gas Conservation Act* ("**SKOGCA**"). The Oil and Gas Orphan Fund is responsible for carrying out the abandonment and reclamation of wells and facilities contained within the SK LLR Program when a licensee or WIP is defunct or missing. The SK LLR Program requires a licensee whose deemed liabilities exceed its deemed assets (i.e., an LLR of below 1.0) to post a security deposit. The ratio of deemed assets to deemed liabilities is assessed once each month for all licensees of crude oil, natural gas and service wells and upstream crude oil and natural gas facilities. On August 19, 2016, the Ministry of the Economy released a notice to all operators introducing interim measures in response to Redwater. Among other things, the Ministry announced that it considers all license transfer applications non-routine as the Ministry does not strictly rely on the standard LMR calculation in evaluating deposit requirements, and that further changes may be forthcoming.

Volatility of Oil and Gas Prices and Markets

Oil, NGLs and natural gas prices are unstable and are subject to fluctuation. Any material decline in prices will result in a reduction of Pine Cliff's net production revenue. The economics of producing from some wells may change as a result of lower prices, which could result in a reduction in the volumes of Pine Cliff's reserves. Pine Cliff might also elect not to produce from certain wells at lower prices. All of these factors could result in a material decrease in Pine Cliff's net production revenue causing a reduction in its oil and gas acquisition and development activities. From time to time, Pine Cliff may enter into agreements to receive fixed prices on its oil, NGLs or natural gas production to offset the risk of revenue losses if commodity prices decline; however, if commodity prices increase beyond the levels set in such agreements, Pine Cliff would not benefit from such increases.

The marketability and price of oil, NGLs and natural gas that may be acquired or discovered by Pine Cliff are and will continue to be affected by political events throughout the world that cause disruptions in the supply of oil and natural gas. Conflicts, or conversely peaceful developments, arising in certain areas of the world have a significant impact on the price of oil and natural gas. Any particular event could result in a material decline in prices and therefore result in a reduction of Pine Cliff's revenue and consequently the market price of the Common Shares.

Seasonality

The level of activity in the Canadian oil and gas industry is influenced by seasonal weather patterns. Wet weather and spring thaw may make the ground unstable. Consequently, municipalities and provincial transportation departments enforce road bans that restrict the movement of rigs and other heavy equipment during certain times in a year, thereby reducing activity levels. Also, certain oil and gas producing areas are located in areas that are inaccessible other than during the winter months because the ground surrounding the sites in these areas consists of swampy terrain. There can be no assurance that these seasonal factors will not adversely affect the timing and scope of Pine Cliff's exploration and development activities, which could in turn have a material adverse impact on Pine Cliff's business, operations and prospects.

Variations in Foreign Exchange Rates

Pine Cliff's expenses are denominated in Canadian dollars, while the price of oil and natural gas will generally be denominated in United States dollars or impacted by the Canadian dollar to United States dollar exchange rate. As the exchange rate for the Canadian dollar versus the United States dollar increases, Pine Cliff will generally receive fewer Canadian dollars for its production. If the value of the Canadian dollar against the United States dollar increases, the financial results of Pine Cliff may be negatively affected. Pine Cliff's management may initiate certain hedges to mitigate these risks but there are no guarantees that such efforts will result in a better financial position for Pine Cliff than not initiating such hedges. Future fluctuations in foreign exchange rates may impact the future value of Pine Cliff's reserves as determined by independent evaluators.

Environmental Regulations

All phases of the crude oil, natural gas and refining operations are subject to environmental regulation pursuant to a variety of federal, provincial, territorial, and municipal laws and regulations (collectively, "**Environmental Regulations**"). Environmental Regulations require that wells, facility sites, refineries and other properties associated with Pine Cliff's operations be constructed, operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. In addition, certain types of operations, including exploration and development projects and changes to certain existing projects, may require the submission and approval of environmental impact assessments or permit applications. Environmental Regulations imposes, among other things, restrictions, liabilities and obligations in connection with the generation, handling, use, storage, transportation, treatment and disposal of hazardous substances and waste and in connection with spills, releases and emissions of various substances to the environment. It also imposes restrictions, liabilities and obligations in connection with the management of fresh or potable water sources that are being used, or whose use is contemplated, in connection with oil and gas operations. Compliance with Environmental Regulations can require significant expenditures, including expenditures for clean-up costs and damages arising out of contaminated properties and failure to comply with Environmental Regulations may result in the imposition of fines and penalties. Although it is not expected that the costs of complying with Environmental Regulations will have a material adverse effect on Pine Cliff's financial condition or results of operations, no assurance can be made that the costs of complying with Environmental Regulations in the future will not have such an effect. The implementation of new regulations or the modification of existing regulations affecting the crude oil and natural gas industry generally could reduce demand for crude oil and natural gas and increase Pine Cliff's costs.

Regulatory Authorities and Environmental Regulation

The Canadian oil and natural gas industry is currently subject to environmental regulations pursuant to a variety of provincial and federal legislation, all of which is subject to governmental review and revision from time to time. Such legislation provides for restrictions and prohibitions on the release or emission of various substances produced in association with certain oil and gas industry operations, such as sulphur dioxide and nitrous oxide. The regulatory regimes set out the requirements with respect to oilfield waste handling and storage, habitat protection and the satisfactory operation, maintenance, abandonment and reclamation of well, facility and pipeline sites. Compliance with such legislation can require significant expenditures and a breach of such requirements may result in suspension or revocation of necessary licences and authorizations, civil liability and the imposition of material fines and penalties. In addition to these specific, known requirements, future changes to environmental legislation, including anticipated legislation for air pollution and greenhouse gas ("**GHG**") emissions, may impose further requirements on operators and other companies in the oil and natural gas industry.

Pine Cliff has established internal guidelines to be followed in order to comply with environmental laws and regulations in the jurisdictions in which the Company operates. The Company employs an environmental, health, and safety department whose responsibilities include providing assurance that our operations are carried out in accordance with applicable environmental guidelines and safety precautions. Although the Company maintains pollution insurance against the costs of cleanup operations, public liability, and physical damage, there is no assurance that such insurance will be adequate to cover all such costs or that such insurance will continue to be available in the future.

Federal

Canadian environmental regulation is the responsibility of the federal government and provincial governments. Where there is a direct conflict between federal and provincial environmental legislation in relation to the same matter, the federal law will prevail, however, such conflicts are uncommon. The federal government has primary jurisdiction over federal works, undertakings and federally regulated industries such as railways, aviation and interprovincial transport including interprovincial pipelines. The *Canadian Environmental Protection Act, 1999* and the *Canadian Environmental Assessment Act, 2012* (the "**CEAA 2012**") provide the foundation for the federal government to protect the environment and cooperate with provinces to do the same.

On August 28, 2019, with the passing of Bill C-69, the *Canadian Energy Regulator Act* ("**CERA**") and the *Impact Assessment Act* ("IAA") came into force and the CER (formerly the National Energy Board) Act and the CEAA 2012 were repealed. In addition, the IA Agency replaced the Canadian Environmental Assessment Agency ("CEA Agency").

On May 12, 2017, the federal government introduced *Bill C-48, the Oil Tanker Moratorium Act*, in Parliament. This legislation is aimed at providing coastal protection in northern British Columbia by prohibiting crude oil tankers carrying more than 12,500 metric tonnes of crude oil or persistent crude oil products from stopping, loading, or unloading crude oil in that area. Parliament is still considering the bill, which passed third reading on May 8, 2018. If implemented, the legislation may prevent the building of pipelines to, and export terminals located on, the portion of the British Columbia coast subject to the moratorium and, as a result, negatively affect the ability of producers to access global markets.

Alberta

The discharge of crude oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require the Company to incur costs to remedy such discharge in the event that they are not covered by Pine Cliff's insurance. Although the Company maintains insurance to industry standards, which in part covers liabilities associated with discharges, it is not certain that such insurance will cover all possible environmental events, foreseeable or otherwise, or whether changing regulatory requirements or emerging jurisprudence may render such insurance of little benefit. In addition to these specific, known requirements, future changes to environmental legislation, including anticipated legislation for air pollution and greenhouse gas ("**GHG**") emissions, may impose further requirements on operators and other companies in the oil and natural gas industry.

The AER is the single regulator responsible for all energy resource development in Alberta. It derives its authority from the *Responsible Energy Development Act* and a number of related Acts including the ABOGCA, the *Oil Sands Conservation Act*, the *Pipeline Act*, and the *Environmental Protection and Enhancement Act*. The AER is responsible for ensuring the safe, efficient, orderly and environmentally responsible development of hydrocarbon resources including allocating and conserving water resources, managing public lands, and protecting the environment. The AER's responsibilities exclude the functions of the Alberta Utilities Commission and the Surface Rights Board, as well as Alberta Energy's responsibility for mineral tenure. The objective behind a single regulator is an enhanced regulatory regime that is intended to be efficient, attractive to business and investors and effective in supporting public safety, environmental management and resource conservation while respecting the rights of landowners.

The Government of Alberta relies on regional planning to accomplish its responsible resource development goals. Its approach to natural resource management provides for engagement and consultation with stakeholders and the public and examines the cumulative impacts of development on the environment and communities by incorporating the management of all resources, including energy, minerals, land, air, water and biodiversity. While the AER is the primary regulator for energy development, several other governmental departments and agencies may be involved in land use issues, including Alberta Environment and Parks, Alberta Energy, the Policy Management Office, the Aboriginal Consultation Office and the Land Use Secretariat.

The Government of Alberta's land-use policy for surface land in Alberta sets out an approach to manage public and private land use and natural resource development in a manner that is consistent with the long-term economic, environmental and social goals of the province. It calls for the development of seven region-specific land-use plans in order to manage the combined impacts of existing and future land use within a specific region and the incorporation of a cumulative effect management approach into such plans. As a result, several regional plans have been implemented and others are in the process of being implemented. These regional plans may affect further development and operations in such regions.

Saskatchewan

The Saskatchewan Ministry of the Economy, Petroleum Branch, is the primary regulator of crude oil and natural gas activities in the province. In May 2011, the Government of Saskatchewan passed changes to SKOGCA, the act governing the regulation of resource development operations in the province. Although the associated Bill received Royal Assent on May 18, 2011, it was not proclaimed into force until April 1, 2012, in conjunction with the release of *The Oil and Gas Conservation Regulations, 2012* (the "**OGCR**") and *The Petroleum Registry and Electronic Documents Regulations* (the "**Registry Regulations**"). The aim of the amendments to the SKOGCA, and the associated regulations, is to provide resource companies investing in Saskatchewan's energy and resource industries with the best support services and business and regulatory systems available. With the enactment of the Registry Regulations and the OGCR, the Government of Saskatchewan has implemented a number of operational requirements, including the increased demand for record-keeping, increased testing requirements for injection wells and increased investigation and enforcement powers; and, procedural requirements including those related to Saskatchewan's participation as partner in the Petroleum Registry of Alberta.

Climate Change Regulation

Climate change regulation at both the federal and provincial level has the potential to significantly affect the regulation of the crude oil and natural gas industry in Canada. In general, there is some uncertainty with regard to the impacts of federal or provincial climate change and environmental laws and regulations, as it is currently not possible to predict the extent of future requirements. Any new laws and regulations, or additional requirements to existing laws and regulations, could have a material impact on the Company's operations and cash flow.

Federal

Canada has been a signatory to the United Nations Framework Convention on Climate Change (the "**UNFCCC**") since 1992. Since its inception, the UNFCCC has instigated numerous policy experiments with respect to climate governance. On April 22, 2016, 197 countries signed the Paris Agreement, committing to prevent global temperatures from rising more than 2° Celsius above pre-industrial levels and to pursue efforts to limit this rise to no more than 1.5° Celsius. As of December 23, 2019, 187 of the 197 parties to the convention have ratified the Paris Agreement. In December 2019, the United Nations annual Conference of the Parties took place in Madrid, Spain. The Conference concluded with the attendees delaying decisions about a prospective carbon market and emissions cuts until the next climate conference in Glasgow in 2020. However, the European Union reached an agreement about The European Green New Deal that aims to lower emissions to zero by 2050.

Following the Paris Agreement and its ratification in Canada, the Government of Canada pledged to cut its emissions by 30% from 2005 levels by 2030. Further, on December 9, 2016, the Government of Canada released the Pan-Canadian Framework on Clean Growth and Climate Change (the "**Framework**"). The Framework provided for a carbon-pricing strategy, with a carbon tax starting at $10/tonne, increasing annually until it reaches $50/tonne in 2022. This system applies in provinces and territories that request it and in those that do not have a carbon pricing system in place that meets the federal standards. On June 21, 2018, the federal government enacted the Greenhouse Gas Pollution Pricing Act (the “**GGPPA**”), which came into force on January 1, 2019. This regime has two parts: an emissions trading system for large industry and a regulatory fuel charge imposing an initial price of $20/tonne of GHG emissions. Under current federal plans, this price will escalate by

$10 per year until it reaches a price of $50/tonne in 2022. Starting April 1, 2020, the minimum price permissible under the GGPPA is $30/tonne of GHG emissions.

Six provinces and territories have introduced carbon-pricing systems in place that meet federal requirements: British Columbia, Quebec, Prince Edward Island, Nova Scotia, Newfoundland and Labrador and the Northwest Territories). The federal fuel charge regime took effect in Saskatchewan, Manitoba, Ontario, and New Brunswick on April 1, 2019 and in the Yukon and Nunavut on July 1, 2019. The federal carbon-pricing regime took effect in Alberta on January 1, 2020. Alberta, Saskatchewan, and Ontario challenged the constitutionality of the federal government's pricing regime. The reference in Alberta remains before the Alberta Court of Appeal, but the Saskatchewan and Ontario references have advanced in parallel where the appeal Courts ruled in favour of the constitutionality of the federal carbon tax. The Attorneys General of Saskatchewan and Ontario have appealed these decisions to the Supreme Court of Canada. The Court is set to hear the appeals in March of 2020. Ontario and Saskatchewan will cross-intervene in the appeals, along with the Attorneys General of Quebec, New Brunswick, Manitoba, British Columbia, and Alberta, who will intervene in both proceedings.

On April 26, 2018, the Federal Government passed the Regulations Respecting Reduction in the Release of Methane and Certain Volatile Organic Compounds (Upstream Oil and Gas Sector) (the "**Federal Methane Regulations**"). The Federal Methane Regulations seek to reduce emissions of methane from the crude oil and natural gas sector, but will not come into force until January 1, 2020. By introducing a number of new control measures, the Federal Methane Regulations aim to reduce unintentional leaks and intentional venting of methane, as well as ensuring that crude oil and natural gas operations use low-emission equipment and processes. Among other things, the Federal Methane Regulations limit how much methane upstream oil and gas facilities are permitted to vent. These facilities would need to capture the gas and either re-use it, re-inject it, send it to a sales pipeline, or route it to a flare. In addition, in provinces other than Alberta and British Columbia (which already regulate such activities), well completions by hydraulic fracturing would be required to conserve or destroy gas instead of venting. The Federal Government anticipates that these actions will reduce annual GHG emissions by about 20 megatonnes by 2030.

In October 2018, the federal government announced a pricing scheme as an alternative for large electricity generators so as to incentivize a reduction in emissions intensity, rather than encouraging a reduction in generation capacity.

Alberta

On November 22, 2015, the Government of Alberta introduced its Climate Leadership Plan (the "**CLP**"). Under this strategy, the Climate Leadership Act (the "**CLA**") came into force on January 1, 2017 and established a fuel charge intended to first outstrip and subsequently keep pace with the federal price. On December 14, 2016, the Oil Sands Emissions Limit Act came into force, establishing an annual 100 megatonne limit for GHG emissions from all oil sands sites, excluding some attributable to upgraders, the electric energy portion of cogeneration and other prescribed emissions. In June 2019, the Government of Alberta pivoted in its implementation of the CLP and repealed the CLA. The Carbon Competitiveness Incentives Regime (CCIR) remained in place. As a result, the federally imposed fuel charge took effect in Alberta on January 1, 2020, at a rate of $20/tonne. In accordance with the GGPPA, this will increase to $30/tonne on April 1, 2020. However, on December 4, 2019, the federal government approved Alberta's proposed Technology Innovation and Emissions Reduction (TIER) regulation intended to replace the CCIR, so the regulation of emissions from heavy industry remains subject to provincial regulation, while the federal fuel charge still applies. The TIER regulation came into effect on January 1, 2020.

The TIER regulation operates differently than the former facility-based CCIR, and instead applies to industry-wide to emitters that emit more than 100,000 tonnes of CO_2e per year in 2016 or any subsequent year. The 2020 target for most TIER-regulated facilities is to reduce emissions intensity by 10% as measured against that facility's individual benchmark (which is, generally, its average emissions intensity during the period from 2013 to 2015), with a further 1% reduction for each subsequent year. The facility-specific benchmark does not apply to all facilities. Certain facilities, such as those in the electricity sector, are compared against the good-as-best-gas standard, which measures against the emissions produced by the cleanest natural gas-fired generation system. Similarly, for facilities that have already made substantial headway in reducing their emissions, a different high-performance benchmark is available to ensure that the cost of ongoing compliance takes this into account. As with the former CCIR, the TIER regulation targets emissions intensity rather than total emissions. Under the TIER regulation, facilities in high-emitting sectors can opt-in to the program despite the fact that they do not meet the 100,000 tonne threshold. A facility can opt-in to TIER regulation if it competes directly against another TIER-regulated facility or if it has annual CO_2e emissions that exceed 10,000 tonnes per year and belongs to an emissions-intensive or trade exposed sector with international competition. In addition, the owner of two or more conventional oil and gas facilities may apply to have those facilities regulated under the TIER regulation. To encourage compliance with the emissions intensity reduction targets, TIER-regulated facilities must provide annual compliance reports and facilities that are unable to achieve their targets may either purchase credits from other facilities, purchase carbon offsets, or pay a levy to the Government of Alberta.

The Government of Alberta also signaled its intention through its CLP to implement regulations that would lower annual methane emissions by 45% by 2025. Pursuant to this goal, the Government of Alberta enacted the Methane Emission Reduction Regulation (the Alberta Methane Regulations) on January 1, 2020, and the AER simultaneously released an updated edition of Directive 060: Upstream Petroleum Industry Flaring, Incinerating, and Venting. The release of Directive 060 complements a previously released update to Directive 017: Measurement Requirements for Oil and Gas Operations that took effect in December 2018. Together, these new Directives represent Alberta's first step toward achieving its 2025 goal, as outlined in the Alberta Methane Regulations; however, the Government of Alberta and the federal government have not yet reached an equivalency agreement with respect to the Alberta Methane Regulations and the Federal Methane Regulations.

Alberta was also the first jurisdiction in North America to direct dedicated funding to implement carbon capture and storage technology across industrial sectors. Alberta has committed $1.24 billion through 2025 to fund two commercial-scale carbon capture and storage projects that will begin commercializing the technology on the scale needed to be successful. Both projects will help reduce the CO2 emissions from the oil sands and fertilizer sectors, and reduce GHG emissions by 2.76 million megatonnes per year. On December 2, 2010, the Government of Alberta passed the Carbon Capture and Storage Statutes Amendment Act, 2010, which deemed the pore space underlying all land in Alberta to be, and to have always been, the property of the Crown and provided for the assumption of long-term liability for carbon sequestration projects by the Crown, subject to the satisfaction of certain conditions. This legislation is intended to encourage new carbon capture and storage projects in Alberta.

Saskatchewan

On May 11, 2009, the Government of Saskatchewan announced The Management and Reduction of Greenhouse Gases Act (the “**MRGGA**”) to regulate GHG emissions in the province. The MRGGA, partially proclaimed into force on January 1, 2018, establishes a framework to reduce GHG emissions by 20% of 2006 levels by 2020. On October 18, 2016, the Government of Saskatchewan released a White Paper on Climate Change, resisting a carbon tax and committing to an approach that focuses on technological innovation and adaptation. Subsequently, the Government released Prairie Resilience: A Made-in-Saskatchewan Climate Change Strategy outlining its strategy to reduce GHG emissions by 12 million tonnes by 2030. The MRGGA, which is partially compliant with the federal emissions trading system, was partially proclaimed into force on January 1, 2018, establishes a framework to reduce GHG emissions by 20% of 2006 levels by 2020. An amended version of the MRGGA was proclaimed in full in December 18, 2018, establishing the framework of an output-based emissions management framework.

Under the MRGGA, facilities that have annual GHG emissions in excess of 50,000 tonnes are regulated to meet the province's reduction targets. The following regulations were enacted throughout 2018: The Management and Reduction of Greenhouse Gases (General and Electricity Producer) Regulations, the Management and Reduction of Greenhouse Gases (Reporting and General) Regulations, and The Management and Reduction of Greenhouse Gases (Standards and Compliance) Regulations. These Regulations establish reporting requirements and impose various emissions limits for those emitters that fall within the program. On January 1, 2019, The Oil and Gas Emissions Management Regulations (the Saskatchewan O&G Emissions Regulations) came into effect. The Saskatchewan O&G Emissions Regulations apply to licensees of oil facilities that may generate more than 50,000 tonnes of CO2e per year, obliging each licensee to propose an emissions reduction plan in accordance with an annual emissions limit with the goal of achieving annual emissions reductions of 40 to 45% by 2025. The Saskatchewan O&G Emissions Regulations aim to achieve 4.5 million tonne CO2e reduction in emissions by 2025, and a total reduction of 38.2 million tonnes CO2e between 2020 and 2030.

On April 10, 2019, Saskatchewan produced the first annual report on climate resilience. The report measures the Province's progress on goals set out under Prairie Resilience: A Made-in-Saskatchewan Climate Change Strategy. Among these goals is the aim of increasing the role of renewable energy in the provincial energy mix to 50% by 2030.

On October 1, 2019, Bill 147 – An Act to amend The Oil and Gas Conservation Act, was proclaimed into force that, in part, amends the SKOGCA to the extent necessary to bring it into alignment with the Saskatchewan O&G Emissions Regulations discussed above.

Climate Change

Climate change may pose varied and far ranging risks to the business and operations of the Company, both known and unknown, that may adversely affect the Company's business, financial condition, results of operations, prospects, reputation and share price.

The Company's exploration and production facilities and other operations and activities emit GHG which may require the Company to comply with federal and/or provincial GHG emissions legislation. Climate change policy is evolving at regional, national and international levels, and political and economic events may significantly affect the scope and timing of climate change measures that are ultimately put in place to prevent climate change or mitigate its effects. The direct or indirect costs of compliance with GHG-related regulations may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. Some of the Company's significant facilities may ultimately be subject to future regional, provincial and/or federal climate change regulations to manage GHG emissions.

In addition to Company-specific environmental concerns, increasing public and political focus on climate change and its possible amelioration, may cause changes in demand for the Company's products and the introduction of regulations which may result in changes to the Company's operating practices as well as additional and unforeseeable costs and the incurrence of future liabilities, real or contingent. Changes in public policy in response to changes in government at federal and provincial levels over the next several years cannot be determined at this stage, but given that the Company is a producer of primary hydrocarbons it is likely that its business will be subject to increased regulation and potentially subject to additional taxes, costs and obligations.

Curtailment

On December 2, 2018, the Government of Alberta announced that, commencing January 1, 2019, it would mandate a short-term reduction in provincial crude oil and crude bitumen production. As contemplated in the Curtailment Rules, as amended effective October 1, 2019 the Government of Alberta, on a monthly basis, subjects oil producers producing more than 20,000 Bbl/d to curtailment orders that limit their production according to a pre-determined formula that allocates production limits proportionately amongst all operators subject to curtailment orders.

Where an operator to whom a curtailment order applies is a joint venture or partnership, the partners or joint ventures may enter into an agreement respecting the allocation of the combined production among themselves to comply with the curtailment order.

Curtailment first took effect on January 1, 2019, limiting province-wide production of crude oil and crude bitumen to 3.56 million bbl/d. The curtailment rate dropped gradually over the course of 2019 as a result of decreasing price differentials and volumes of crude oil and crude bitumen in storage. Allowable production for December 2019, January 2020 and February 2020 is set at 3.81 million bbl/d.

The Government of Alberta introduced certain policy changes to the curtailment program in late 2019, including giving the Minister of Energy the power to set revised production limits for a producer following a merger or acquisition, and creating an exemption for newly drilled conventional oil wells. Furthermore, the Government of Alberta created a special production allowance, effective October 28, 2019, that allows crude oil production in excess of a curtailment order, provided that the extra production is shipped out of Alberta by rail.

Curtailment volumes affect sixteen of over 300 producers in Alberta. The Curtailment Rules are set to be repealed by December 31, 2020. Currently, the Company is not subject to a curtailment order.

Nova Gas Transmission System ("NGTL") Update

The CER approved TC Energy's Temporary Service Protocol ("**TSP**") application in late September 2019. The TSP was enacted with the goal of providing TC Energy more flexibility in how they deal with curtailments on the NGTL during times of maintenance. The TSP was only in effect in October of 2019, but will be in place again from April to October 2020. To date, the TSP seems to have had the desired impact of reducing volatility of AECO prices.

Delay in Cash Receipts

In addition to the usual delays in payment by purchasers of oil and natural gas to the operators of Pine Cliff's properties, and by the operators to Pine Cliff, payments between any of such parties may also be delayed by restrictions imposed by lenders, delays in the sale or delivery of products, delays in the connection of wells to a gathering system, blowouts or other accidents, recovery by the operator of expenses incurred in the operation of Pine Cliff's properties or the establishment by the operators of reserves for such expenses.

Impact of Future Capital Expenditures

The reserve value of Pine Cliff's properties, as estimated by independent engineering consultants, is based in part on cash flows to be generated in future years as a result of future capital expenditures. The reserve value of Pine Cliff's properties as estimated by independent engineering consultants, will be reduced to the extent that such capital expenditures on such properties do not achieve the level of success assumed in such engineering reports.

Risks Relating to Hedging Activities

Any substantial and extended decline in the price of oil, NGLs or natural gas would have an adverse effect on the carrying value of Pine Cliff's proved and probable reserves, borrowing capacity, revenues, profitability and cash flows from operating activities. Pine Cliff may manage the risk associated with changes in commodity prices by entering into oil or natural gas price hedges. If Pine Cliff hedges its commodity price exposure, it may forego some of the benefits it would otherwise experience if commodity prices were to increase. In addition, commodity hedging activities could expose Pine Cliff to losses. To the extent Pine Cliff engages in risk management activities related to commodity prices, it will be subject to credit risks associated with counterparties with which it contracts. Pine Cliff continually evaluates the use of, and may employ derivative structures to hedge commodity, interest rate and foreign exchange risk. Risks associated with such products, include but are not limited to counterparty risk, settlement risk, basis risk, liquidity risk and market risk which could impair or negate the hedging strategy with a consequential negative impact on earnings and cash flow.

Availability of Skilled Personnel, Drilling Equipment and Access

Oil and natural gas exploration and development activities are dependent on the availability of skilled personnel and drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited skilled personnel and equipment or access restrictions may affect the availability of such personnel or equipment to Pine Cliff and may delay exploration and development activities.

Expiration of Licenses and Leases

Pine Cliff's properties are held in the form of licenses and leases and working interests in licenses and leases. If Pine Cliff or the holder of the license or lease fails to meet the specific requirement of a license or lease, the license or lease may terminate or expire. There can be no assurance that any of the obligations required to maintain each license or lease will be met. The termination or expiration of Pine Cliff's licenses or leases or the working interests relating to a license or lease may have a material adverse effect on results of operations and business.

Permits and Licenses

The operations of Pine Cliff may require licenses and permits from various governmental authorities. There can be no assurance that Pine Cliff will be able to obtain all necessary licenses and permits that may be required to carry out exploration and development at its projects.

Title to Properties

Although title reviews may be done according to industry standards prior to the purchase of certain oil and natural gas producing properties or the commencement of drilling wells as determined appropriate by management, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise to defeat a claim of Pine Cliff which could result in a reduction of the revenue received by Pine Cliff.

Aboriginal Claims

Aboriginal peoples have claimed aboriginal title and rights to resources and various properties in western Canada. Management is not aware that any claims have been made in respect of Pine Cliff's property or assets; however, a claim, if one arose in relation to any of Pine Cliff's lands, if successful, could have an adverse effect on the Company's operations.

Risk Factors Related to Pine Cliff

Corporate

Pine Cliff is subject to many risks, all of which are common to such enterprises, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that Pine Cliff will be successful in achieving a return on shareholders' investment and its likelihood of success must be considered in light of its size and early stage of operations. There can be no assurance that Pine Cliff will be able to obtain adequate financing in the future or that the terms of any financing obtained will be favorable.

Substantial Capital Requirements, Asset Retirement Obligations and Liquidity

Pine Cliff may have to make substantial capital expenditures for the acquisition of, exploration for, development and production of its oil and natural gas assets in the future. If revenues or reserves decline, Pine Cliff may have a limited ability to expend the capital necessary to undertake or complete future drilling programs. Pine Cliff will also need to make substantial capital expenditures with regard to abandonment and reclamation costs related to the Company's wells and facilities. There can be no assurance that debt or equity financing or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to Pine Cliff. Moreover, future activities may require Pine Cliff to alter its capitalization significantly. The inability of Pine Cliff to access sufficient capital for its operations could have a material adverse effect on its financial condition, results of operations or prospects.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in Canada and the United States have experienced a high level of price and volume volatility, and the market price of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It is likely that the market price for the Common Shares will be subject to market trends generally, notwithstanding the financial and operational performance of Pine Cliff.

Management of Growth

Pine Cliff has grown significantly since 2014 and has reported average sales volumes of 19,142 Boe/d in 2019, 19,684 Boe/d in 2018, 21,408 Boe/d in 2017, 22,495 Boe/d in 2016 and 12,854 Boe/d in 2015 as compared to 7,899 Boe/d in 2014. Pine Cliff may continue to grow the business which would subject the Company to further growth-related risks including capacity constraints and pressure on its internal systems and controls. To manage its growth effectively, Pine Cliff will be required to continue to implement and improve its operational and financial systems and to expand, train and manage its employee and consultant base. Any failure to implement cohesive management and operating systems, add or retain resources on a cost effective basis or properly manage its expansion could have a material adverse impact on its business, operations and prospects.

Potential Future Drilling Locations

Pine Cliff's identified potential future drilling locations represent a significant part of the Company's growth strategy. The Company's ability to drill and develop these locations depends on a number of uncertainties and factors, including, but not limited to, the availability of capital, equipment and personnel, oil and natural gas prices, capital and operating costs, inclement weather, seasonal restrictions, drilling results, additional geological, geophysical and reservoir information that is obtained, production rate recovery, gathering system and transportation constraints, net price received for commodities produced, regulatory approvals, regulatory changes. As a result of these uncertainties, there can be no assurance that the potential future drilling locations Pine Cliff has identified will ever be drilled or if the Company will be able to produce natural gas, oil, or NGLs from these or any other potential future drilling locations. As such, the Company's actual drilling activities may materially differ from those presently identified, which could adversely affect the Company's business.

Failure to Realize Benefits of Acquisitions

Pine Cliff may complete acquisitions to strengthen its position in the oil and gas industry and to create the opportunity to realize certain benefits including, among other things, potential cost savings. The acquisition of oil and gas companies and assets is subject to substantial risks, including the failure to identify material problems during due diligence, the risk of over-paying for assets, and the inability to arrange financing for an acquisition as may be required or desired. Achieving the benefits of any future acquisitions depends, in part, on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as Pine Cliff's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with its own. The integration of acquired businesses requires the dedication of substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the loss of key employees and the disruption of ongoing business and employee relationships that may adversely affect Pine Cliff's ability to achieve the anticipated benefits of these and future acquisitions.

Third Party Credit Risk

Pine Cliff is, or may be exposed to, third party credit risk through its contractual arrangements with its current or future joint venture partners, marketers of its petroleum and natural gas production and other parties. In the event such entities fail to meet their contractual obligations to Pine Cliff, such failures could have a material adverse effect on Pine Cliff and its cash flow from operations. In addition, poor credit conditions in the industry and of joint venture partners may impact a joint venture partner's willingness to participate in Pine Cliff's ongoing capital program, potentially delaying the program and the results of such program until Pine Cliff finds a suitable alternative partner.

Canadian Tax Considerations

As Pine Cliff is engaged in the oil and natural gas industry, its operations are subject to certain unique provisions of the *Income Tax Act* (Canada) (the "**Tax Act**") and applicable provincial income tax legislation relating to characterization of costs incurred in their businesses which effects whether such costs are deductible and, if deductible, the rate at which they may be deducted for the purposes of calculating taxable income. Pine Cliff has reviewed its historical income tax returns with respect to the characterization of the costs incurred in the oil and natural gas business as well as other matters generally applicable to all corporations including the ability to offset future income against prior year losses. Pine Cliff has filed or will file all required income tax returns and believes that it is in full compliance with the provisions of the Tax Act and applicable provincial income tax legislation, but such returns are subject to reassessment. In the event of a successful reassessment of Pine Cliff, the Company may be subject to a higher than expected past or future income tax liability as well as potential interest and penalties and such amount could be material.

Refinancing Risk

Pine Cliff currently has the 2022 Tranche that matures on July 31, 2022, the 2024 Tranche, Related Party Note and the $6 Million Notes that all mature on December 31, 2024. There can be no assurance that debt or equity financing or cash flow from operations will be available, sufficient or on terms acceptable to Pine Cliff to meet these obligations. The inability of Pine Cliff to access sufficient capital on favorable terms to repay or refinance any of these debt obligations could have a material adverse effect on the Company.

Issuance of Debt

From time to time, Pine Cliff may enter into transactions to acquire assets or shares of other companies. These transactions may be financed partially or wholly through debt, which may increase debt levels above industry standards. Pine Cliff's articles and bylaws do not limit the amount of indebtedness it may incur. The level of Pine Cliff's indebtedness from time to time could impair its ability to obtain additional financing in the future on a timely basis in order to take advantage of business opportunities that may arise.

Dilution

Common Shares, including rights, warrants, special warrants, stock options, subscription receipts and other securities to purchase, convert into or exchange into Common Shares, may be created, issued, sold and delivered on such terms and conditions and at such times as the Pine Cliff board of directors may determine. In addition, Pine Cliff may issue additional Common Shares from time to time pursuant to the incentive stock options granted to directors, officers, employees and consultants of Pine Cliff. The issuance of these Common Shares would result in dilution to Shareholders.

Net Asset Value

Pine Cliff's net asset value will vary depending upon a number of factors beyond the control of Pine Cliff's management, including oil, NGLs and natural gas prices.

Reliance on Management of Pine Cliff

Shareholders will be dependent on the management of Pine Cliff in respect of the administration and management of all matters relating to Pine Cliff and its properties and operations. Investors who are not willing to rely on the management of Pine Cliff should not invest in the Common Shares.

Failure to Maintain Listing of the Common Shares

The Common Shares are currently listed and posted for trading on the facilities of the TSX. The failure of Pine Cliff to meet the applicable listing or other requirements of the TSX in the future may result in the Common Shares ceasing to be listed and posted for trading on the TSX, which would have a material adverse effect on the value of the Common Shares. There can be no assurance that the Common Shares will continue to be listed and posted for trading on the TSX for the life of the Common Shares.

Structure of Pine Cliff

From time to time, Pine Cliff may take steps to organize its affairs in a manner that minimizes taxes and other expenses payable with respect to the operation of Pine Cliff and its subsidiaries. If the manner in which Pine Cliff structures its affairs is successfully challenged by taxation or other authority, Pine Cliff and Shareholders may be adversely affected.

Changes in Legislation or Income Tax Laws

It is possible that the Canadian and US federal, provincial and/or state governments could choose to change the federal income tax laws, royalty regimes, environmental laws or other laws applicable to oil and gas or mining companies and that any such changes could materially adversely affect Pine Cliff, the Shareholders and the market value of the Common Shares.

Conflicts of Interest

Certain of the directors of Pine Cliff are also directors, officers or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time. The directors of Pine Cliff are required by law to act honestly and in good faith with a view to the best interests of Pine Cliff and to disclose any interest which they may have in any project or opportunity of Pine Cliff. If a conflict of interest arises at a meeting of the Pine Cliff board of directors, any director in a conflict situation will be required to disclose his or her interest and generally abstain from voting in connection with the matter giving rise to the conflict. In determining whether or not Pine Cliff will participate in any project or opportunity, its directors will primarily consider the degree of risk to which Pine Cliff may be exposed and its financial position at the relevant time.

The North American Free Trade Agreement and Other Trade Agreements

The North American Free Trade Agreement ("**NAFTA"**) among the governments of Canada, the United States and Mexico came into force on January 1, 1994. The three NAFTA signatories have been working towards replacing NAFTA. On November 30, 2018, Canada, Mexico, and the United States signed a new trade agreement, widely referred to as the United States Mexico Canada Agreement (the "**USMCA**"), sometimes referred to as the Canada United States Mexico Agreement, or CUSMA. Legislative bodies in the three signatory countries must ratify the USMCA before it comes into force. Mexico's senate ratified the USMCA in June 2019. In late December 2019, the United States' House of Representatives approved the USMCA and the USMCA received approval from the United States Senate on January 16, 2020. On January 29, 2020, the Government of Canada tabled Bill C-4 to ratify the USMCA. According to Bill C-4, the USMCA will come into force two months after the House of Commons and the Senate pass Bill C-4. Until then, NAFTA remains the North American trade agreement currently in force. As the United States remains Canada's primary trading partner and the largest international market for the export of crude oil, natural gas and NGL from Canada, the implementation of the final version ratified version of the USMCA could have an impact on Western Canada's petroleum and natural gas industry at large, including the Company's business.

Under the terms of NAFTA's Article 605, a proportionality clause prevents Canada from implementing policies that limit exports to the United States and Mexico, relative to the total supply produced in Canada. Canada remains free to determine whether exports of energy resources to the United States or Mexico will be allowed, provided that any export restrictions do not: (i) reduce the proportion of energy resources exported relative to the total supply of goods of Canada as compared to the proportion prevailing in the most recent 36 month period; (ii) impose an export price higher than the domestic price (subject to an exception with respect to certain measures which only restrict the volume of exports); and (iii) disrupt normal channels of supply. Further, all three signatory countries are prohibited from imposing a minimum or maximum price requirement on exports (where any other form of quantitative restriction is prohibited) and imports (except as permitted in the enforcement of countervailing and anti-dumping orders and undertakings). NAFTA also requires energy regulators to ensure the orderly and equitable implementation of any regulatory changes and to ensure that the application of such changes will cause minimal disruption to contractual arrangements and avoid undue interference with pricing, marketing and distribution arrangements.

The Government of Alberta's curtailment program complies with NAFTA's Article 605, under which Canada must make available a consistent proportion of the crude oil and bitumen produced to the other NAFTA signatories. As a result of the proportionality rule, reducing Canadian supply reduced the required offering under NAFTA, with the result that the amount of crude oil and bitumen that Canada is required to offer, while Canadian crude oil prices are depressed, may be reduced. It is possible that the USMCA will come into force before the Government of Alberta's curtailment order is set to be repealed by the end of 2020.

The USMCA does not contain the proportionality rules of NAFTA's Article 605. The elimination of the proportionality clause removes a barrier in Canada's transition to a more diversified export portfolio. While diversification depends on the construction of infrastructure allowing more Canadian production to reach Eastern Canada, Asia, and Europe, the USMCA may allow for greater export diversification than currently exists under NAFTA.

Canada and ten other countries recently concluded discussions and agreed on the draft text of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership ("**CPTPP**"), which is intended to allow for preferential market access among the countries that are parties to the CPTPP. On December 30, 2018 the CPTPP came into force among the first six countries to ratify the agreement – Canada, Australia, Japan, Mexico, New Zealand, and Singapore. On January 14, 2019, the CPTPP came into force for Vietnam.

Canada has also pursued a number of other international free trade agreements with countries around the world. Canada and the European Union recently agreed to the Comprehensive Economic and Trade Agreement ("**CETA**"), which provides for duty-free, quota-free market access for Canadian oil and gas products to the European Union. Although CETA remains subject to ratification by certain national legislatures in the European Union, provisional application of CETA commenced on September 21, 2017.

While it is uncertain what effect CETA, CPTPP or any other trade agreements will have on the oil and gas industry in Canada, the lack of available infrastructure for the offshore export of oil and gas may limit the ability of Canadian oil and gas producers to benefit from such trade agreements.

DIVIDENDS

To date, Pine Cliff has not paid any dividends on its Common Shares. There are no restrictions on paying dividends and the Pine Cliff board of directors will determine the actual timing, payment and amount of dividends, if any, that may be paid from time to time based upon, among other things, cash flow, financial conditions, the need for funds to finance ongoing operations and other business considerations.

DESCRIPTION OF SHARE CAPITAL

General Description of Share Capital

Pine Cliff is authorized to issue an unlimited number of Common Shares without nominal or par value and an unlimited number of Class B shares (the "**Preferred Shares**"), issuable in series. A brief summary of the characteristics of the shares is set forth below. As of the date hereof, 327,784,193 Common Shares and no Preferred Shares were issued and outstanding. As of the date hereof, 25,631,488 options to acquire Common Shares ("**Options**") were outstanding. As of the date hereof, 10,350,000 warrants to acquire Common Shares were outstanding.

Common Shares

The Shareholders are entitled to receive notice of and to attend any meeting of the Shareholders and are entitled to one vote for each Common Share held (except at meetings at which only the holders of another class of shares are entitled to vote). The Shareholders are entitled to receive dividends, on a pro rata basis, if, as and when declared by the Pine Cliff board of directors and, subject to prior satisfaction of all preferential rights, to participate rateably in the net assets of Pine Cliff in the event of any liquidation, dissolution or winding-up of Pine Cliff, whether voluntary or involuntary, or other distribution of assets of Pine Cliff among Shareholders for the purpose of winding up its affairs.

Preferred Shares

The Preferred Shares may be issued in one or more series and the Pine Cliff board of directors may, by resolution, fix the number of shares in each series and determine the designation, rights, privileges, restrictions and conditions to be attached to shares of each series. The holders of the Preferred Shares are entitled to dividends as and when declared by the Pine Cliff board of directors, and to receive out of the net assets of Pine Cliff in the event of any liquidation, dissolution or winding-up of Pine Cliff, payment in full of the respective amounts which each holder of Preferred Shares is entitled, in preference and priority to any dividend or payment on the Common Shares.

MARKET FOR SECURITIES

The following table sets forth the reported high and low sales prices (which are not necessarily the closing prices) and the trading volumes for the Common Shares on the TSX, as applicable, as reported by sources Pine Cliff believes to be reliable for the most recently completed financial year:

	Pricing Range ($)		
Date	**High**	**Low**	**Trading Volume**
2019			
January	0.28	0.235	6,296,654
February	0.27	0.225	2,157,273
March	0.275	0.24	2,290,932
April	0.265	0.225	2,186,035
May	0.245	0.18	2,928,979
June	0.20	0.16	5,374,614
July	0.185	0.13	6,464,812
August	0.15	0.095	14,882,360
September	0.15	0.115	13,711,142
October	0.15	0.115	6,411,813
November	0.155	0.12	8,904,213
December	0.175	0.125	16,010,675

OPTION AND WARRANT GRANTS

The following table sets forth, for each class of securities of the Company that is outstanding but not listed or quoted on a marketplace, the price at which securities of the class have been issued during the financial year ended December 31, 2019 and the number of securities of the class issued at that price and the date on which the securities were issued.

Date of Issue	Securities	Price per Security	Number of Securities
January 1, 2019	Options	$0.25[1]	18,000
May 16, 2019	Options	$0.21[1]	7,116,141
October 1, 2019	Warrants	$0.206[2]	7,500,000
November 6, 2019	Options	$0.125[1]	120,000
November 8, 2019	Options	$0.145[1]	5,463,766
December 2, 2019	Options	$0.145[1]	420,000

[1] Represents the exercise price per Option.
[2] Represents the exercise price per Warrant.

DIRECTORS AND OFFICERS

The following table lists the names of the directors and officers of Pine Cliff, their province and country of residence, their positions and offices with Pine Cliff and their principal occupations. All directors have been elected to serve as such until Pine Cliff's next annual meeting of Shareholders, or until their successor is duly elected, unless their office is vacated earlier in accordance with the by-laws of Pine Cliff or applicable law.

Name, Province and Country of Residence	Positions and Offices with the Company	Principal Occupation During the Past Five Years
Gary J. Drummond[1] Saskatchewan, Canada	Director since 2004	Mr. Drummond is a private investor and a director of Bonterra Energy Corp., a TSX listed resource company.
George F. Fink Alberta, Canada	Chairman; Director since 2004	Chairman, Chief Executive Officer and Director of Bonterra Energy Corp. a TSX listed resource company and Chairman of the Pine Cliff board of directors
Philip B. Hodge Alberta, Canada	President and Chief Executive Officer; Director since 2011	President and Chief Executive Officer of Pine Cliff since January 2012.
Randy M. Jarock[1] Alberta, Canada	Director since 2012	Mr. Jarock is a private investor and director of Bonterra Energy Corp.

William S. Rice, Q.C.[1] Alberta, Canada	Director since 2016	Mr. Rice is a private investor and was Chair and Chief Executive Officer of the Alberta Securities Commission from 2005 to 2015 and Chair of the Canadian Securities Administrators from 2011 to 2015.
Terry L. McNeill Alberta, Canada	Chief Operating Officer	Chief Operating Officer of Pine Cliff since January 2015 and prior thereto the Vice President Operations of Pine Cliff from April 2014.
Heather A. Isidoro Alberta, Canada	Vice President, Business Development	Vice President, Business Development of Pine Cliff since November 2016 and prior thereto Manager of Business Development of Pine Cliff since September 2013.
Christopher S. Lee Alberta, Canada	Vice President, Geology	Vice President, Geology of Pine Cliff since November 2017 and prior thereto Senior Geologist of Pine Cliff since March 2012.
Alan MacDonald Alberta, Canada	Chief Financial Officer and Corporate Secretary	Mr. MacDonald rejoined Pine Cliff in December 2019 as Chief Financial Officer and Corporate Secretary. Mr. MacDonald joined Pine Cliff in September 2017 as Interim Chief Financial Officer and Corporate Secretary and resigned his position in September 2018. Prior thereto, from October 2013 to December 2015, Mr. MacDonald was Chief Financial Officer at United Hydrocarbon International Corp., a private oil and gas company.

[1]Member of the Audit Committee, Reserves Committee, and Governance, Nomination and Compensation Committee.

As at the date hereof, the current directors and officers of the Company, as a group, owned, or controlled or directed, directly or indirectly 45,228,559 Common Shares or approximately 13.8% of the issued and outstanding Common Shares. The information as to the number of Common Shares beneficially owned has been furnished by the respective directors and officers of the Company.

Cease Trade Orders

To the best of Pine Cliff's knowledge, no director or executive officer is, or within the ten years prior to the date hereof has been, a director, chief executive officer or chief financial officer of any corporation (including the Company) that: (i) while that person was acting in that capacity, was subject to a cease trade or similar order or an order that denied such corporation access to any exemptions under securities legislation, that was in effect for a period of more than 30 consecutive days; or (ii) was subject to a cease trade or similar order or an order that denied such corporation access to any exemptions under securities legislation, that was in effect for a period of more than 30 consecutive days that was issued after that person ceased to act in such capacity and which resulted from an event that occurred while that person was acting in such capacity.

Bankruptcies

To the best of Pine Cliff's knowledge, no director or executive officer of the Company, or Shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company: (i) is, as at the date of this Annual Information Form, or has been within the past 10 years, a director or executive officer of any corporation (including the Company) that while the person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within the past 10 years before the date of this Annual Information Form become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties or Sanctions

To the best of Pine Cliff's knowledge, no director or executive officer of the Company, or Shareholder holding sufficient securities of the Company to affect materially the control of the Company, has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

CONFLICTS OF INTEREST

Pine Cliff's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which Pine Cliff may participate, the directors of Pine Cliff may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of Pine Cliff's directors, a director who has such a conflict will generally abstain from voting for or against the approval of such participation or the terms of such participation. From time to time, several companies may participate in the acquisition, exploration and development of natural resource properties, thereby allowing for their participation in larger programs, the involvement in a greater number of programs or a reduction in financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In accordance with the laws of Canada, the directors of Pine Cliff are required to act honestly, in good faith and in the best interests of Pine Cliff. In determining whether or not Pine Cliff will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which Pine Cliff may be exposed and the financial position at that time.

The directors and officers of Pine Cliff are aware of the existence of laws governing the accountability of directors and officers for corporate opportunity and requiring disclosure by the directors of conflicts of interest and Pine Cliff will rely upon such laws in respect of any directors and officers conflicts of interest or in respect of any breaches of duty by any of its directors and officers. All such conflicts will be disclosed by such directors or officers in accordance with the ABCA and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law. Other than as disclosed above, the directors and officers of Pine Cliff are not aware of any such conflicts of interest in any existing or contemplated contracts with or transactions involving Pine Cliff.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the knowledge of the Company, there are no legal proceedings that the Company is or was a party to or of which any of its properties is or was the subject of, during the most recently completed financial year, nor are there any such proceedings known to the Company to be contemplated, which involve a claim for damages, exclusive of interest and costs, that may exceed 10% of the current assets of the Company.

There were no: (i) penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the most recently completed financial year; (ii) other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision; and (iii) settlement agreements the Company entered into before a court relating to securities legislation or with a securities regulatory authority during the most recently completed financial year.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed in this Annual Information Form, Management is not aware of any material interests, direct or indirect, of any directors or executive officers of the Company, any person or company which beneficially owns or controls or directs, directly or indirectly, more than 10% of the outstanding Common Shares, or any known associate or affiliate of such persons, in any transaction within the last three financial years of the Company, or during the current financial year which has materially affected or is reasonably expected to materially affect the Company.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the material contracts entered into by Pine Cliff since the beginning of the two most recently completed financial years and still in effect as at the date hereof that can be reasonably regarded as presently material are:

i) the Floating Charge Debenture in favour of Alberta Investment Management Corporation dated October 1, 2019 for $150 million; and
ii) the Credit Agreement between Pine Cliff and Alberta Investment Management Corporation dated October 1, 2019.

All of the above contracts are available on Pine Cliff's SEDAR profile at www.sedar.com.

INTERESTS OF EXPERTS

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under NI 51-102 by Pine Cliff during, or related to, the two most recently completed financial years other than McDaniel, Pine Cliff's independent qualified reserves evaluator and Deloitte LLP, Chartered Accountants, Pine Cliff's auditor. None of the designated professionals of McDaniel had any registered or beneficial interests, direct or indirect, in any securities or other property of Pine Cliff or of Pine Cliff's associates or affiliates either at the time they prepared the statement, report or valuation prepared by it, at any time thereafter or to be received by them. Deloitte LLP have advised that they are independent with respect to Pine Cliff within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

AUDIT COMMITTEE INFORMATION

The following information is provided in accordance with Form 52-110F1 under National Instrument 52-110 *Audit Committees* ("**NI 52-110**").

Audit Committee Charter

The Audit Committee Charter is attached as Appendix "C" to this Annual Information Form.

Composition of the Audit Committee

The Audit Committee is currently comprised of Messrs. Drummond, Jarock and Rice. Mr. Jarock is the Chairman of the Audit Committee. Each member of the Audit Committee has been determined to be financially literate, as defined in NI 52-110. Messrs. Drummond, Jarock and Rice are independent members of the Audit Committee as such term is defined by NI 52-110.

Relevant Education and Experience

Each member of the Audit Committee is financially literate i.e. has the ability to read and understand financial statements. Pine Cliff's board of directors believes that collectively, the Audit Committee has the education and experience to fulfill the responsibilities outlined in the Audit Committee Charter. The education and current and past experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member is summarized below:

Name	Education and Experience
Randy M. Jarock	• Bachelor of Science in Petroleum Engineering. • Director of Bonterra Energy Corp. • Over 30 years of extensive experience related to all aspects of reading, reviewing and understanding financial statements and matters. • Former President of Bonterra. • Former Chief Operating Officer of Pine Cliff.
Gary J. Drummond	• Lawyer, businessman. • Director of several public corporations, including Bonterra. • Over 35 years of extensive experience directly related to all aspects of reading and understanding financial statements and matters. • Former Chairman of Universal Energy Group. • Former President and Chief Executive Officer of Direct Energy Marketing Limited (public resource company). • BA (Economics) and Law Degree.
William S. Rice	• Securities/corporate lawyer for many years, including five years as national managing partner of Bennett Jones LLP. • Chair and Chief Executive of the Alberta Securities Commission for 10 years. • Served as a director of several public companies. • Over 40 years of extensive experience related to all aspects of reading, reviewing and understanding financial statements of public companies.

Audit Committee Attendance

The following is a summary of the attendance of the members of the Audit Committee for 2019:

Name	Audit Committee
Gary J. Drummond	3/4
Randy M. Jarock	4/4
William S. Rice	4/4

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year has a recommendation of the Audit Committee to nominate or compensate an external auditor not been adopted by the Pine Cliff board of directors.

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on any exemption from NI 52-110, including Section 2.4 *De Minimis Non-audit Services* of NI 52-110, or an exemption from NI 52-110, in whole or in part, granted under Part 8 *Exemptions* of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described above under the heading "Duties and Responsibilities of the Committee" in the Audit Committee Charter as attached as Appendix "C".

External Auditor Service Fees (By Category)

The fees for auditor services billed by the Company's external auditors in each of the last two fiscal years are as follows:

Financial Year Ending December 31	Audit Fees	Audit-related Fees	Tax Fees	All Other Fees
2019	$142,000	$51,000(1)	nil	$25,000(2)
2018	$160,000	$51,000(1)	nil	$35,000(2)(3)

(1) Quarterly reviews of the financial statements.
(2) Internal Control review.
(3) Adoption if new IFRS 16 standard.

ADDITIONAL INFORMATION

Additional information about the Company can be found on SEDAR at www.sedar.com and on the Company's website at www.pinecliffenergy.com

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Common Shares and securities authorized for issuance under equity compensation plans, is contained in the Company's management information circular relating to its most recent annual meeting of Shareholders held on May 15, 2019.

Additional financial information is provided in the Company's consolidated financial statements and management's discussion and analysis for the year ended December 31, 2019.

Additional copies of this Annual Information Form, the materials listed in the preceding paragraph, and any interim financial statements which have been issued by the Company will be available upon request by contacting the Company at Suite 850, 1015 – 4th Street S.W., Calgary, Alberta T2R 1J4, Telephone: (403) 269-2289.

APPENDIX "A"
FORM 51-101F2
REPORT ON RESERVES DATA
BY INDEPENDENT QUALIFIED RESERVES EVALUATOR OR AUDITOR

February 12, 2020

Pine Cliff Energy Ltd.
850, 1015 – 4th Street SW
Calgary, Alberta
T2R 1J4

Attention: The Board of Directors of Pine Cliff Energy Ltd.

Re: **Form 51-101F2**
Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor of Pine Cliff Energy Ltd. (the "Company")

To the Board of Directors of Pine Cliff Energy Ltd. (the "Company"):

1. We have evaluated the Company's reserves data as at December 31, 2019. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2019 estimated using forecast prices and costs.

2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.

3. We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook as amended from time to time (the "COGE Handbook") maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter).

4. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.

5. The following table shows the net present value of future net revenue (before deduction of income taxes) attributed to proved + probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated for the year ended December 31, 2019, and identifies the respective portions thereof that we have evaluated and reported on to the Company's Management:

Independent Qualified Reserves Evaluator	Effective Date of Evaluation Report	Location of Reserves	Net Present Value of Future Net Revenue $M (before and after income taxes, 10% discount rate)			
			Audited	**Evaluated**	**Reviewed**	**Total**
McDaniel	December 31, 2019	Canada	-	127,129	-	127,129

6. In our opinion, the reserves data respectively evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook, consistently applied. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.

7. We have no responsibility to update our report referred to in paragraph 5 for events and circumstances occurring after the effective date of our report.

8. Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

MCDANIEL & ASSOCIATES CONSULTANTS LTD.

"signed by B. R. Hamm"

____

Brian R. Hamm, P. Eng.
President & CEO

Calgary, Alberta, Canada
February 12, 2020

APPENDIX "B"
FORM 51-101F3
REPORT OF MANAGEMENT AND DIRECTORS
ON OIL AND GAS DISCLOSURE

Report of Management and Directors on Reserves Data and Other Information

Management of Pine Cliff Energy Ltd. (the "**Company**") are responsible for the preparation and disclosure of information with respect to the Company's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data which are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2019, estimated using forecast prices and costs.

An independent qualified reserves evaluator has evaluated the Company's reserves data. The report of the independent qualified reserves evaluator will be filed with securities regulatory authorities concurrently with this report.

The board of directors of the Company has:

a) reviewed the Company's procedures for providing information to the independent qualified reserves evaluator;
b) met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation; and
c) reviewed the reserves data with management and the independent qualified reserves evaluator.

The board of directors of the Company has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The board of directors has approved:

a) the content and filing with securities regulatory authorities of Form 51-101F1 containing reserves data and other oil and gas information;
b) the filing of Form 51-101F2 which is the report of the independent qualified reserves evaluator on the reserves data; and
c) the content and filing of this report.

Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material.

"Signed Philip B. Hodge"
Philip B. Hodge, President and Chief Executive Officer

"Signed Alan MacDonald"
Alan MacDonald, Chief Financial Officer and Corporate Secretary

"Signed George F. Fink"
George F. Fink, Director

"Signed Randy M. Jarock"
Randy M. Jarock, Director

March 11, 2020

APPENDIX "C"
AUDIT COMMITTEE CHARTER
of
PINE CLIFF ENERGY LTD.

Approved by the Board of Directors on May 18, 2017

1. Establishment of the Audit Committee

It is the policy of Pine Cliff Energy Ltd. (the "**Corporation**") to establish and maintain an Audit Committee (the "**Committee**") to assist the Board of Directors of the Corporation (the "**Board**") in the exercise of its duties and responsibilities.

2. Composition of the Committee

The membership of the Committee shall be as follows:

(a) the Committee shall consist of a minimum of three directors of the Corporation;

(b) each of the members of the Committee must be "independent" within the meaning of National Instrument 52-110 – *Audit Committees*;

(c) all members of the Committee shall be "financially literate" in that they must be able to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements;

(d) members of the Committee shall be appointed annually by the Board, at the first meeting of the Board after the annual general meeting of shareholders of the Corporation, from among directors of the Corporation;

(e) the chair (the "Chair") of the Committee shall be appointed by the Board;

(f) a member of the Committee shall *ipso facto* cease to be a member of the Committee upon ceasing to be a director of the Corporation; and

(g) any member of the Committee may be removed or replaced at any time by resolution of the directors of the Corporation. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all its powers so long as a quorum remains.

3. Meetings of the Committee

Subject to the following requirements, the Committee may determine its own meeting procedures:

(a) The Committee shall convene at such dates, times and places as may be designated or approved by the Chair whenever a meeting is requested by the Board, a member of the Committee, the Corporation's external auditors (the "Auditors"), the Chief Executive Officer of the Corporation (the "CEO") or a senior executive of the Corporation. The Committee shall convene a minimum of four times per year to correspond with the review of the annual and quarterly financial statements;

(b) Notice of each meeting shall be given to each member of the Committee, the Chairman of the Board, the CEO, the Auditors and all other persons the Committee determines should be provided with notice of the meeting;

(c) Notice of a meeting of the Committee shall:

(i) be in writing;

(ii) state the nature of the business to be transacted at the meeting in reasonable detail;

(iii) provide the location of the meeting and instructions how to participate remotely if required;

(iv) to the extent practicable, be accompanied by copies of documentation to be considered at the meeting; and

(v) be given at least two business days prior to the time stipulated for the meeting or such shorter period as the members of the Committee may permit;

(d) A quorum for the transaction of business at a meeting of the Committee shall consist of a majority of its members. Every motion at the Committee meeting shall be decided by a majority of votes cast; in the event of a tie vote on any matters, such matters shall be presented to the Board for its consideration and determination;

(e) Any member of the Committee may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facilities as permit all persons participating in the meeting to communicate adequately with each other, and a member participating in such a meeting by any such means is deemed to be present at the meeting;

(f) In the absence of the Chair, the members of the Committee shall choose one of the members present to be chair of the meeting. In addition, the members of the Committee shall choose one of the persons present to be the secretary of the meeting;

(g) The Chairman of the Board, the CEO, senior financial Management and other parties may attend meetings of the Committee; however, the Committee: (i) shall meet with the Auditors independent of Management; and (ii) may meet separately with Management;

(h) The Committee shall meet in a separate, non-Management, in camera session at each meeting. The Committee may invite such officers, directors and employees of the Corporation or affiliates as it see fit from time to time to attend meetings of the Committee and to assist thereat in the discussion of matters being considered by the Committee;

(i) Minutes shall be kept of all meetings of the Committee and shall be signed by the chair and the secretary of the meeting; and

(j) Minutes of Committee meetings will be sent to all Board members and relevant Management. Reports on the conduct of the meetings will be made to the Board by the Chair or in their absence, by the chair of the meeting.

4. **Duties and Responsibilities of the Committee**

The Committee's primary duties and responsibilities are to assist the Board with the following:

(a) providing an open avenue of communication among Management, the Auditors and the Board;

(b) monitoring the adequacy of this Charter and recommending any proposed changes to the Board;

(c) reviewing the appointments of the Corporation’s Chief Financial Officer and any other key financial executives involved in the financial reporting process;

(d) identifying and monitoring the Management of the principal risks that could impact the financial reporting of the Corporation;

(e) reviewing with Management and the Auditors the adequacy and effectiveness of the Corporation's accounting and financial controls and overseeing the integrity, adequacy and timeliness of its financial reporting processes. The Committee shall review to ensure, to its satisfaction, that adequate procedures are in place for the review of the Corporation's disclosure of financial information extracted or derived from the Corporation's financial statements and will periodically assess the adequacy of those procedures;

(f) reviewing with Management and the external auditors the audited annual financial statements and related documents and review with Management the unaudited quarterly financial statements and related documents, prior to filing or distribution, including matters required to be reviewed under applicable legal or regulatory requirements, for submission to the Board of Directors for approval;

(g) reviewing with Management, where appropriate and prior to release, any news releases that disclose annual or interim financial results or contain other significant financial information that has not previously been released to the public;

(h) reviewing the Corporation's financial reporting and accounting standards and principles and significant changes in such standards or principles or in their application, including key accounting decisions affecting the financial statements, alternatives thereto and the rationale for decisions made;

(i) reviewing the quality and appropriateness of the accounting policies and the clarity of financial information and disclosure practices adopted by the Corporation, including consideration of the Auditors' judgment about the quality and appropriateness of the Corporation's accounting policies. This review may include discussions with the external auditors without the presence of Management;

(j) reviewing with Management and the Auditors, significant related party transactions and potential conflicts of interest;

(k) pre-approving all non-audit services in excess of $20,000 to be provided to the Corporation by the Auditors and applicable fees;

(l) if deemed necessary, inspecting any and all of the books and records of the Corporation, its subsidiaries and affiliates;

(m) discussing with Management, its subsidiaries and affiliates and staff of the Corporation, any affected party, contractors and consultants of the Corporation and the external auditors, such accounts, records and other matters as any member of the Committee considers necessary and appropriate;

(n) when there is to be a change of Auditors, reviewing all issues and provide documentation related to the change, including the information to be included in the Notice of Change of Auditors and documentation required pursuant to National Instrument 51-102 (or any successor legislation) of the Canadian Securities Administrators and the planned steps for an orderly transition;

(o) reviewing all securities offering documents (including the documents incorporated therein by reference) of the Corporation;

(p) reviewing findings, if any, from examinations performed by regulatory agencies with respect to financial matters;

(q) reviewing and overseeing Management's procedure for monitoring the Corporation's compliance with laws and regulations related to financial reporting;

(r) reviewing current and expected future compliance with covenants under financing agreements;

(s) reviewing the proposed issuance of debt and equity instruments including public and private debt, equity and hybrid securities, credit facilities with banks and others, and other credit arrangements such as material capital and operating leases. When applicable, the Committee shall review the related securities;

(t) monitoring and overseeing the independence of the Auditors by reviewing all relationships between the Auditors and the Corporation and all non-audit work performed for the Corporation by the Auditors;

(u) establishing and reviewing the Corporation's procedures for the:

(i) receipt, retention and treatment of complaints regarding accounting, financial disclosure, internal controls or auditing matters; and

(ii) confidential, anonymous submission by employees of the Corporation regarding questionable accounting, auditing and financial reporting and disclosure matters.

(v) reviewing and approving the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former Auditors of the Corporation;

(w) conducting or authorizing investigations into any matters that the Committee believes is within the scope of its responsibilities;

(x) performing such other functions and exercise such other powers as are prescribed from time to time for the audit committee of a reporting issuer in Parts 2 and 4 of NI 52-110, all other applicable laws and policies and procedures of all applicable regulatory authorities, the Business Corporations Act (Alberta) and the By-laws of the Corporation; and

(y) performing any other activities consistent with this Charter as the Committee or the Board deems necessary or appropriate.

5. **Management and Auditor's Role**

Management is responsible for preparing the Corporation's financial statements and other financial information and for the fair presentation of the information set forth in the financial statements in accordance with International Financial Reporting Standards. Management is also responsible for establishing internal controls and procedures and for maintaining the appropriate accounting and financial reporting principles and policies designed to assure compliance with accounting standards and all applicable laws and regulations.

The Auditors' responsibility is to express an opinion on the Corporation's financial statements, based on their audit conducted in accordance with generally accepted auditing standards.

6. **Reporting**

At the earliest reasonable opportunity after each meeting, the Committee shall report to the Board the results of its activities and any reviews undertaken and make recommendations to the Board as deemed appropriate.

7. **Access to Outside Advisors**

The Committee has the authority to retain independent counsel, accountants or other advisors to assist it, as it considers necessary, to carry out its duties, and to set and pay the compensation of such advisors at the expense of the Corporation. If these costs exceed $10,000 per annum for a Committee member, such member will obtain prior approval from the Board for the amount exceeding $10,000 per annum. The Committee, and any outside advisors retained by it, will have access to all records and information relating to the Corporation and its subsidiaries which it deems relevant to the performance of its duties.