

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") is a review of the operations and current financial position of Pine Cliff Energy Ltd. ("Pine Cliff" or the "Company") for the period ended September 30, 2021. This MD&A is dated and based on information available as at November 4, 2021 and should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2021 ("Financial Statements"), the audited annual consolidated financial statements for the year ended December 31, 2020 ("Annual Financial Statements") and the annual management's discussion and analysis for the year ended December 31, 2020 ("Annual MD&A"). The Financial Statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" using accounting principles consistent with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board using Generally Accepted Accounting Principles ("GAAP"). Additional information relating to the Company, including the Company's Annual Information Form, may be found on www.sedar.com and by visiting Pine Cliff's website at www.pinecliffenergy.com.

Pine Cliff's head office is based in Calgary, Alberta, Canada. Common shares of the Company ("Common Shares") are listed for trading on the Toronto Stock Exchange ("TSX") under the symbol "PNE".

READER ADVISORIES

This MD&A contains financial measures that are not defined under IFRS and forward-looking statements. Please refer to the sections titled "NON-GAAP MEASURES" and "FORWARD LOOKING INFORMATION".

Other Measurements

All amounts herein are presented in Canadian dollars unless otherwise specified. All references to \$CAD or \$ are to Canadian dollars and monetary references to \$US are to United States dollars.

Natural gas liquids ("NGL") and oil volumes are recorded in barrels of oil ("Bbl") and are converted to a thousand cubic feet equivalent ("Mcf") using a ratio of one (1) Bbl to six (6) thousand cubic feet. Natural gas volumes recorded in thousand cubic feet ("Mcf") are converted to barrels of oil equivalent ("Boe") using the ratio of six (6) thousand cubic feet to one (1) Bbl. This conversion ratio is based on energy equivalence primarily at the burner tip and does not represent a value equivalency at the wellhead. The terms Boe or Mcfe may be misleading, particularly if used in isolation.

2021 HIGHLIGHTS

Highlights from the three and nine months ended September 30, 2021 are as follows:

- repaid in full \$19.0 million of Term Debt due July 31, 2022;
- generated \$13.3 million of adjusted funds flow (\$0.04 per basic share) for the three months ended September 30, 2021, and \$32.8 million (\$0.10 per basic share) for the nine months ended September 30, 2021;
- net debt decreased by 34% or \$21.6 million from \$63.0 million on December 31, 2020, to \$41.4 million as at September 30, 2021 and is Pine Cliff's lowest net debt level since the third quarter of 2015;
- generated net earnings of \$2.3 million (\$0.01 per basic and fully diluted share) for the three months ended September 30, 2021, and \$0.1 million (\$0.00 per basic and fully diluted share) for the nine months then ended;
- drilled 2 gross (2.0 net) Pekisko oil wells and 2 gross (0.4 net) Ellerslie natural gas wells that were all on production by the end of October 2021; and
- increased the 2021 capital budget by \$8.5 million to accommodate the drilling of 1 gross (0.9 net) Mannville natural gas well in Central Alberta, 1 gross (0.2 net) Ellerslie natural gas well at Edson, along with the drilling of 2 gross (1.4 net) and the reactivation of 4 gross (2.8 net) Pekisko oil wells, during the fourth quarter of 2021.

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
(\$000s, unless otherwise indicated)				
FINANCIAL¹				
Commodity sales (before royalty expense)	39,890	24,744	109,572	71,878
Cash flow from operating activities	12,411	3,945	29,053	6,121
Adjusted funds flow²	13,333	809	32,827	733
Per share – Basic (\$/share) ²	0.04	0.00	0.10	0.00
Per share – Diluted (\$/share) ²	0.04	0.00	0.09	0.00
Earnings/(Loss)	2,323	(12,110)	899	(46,285)
Per share – Basic (\$/share)	0.01	(0.04)	0.00	(0.14)
Per share – Diluted (\$/share)	0.01	(0.04)	0.00	(0.14)
Capital expenditures	8,903	2,213	10,827	6,210
Net debt²	41,413	69,312	41,413	69,312
Weighted-average common shares outstanding ('000s)				
Basic	337,921	330,230	336,760	328,605
Diluted	346,732	330,230	345,571	328,605
OPERATIONS				
Production				
Natural gas (Mcf/d)	100,462	103,304	99,757	104,105
Natural gas liquids (Bbl/d)	1,178	1,171	1,247	1,159
Crude oil (Bbl/d)	394	367	366	453
Total (Boe/d)	18,316	18,755	18,239	18,963
Realized commodity sales prices				
Natural gas (\$/Mcf)	3.43	2.18	3.20	2.13
Natural gas liquids (\$/Boe)	50.53	25.07	45.67	20.99
Crude oil (\$/Bbl)	74.94	40.54	68.52	35.51
Combined (\$/Boe)	23.67	14.34	22.01	13.83
Netback (\$/Boe)				
Commodity sales	23.67	14.34	22.01	13.83
Processing and gathering	0.57	0.65	0.58	0.55
Royalty expense	(2.43)	(0.67)	(2.24)	(0.75)
Transportation	(1.36)	(1.28)	(1.36)	(1.34)
Operating	(11.23)	(11.14)	(10.78)	(10.71)
Operating netback (\$/Boe) ²	9.22	1.90	8.21	1.58
General and administrative	(0.60)	(0.68)	(0.86)	(0.70)
Interest and bank charges	(0.70)	(0.75)	(0.76)	(0.74)
Corporate netback (\$/Boe) ²	7.92	0.47	6.59	0.14
Operating netback (\$ per Mcfe) ²	1.54	0.32	1.37	0.26
Corporate netback (\$ per Mcfe) ²	1.32	0.08	1.10	0.02

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

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

SENSITIVITIES

Pine Cliff's results are sensitive to changes in the business environment in which it operates. The following chart shows the Company's sensitivity to key commodity price variables. The sensitivity calculations are performed independently showing the effect of the change of one variable; all other variables are held constant.

Business environment sensitivities	Impact on annual adjusted funds flow ¹		
	Change ²	\$000s	\$ per share ⁴
Realized natural gas price ³	\$0.10	3,300	0.01
Realized NGL price ³	\$1.00	387	0.00
Realized crude oil price ³	\$1.00	129	0.00

¹ This analysis does not adjust for changes in working capital and uses corporate royalty rates from the nine months ended September 30, 2021.

² Sensitivity pricing changes are based on a change in realized prices for natural gas of \$0.10/Mcf and \$1.00 Bbl for both crude oil and NGLs, as defined herein.

³ Pine Cliff has prepared this analysis using its Q3 2021 production volumes annualized for twelve months.

⁴ Based on the Q3 2021 basic weighted average shares outstanding.

BENCHMARK PRICES

	Three months ended September 30,			Nine months ended September 30,		
	2021	2020	% Change	2021	2020	% Change
Natural gas						
NYMEX (US\$/Mmbtu) ¹	4.01	1.98	103	3.18	1.88	69
AECO Daily 5A (C\$/Mcf) ²	3.58	2.23	61	3.27	2.08	57
Crude oil						
WTI (US\$/Bbl)	70.56	40.93	72	64.82	38.32	69
Edmonton Light (C\$/Bbl)	83.78	49.83	68	75.88	43.68	74
Foreign exchange						
US\$/C\$	1.260	1.332	(5)	1.252	1.354	(8)

¹ Mmbtu is the abbreviation for millions of British thermal units. One Mcf of natural gas is approximately 1.02 Mmbtu.

² AECO prices are quoted in \$/Gigajoule. Price has been converted from \$/GJ to \$/Mcf by multiplying by 1.05.

Quarterly Benchmark Prices

Pine Cliff's financial results are influenced by fluctuations in commodity prices, dollar exchange rates and price differentials. The following table shows select market benchmark average prices and foreign exchange rates in the last eight quarters to assist in understanding the volatility in prices and foreign exchange rates that have impacted Pine Cliff's business.

	Q3-2021	Q2-2021	Q1-2021	Q4-2020	Q3-2020	Q2-2020	Q1-2020	Q4-2019
Natural gas								
NYMEX (US\$/Mmbtu) ¹	4.01	2.83	2.69	2.66	1.98	1.72	1.95	2.50
AECO Daily 5A (C\$/Mcf) ²	3.58	3.08	3.14	2.63	2.23	1.98	2.02	2.46
Pine Cliff realized natural gas price (C\$/Mcf)	3.43	3.03	3.14	2.73	2.18	2.03	2.19	2.52
Crude oil								
WTI (US\$/Bbl)	70.56	66.07	57.84	42.66	40.93	27.85	46.17	56.96
Edmonton Light (C\$/Bbl)	83.78	77.28	66.58	50.24	49.83	29.77	51.44	66.57
Pine Cliff realized NGL price (C\$/Bbl)	50.53	42.83	43.87	28.89	25.07	14.56	22.69	35.36
Pine Cliff realized oil price (C\$/Bbl)	74.94	69.90	60.09	43.46	40.54	22.10	43.47	59.91
Foreign exchange								
US\$/C\$	1.260	1.231	1.266	1.303	1.332	1.386	1.345	1.320

¹ Mmbtu is the abbreviation for millions of British thermal units. One Mcf of natural gas is approximately 1.02 Mmbtu.

² AECO prices are quoted in \$/Gigajoule. Price has been converted from \$/GJ to \$/Mcf by multiplying by 1.05.

In the three and nine months ended September 30, 2021 the AECO daily benchmark increased by 61% and 57%, compared to the same periods of 2020. The changes for the quarter are mainly due to supply and demand factors including North American industrial and residential demand, increases in liquefied natural gas (“LNG”) exports due to increased demand in Europe and Asia, natural gas exports to Mexico, weather, economic conditions in producing and consuming regions throughout North America and political factors. The price realized by the Company for natural gas production from Western Canada is primarily influenced by the Alberta price hub AECO, while diversification projects to delivery points such as Dawn in Ontario and TransGas into Saskatchewan have created diversification pricing options to complement AECO pricing.

The average benchmarks for WTI crude increased by 72% and 69%, for the three and nine months ended September 30, 2021, as compared to the same periods in 2020, primarily due to the growth in global demand as vaccines are administered in response to the novel coronavirus (“COVID-19”). In March 2020, the World Health Organization declared COVID-19 a global pandemic, prompting many countries around the world to close international borders and order the closure of institutions and businesses deemed non-essential. At the same time, the Organization of Petroleum Exporting Countries (“OPEC”), and certain other countries, increased the planned supply of crude oil in an attempt to control market share. The sudden decrease in global crude oil demand due to COVID-19 coupled with a planned increase in supply significantly reduced crude oil prices in 2020.

In subsequent months, agreements have been made between OPEC, Russia and other crude oil producing countries around the world that have reduced global crude oil production and brought the oversupply closer into balance with demand. While crude oil prices have recovered from the historic lows observed earlier in 2020, support from future demand remains uncertain. Efforts to reopen local economies and international borders around the globe resulted in varying degrees of virus outbreak. Many countries re-imposed restrictions as regions experienced a fourth wave of COVID-19. Vaccination programs have begun around the world with the pace of such vaccinations dependent upon the supply access and logistics organized by the individual countries.

Canadian crude prices are based upon refinery postings at Edmonton, Alberta and are linked to WTI through transportation tariffs to common markets and the foreign exchange rate.

The supply and demand dynamics for certain NGL components such as ethane, propane, butane, and condensate in the recent past has impacted the relationship between the price of NGLs and the price of oil. The fluctuations in NGL price correlate significantly with changes in the Edmonton Light oil price.

SALES VOLUMES

Total sales volumes by product	Three months ended September 30,			Nine months ended September 30		
	2021	2020	% Change	2021	2020	% Change
Natural gas (Mcf)	9,242,508	9,503,940	(3)	27,233,610	28,524,996	(5)
NGLs (Bbl)	108,414	107,740	1	340,547	317,537	7
Crude oil (Bbl)	36,212	33,790	7	99,848	124,224	(20)
Total Boe	1,685,044	1,725,520	(2)	4,979,330	5,195,927	(4)
Total Mcfe	10,110,264	10,353,120	(2)	29,875,980	31,175,562	(4)
Natural gas weighting	91%	92%	(1)	91%	91%	-

Average daily sales volumes by product	Three months ended September 30,			Nine months ended September 30,		
	2021	2020	% Change	2021	2020	% Change
Natural gas (Mcf/d)	100,462	103,304	(3)	99,757	104,105	(5)
NGLs (Bbl/d)	1,178	1171	1	1,247	1159	7
Crude oil (Bbl/d)	394	367	7	366	453	(20)
Total (Boe/d)	18,316	18,755	(2)	18,239	18,963	(4)
Total (Mcfe/d)	109,896	112,530	(2)	109,434	113,778	(4)

Average daily sales volumes by area	Three months ended September 30,			Nine months ended September 30,		
	2021	2020	% Change	2021	2020	% Change
Central (Boe/d)	9,702	9,746	-	9,658	9,844	(2)
Southern (Boe/d)	7,185	7,536	(5)	7,165	7,530	(5)
Edson (Boe/d)	1,429	1,473	(3)	1,416	1,589	(11)
Total (Boe/d)	18,316	18,755	(2)	18,239	18,963	(4)

Pine Cliff's sales volumes decreased by 2% and 4% to 18,316 Boe/d (109,896 Mcfe/d) and to 18,239 Boe/d (109,434 Mcfe/d) for the three months and nine months ended September 30, 2021, as compared to the same period in 2020. The decrease in production is due to normal production declines.

COMMODITY SALES

(\$000s)	Three months ended September 30,			Nine months ended September 30,		
	2021	2020	% Change	2021	2020	% Change
Natural gas	31,698	20,673	53	87,178	60,802	43
NGL	5,478	2,701	103	15,552	6,665	133
Crude oil	2,714	1,370	98	6,842	4,411	55
Total oil and gas sales	39,890	24,744	61	109,572	71,878	52
% of revenue from natural gas sales	79%	84%	(5)	80%	85%	(5)

Realized prices

\$ per unit	Three months ended September 30,			Nine months ended September 30,		
	2021	2020	% Change	2021	2020	% Change
Natural gas (\$/Mcf)	3.43	2.18	57	3.20	2.13	50
NGL (\$/Bbl)	50.53	25.07	102	45.67	20.99	118
Crude oil (\$/Bbl)	74.94	40.54	85	68.52	35.51	93
Total (\$/Boe)	23.67	14.34	65	22.01	13.83	59
Total (\$/Mcfe)	3.95	2.39	65	3.67	2.31	59

Commodity sales in the three months ended September 30, 2021 of \$39.9 million increased 61% from \$24.7 million in the corresponding period in the prior year, primarily due to higher realized commodity prices. Commodity sales in the nine months ended September 30, 2021, increased \$37.7 million to \$109.6 million from \$71.9 million in the nine months ended September 30, 2020, with the increase attributable to higher realized commodity prices.

Pine Cliff's realized natural gas price was \$3.43 per Mcf in the three months ended September 30, 2021, 57% higher than the \$2.18 per Mcf realized in the corresponding period of the prior year. This correlates with the AECO 5A reference price increase of 61%, primarily the result of robust demand across North America in the third quarter of 2021, increased LNG exports due to increased demand in Europe and Asia, and exports to Mexico from the United States, all resulting in the expectation of lower natural gas injection volumes into storage before the winter 21/22 season. Pine Cliff's realized natural gas price was \$3.20 per Mcf in the nine months ended September 30, 2021, 50% higher than the \$2.13 per Mcf realized in the corresponding periods of the prior year. Pine Cliff's realized natural gas price was 4% and 2% lower than the AECO 5A benchmark in the three and nine months ended September 30, 2021, both a result of Pine Cliff's marketing diversification and fixed price physical natural gas sales contracts.

For the three and nine months ended September 30, 2021, Pine Cliff's realized NGL price was \$50.53 per Bbl and \$45.67 per Bbl, compared to \$25.07 per Bbl and \$20.99 per Bbl, in the corresponding periods of the prior year. For the three and nine months ended September 30, 2021, Pine Cliff's realized oil price was \$74.94 per Bbl and \$68.52 per Bbl, compared to was \$40.54 per Bbl and \$35.51 per Bbl in the corresponding periods of the prior year. Pine Cliff's realized crude oil prices in the three and nine months ended September 30, 2021 were 89% and 90% of Edmonton Light compared to both 81% in the corresponding period of the prior year. Pine Cliff's realized NGL prices in the three and nine months ended September 30, 2021 were 60% of Edmonton Light compared to 50% and 48% in the corresponding periods of the prior year. This increase in crude oil and NGL pricing in the three and nine months ended September 30, 2021, compared to the corresponding periods of 2020, is due primarily to market fundamentals improving with the roll out of COVID-19 vaccinations being reflected in WTI reference pricing.

The disruption to global economic activity due to the spread of COVID-19 continues to impact global demand for crude oil and while crude oil prices have recovered from historic lows observed in 2020, support from future demand remains uncertain.

ROYALTY EXPENSE

(\$000s)	Three months ended September 30,			Nine months ended September 30,		
	2021	2020	% Change	2021	2020	% Change
Total royalty expense	4,097	1,162	253	11,141	3,919	184
\$ per Boe	2.43	0.67	263	2.24	0.75	199
\$ per Mcfe	0.41	0.11	263	0.37	0.13	199
Royalty expense as a % of commodity sales	10%	5%	100	10%	5%	100

For the three and nine months ended September 30, 2021, total royalty expense increased by 253% and 184% to \$4.1 million and \$11.1 million from \$1.2 million and \$3.9 million in the corresponding periods of the prior year. Royalty expense as a percentage of commodity sales increased to 10% in the three and nine months ended September 30, 2021, compared to 5% in the corresponding periods of the prior year. Crown royalty rates increase exponentially with higher commodity prices, and the increase in royalty expenses for the three months and nine months ended September 30, 2021, reflects the increase in commodity prices compared to the corresponding period of the prior year.

TRANSPORTATION COSTS

(\$000s)	Three months ended September 30,			Nine months ended September 30,		
	2021	2020	% Change	2021	2020	% Change
Total transportation costs	2,296	2,209	4	6,764	6,951	(3)
\$ per Boe	1.36	1.28	6	1.36	1.34	1
\$ per Mcfe	0.23	0.21	6	0.23	0.22	1

Transportation costs increased by 4% and decreased by 3% to \$2.3 million and \$6.8 million for the three and nine months ended September 30, 2021, as compared to \$2.2 million and \$7.0 million in the corresponding periods of the prior year. Transportation expenses reflect the Company's cost of delivering a lower proportion of its natural gas to its primary markets.

OPERATING EXPENSES

(\$000s)	Three months ended September 30,			Nine months ended September 30,		
	2021	2020	% Change	2021	2020	% Change
Operating expenses	18,924	19,225	(2)	53,667	55,649	(4)
Less: processing income	(954)	(1,119)	(15)	(2,876)	(2,856)	1
Net production expense	17,970	18,106	(1)	50,791	52,793	(4)
\$ per Boe	10.66	10.49	2	10.20	10.16	-
\$ per Mcfe	1.78	1.75	2	1.70	1.69	1

Net operating expenses decreased by 1% and 4% to \$18.0 million and \$50.8 million for the three and nine months ended September 30, 2021, as compared to \$18.1 million and \$52.8 million in the corresponding periods of the prior year, primarily as a result of lower fixed operating expenses, including regulatory fees and property taxes. On a per Boe basis, operating costs increased to \$10.66 per Boe and \$10.20 per Boe for the three and nine months ended September 30, 2021 compared to \$10.49 per Boe and \$10.16 per Boe in the corresponding periods of 2020, due primarily to lower sales volumes.

GENERAL AND ADMINISTRATIVE EXPENSES ("G&A")

(\$000s)	Three months ended September 30,			Nine months ended September 30,		
	2021	2020	% Change	2021	2020	% Change
Gross G&A	2,097	1,792	17	6,540	5,264	24
Less: overhead recoveries	(1,080)	(621)	(74)	(2,279)	(1,612)	(41)
Total G&A expenses	1,017	1,171	(13)	4,261	3,652	17
\$ per Boe	0.60	0.68	(12)	0.86	0.70	23
\$ per Mcfe	0.10	0.11	(12)	0.14	0.12	23

G&A decreased by 13% to \$1.0 million in the three months ended September 30, 2021, as compared to \$1.2 million in the corresponding period of the prior year. The decrease in G&A during the three months ended September 30, 2021 is primarily a result of higher overhead recoveries partially offset by higher compensation costs due to bonuses. G&A increased to \$4.3 million for the nine

months ended September 30, 2021 as compared to \$3.7 million in the corresponding period of the prior year, due primarily to higher compensation costs as a result of higher bonuses.

On a per Boe basis, G&A for the three months ended September 30, 2021, decreased 12% to \$0.60 per Boe from \$0.68 per Boe in the corresponding period of the prior year, primarily a result of higher overhead recoveries. On a per Boe basis, G&A for the nine months ended September 30, 2021 increased 23% to \$0.86 per Boe from \$0.70 per Boe in the corresponding period of the prior year, primarily a result of the increase in compensation costs.

SHARE-BASED PAYMENTS

(\$000s)	Three months ended September 30,			Nine months ended September 30,		
	2021	2020	% Change	2021	2020	% Change
Total share-based payments	333	174	91	660	569	16
\$ per Boe	0.20	0.10	100	0.13	0.11	18
\$ per Mcfe	0.03	0.02	100	0.02	0.02	18

The increase in share-based payments of 91% for the three months ended September 30, 2021 compared to the corresponding period is primarily a result of the increase in the fair value of the stock options granted during the period. The increase in share-based payments of 16% for the nine months ended September 30, 2021 compared to the corresponding period is primarily a result of the increase in the fair value of the stock options granted during the respective periods. The Company has an equity settled stock-based compensation plan. Stock options are granted to certain officers, directors, employees and consultants, with the number, term and vesting period of the options granted being determined at the discretion of the Company and the Company's board of directors (the "Board") to a maximum of 10% of the outstanding Common Shares.

During the nine months ended September 30, 2020, Pine Cliff granted 11,191,600 stock options to purchase Common Shares at a weighted average exercise price of \$0.16 (September 30, 2020 - 8,656,850 at an average exercise price of \$0.14). As at September 30, 2021, the Company had 26,183,901 stock options outstanding representing 7.7% of Common Shares outstanding (September 30, 2020 - 28,168,200 representing 8.6% of Common Shares outstanding).

DEPLETION, DEPRECIATION AND IMPAIRMENT

(\$000s)	Three months ended September 30,			Nine months ended September 30,		
	2021	2020	% Change	2021	2020	% Change
Total depletion and depreciation	10,087	11,379	(11)	30,333	34,379	(12)
\$ per Boe	5.99	6.59	(9)	6.09	6.62	(8)
\$ per Mcfe	1.00	1.10	(9)	1.02	1.10	(8)
Impairment	-	-	-	-	7,900	(100)
Total depletion, depreciation and impairment	10,087	11,379	(11)	30,333	42,279	(28)
\$ per Boe	5.99	6.59	(9)	6.09	8.14	(25)
\$ per Mcfe	1.00	1.10	(9)	1.02	1.36	(25)

Depletion and depreciation expense for the three and nine months ended September 30, 2021, totaled \$10.1 million and \$30.3 million, compared to \$11.4 million and \$34.4 million in the corresponding periods of the prior year. The decrease is a result of a lower depletable base and lower sales volumes. Depletion and depreciation per Boe will fluctuate from one period to the next depending on changes in reserves that result from commodity prices and the amount and success of capital expenditures. Depletion is calculated using total proved and probable reserves and reserves estimates are subject to revision.

Property Plant and Equipment ("PP&E") Impairment Assessment

As at September 30, 2021, the Company had four cash generating units ("CGU") being the Southern CGU, Central CGU, Edson CGU and Coal Bed Methane CGU. The Company reviewed each CGU's property and equipment at September 30, 2021 for indicators of impairment and determined there were no impairment indicators present.

FINANCE EXPENSES

(\$000s)	Three months ended September 30,			Nine months ended September 30,		
	2021	2020	%Change	2021	2020	% Change
Interest expense and bank charges	1,177	1,287	(9)	3,788	3,830	(1)
\$ per Boe	0.70	0.75	(7)	0.76	0.74	3
\$ per Mcfe	0.12	0.12	(7)	0.13	0.12	3
Non cash:						
Accretion on decommissioning provision	1,337	1,340	-	4,025	4,092	(2)
Accretion on Term debt	94	26	262	148	78	90
Total finance expenses	2,608	2,653	(2)	7,961	8,000	-
\$ per Boe	1.55	1.54	1	1.60	1.54	4
\$ per Mcfe	0.26	0.26	1	0.27	0.26	4

Finance expenses decreased by 2% to \$2.6 million for the three months ended September 30, 2021, as compared to \$2.7 million for the corresponding period of the prior year due to the repayment of Term Debt (as defined herein). Finance expenses decreased slightly for the nine months ended September 30, 2021, from the corresponding period of the prior year, primarily due to the early repayment of the 2022 Tranche (as defined below), partially offset by higher interest rate on the 2024 Tranche (as defined below). Please refer to the "DEBT, LIQUIDITY AND CAPITAL RESOURCES" section for additional information.

CAPITAL EXPENDITURES, ACQUISITIONS AND DISPOSITIONS

(\$000s)	Nine months ended September 30, 2021	Year ended December 31, 2020
Exploration and evaluation	103	37
Property, plant and equipment	10,724	7,480
Capital expenditures	10,827	7,517
Acquisitions	11	(6)
Dispositions	(187)	(829)
Total	10,651	6,682

Capital expenditures

Capital expenditures on PP&E of \$10.7 million during the nine months ended September 30, 2021 were directed towards the drilling, completion and tie-in of two gross (2.0 net) Pekisko oil wells in Central Alberta for \$5.6 million, the drilling of two gross (0.4 net) natural gas wells in the Edson area for \$0.6 million, facility maintenance capital of \$4.1 million and \$0.4 million of other miscellaneous capital additions. Initial production from the Pekisko oil wells commenced September 30, 2021 and the Edson natural gas wells were completed and tied-in by the end of October 2021.

DECOMMISSIONING PROVISION

The total current and long-term decommissioning provision of \$232.5 million was estimated by management based on the Company's working interest and estimated costs to remediate, reclaim and abandon all of its wells, pipelines, and facilities and estimated timing of the costs to be incurred in future periods.

At September 30, 2021 the estimated total undiscounted and uninflated amount required to settle the decommissioning liabilities was \$240.6 million (December 31, 2020 - \$247.5 million). The discounted and inflated amount required to settle the decommissioning liabilities of \$232.5 million has been calculated assuming a 2.00% inflation rate (December 31, 2020 - 2.00%) and discounted using a risk-free nominal rate of 2.30% (December 31, 2020 - 2.30%). These obligations are currently expected to be settled based on the useful lives of the underlying assets, some of which extend beyond 35 years into the future.

DEBT, LIQUIDITY AND CAPITAL RESOURCES

Due to Related Party Note

Pine Cliff has a \$6.0 million subordinated promissory note to the Company's Chairman of the Board. This promissory note matures on December 31, 2024, bears interest at 6.5% per annum and is payable monthly. This promissory 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. Interest paid on this promissory note for the three and nine months ended September 30, 2021 was \$0.1 million and \$0.3 million (September 30, 2020 - \$0.1 million and \$0.3 million).

The Company has established a \$4.0 million borrowing facility (the "**Facility**") with the Company's Chairman of the Board (the "**Lender**"), whereby the Lender will provide up to \$4.0 million of borrowings at an interest rate of 6.5% per annum, payable monthly. The term (the "**Term**") of the Facility expires on the later of: (i) December 31, 2024; or (ii) the date of full repayment of any outstanding borrowings. Amounts can be drawn, repaid and redrawn by the Company at any time during the Term and borrowings under the Facility are payable on demand to the Lender on 60 days written notice. The Facility can be cancelled at any time by the Lender on 60 days written notice, while the Term may also be extended by mutual consent of the Company and the Lender. There was no amount drawn on the Facility during the three or nine months ended September 30, 2021.

Subordinated Promissory Notes

Pine Cliff has issued \$6.0 million subordinated promissory notes to a shareholder and a relative of that shareholder, owning directly or by discretion and control, greater than 10% of the Common Shares. These subordinated promissory notes mature on December 31, 2024, bear interest at 6.5% per annum and are payable monthly. These subordinated promissory 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.

Term Debt

The non-revolving credit facility ("**Term Debt**") with Alberta Investment Management Corporation ("**AIMCO**"), acting on behalf of its clients, consists of a first tranche with a principal amount of \$30.0 million that matures on December 31, 2024 (the "**2024 Tranche**") and a second tranche with a principal amount of \$19.0 million that matures on July 31, 2022 (the "**2022 Tranche**"). Interest on the 2024 Tranche is payable at a rate of 9.75% per annum until September 30, 2021 and thereafter such interest rate will increase by 1% per annum up to 12.75% and interest was 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. During the three months ended September 30, 2021, the Company repaid in full the 2022 Tranche. The security for the Term Debt consists of floating demand debentures totaling \$150.0 million and a general security agreement with first ranking over all current and acquired properties.

Non-Financial Covenants

The Term Debt contains various covenants on the part of the Company and its subsidiaries, including covenants that place limitations on certain types of activities, including restrictions or requirements with respect to additional debt, liens, assets sales, hedging activities, management of environmental liabilities, investments, distributions, and mergers and acquisitions. The Term Debt does not include any financial covenants.

Letter of Credit Facility

As at September 30, 2021 the Company had a \$2.6 million letter of credit facility ("**LC Facility**") with a Canadian bank which is supported by a performance guarantee from Export Development Canada (December 31, 2020 - \$2.6 million). The LC Facility is for issuing letters of credit to counterparties and is available on a demand basis. Letters of credit issued under the LC Facility incur an issuance fee of 4.5% per annum. The LC Facility does not contain any financial covenants. As at September 30, 2021, The Company had \$2.5 million in letters of credit issued against its LC Facility (December 31, 2020 - \$2.5 million)

Liquidity and Capital Resources

Pine Cliff's approved capital budget for 2021 has been increased to \$21.5 million, including \$13.7 million in development capital, \$6.3 million on maintenance and optimization capital, and \$1.5 million for abandonments and reclamation and before acquisitions and dispositions. Pine Cliff anticipates funding its capital budget from adjusted funds flow. Budgeted future capital expenditures related to drilling are largely discretionary in nature and Pine Cliff is able to adjust the nature, amount and timing of most planned capital expenditures to changes in the business and commodity price environment.

The Company's capital comprises shareholders' equity, Term Debt, subordinated promissory notes, due to related party and working capital. Pine Cliff manages the capital structure and makes adjustments considering economic conditions and the risks of the underlying assets. The Company may carry a working capital deficiency as cash balances are used to fund ongoing operations. However Pine Cliff has and will continue to manage its working capital needs through its physical diversification program, adjusting timing of capital expenditures, executing asset dispositions and issuing equity when practical.

The Company defines and computes its net debt as follows:

(\$000s)	September 30, 2021	December 31, 2020	\$ Change
Due to related party ¹	6,000	6,000	-
Subordinated promissory notes ¹	6,000	6,000	-
Term Debt ²	30,000	49,000	(19,000)
Trade and other payables	31,306	27,275	4,031
Less:			
Trade and other receivables	(16,440)	(14,863)	(1,577)
Cash	(12,802)	(7,878)	(4,924)
Investments	(255)	-	(255)
Prepaid expenses and deposits	(2,396)	(2,484)	88
Net debt³	41,413	63,050	(21,637)

¹The debt due to related party and subordinated promissory notes are due on December 31, 2024.

²The Term Debt for net debt purposes are presented at the principal amount with \$30.0 million due on December 31, 2024.

³This is a non-GAAP measure, see NON-GAAP MEASURES for additional information.

Share Capital

Share capital	November 4, 2021	September 30, 2021	December 31, 2020
Common Shares	338,977,009	338,642,941	335,284,193
Stock options	25,987,857	26,183,901	25,561,498
Warrants	-	-	2,850,000

COMMITMENTS AND CONTINGENCIES

As at September 30, 2021, the Company has the following commitments and other contractual obligations:

(\$000s)	2021	2022	2023	2024	2025	Thereafter
Trade and other payables	31,306	-	-	-	-	-
Term Debt ¹	-	-	-	30,000	-	-
Due to related party	-	-	-	6,000	-	-
Subordinated promissory notes	-	-	-	6,000	-	-
Future interest	1,928	4,080	4,380	4,605	-	-
Lease obligations ²	805	1,166	990	346	184	-
Transportation ³	2,959	8,085	5,204	4,387	3,973	6,295
Total commitments and contingencies	36,998	13,331	10,574	51,338	4,157	6,295

¹Principal amount.

²Future payments associated with lease liabilities

³Firm transportation agreements.

QUARTERLY TRENDS AND SELECTED FINANCIAL INFORMATION¹

(\$000s, unless otherwise indicated)	Q3-2021	Q2-2021	Q1-2021	Q4-2020	Q3-2020	Q2-2020	Q1-2020	Q4-2019
FINANCIAL								
Total revenue	36,747	31,390	33,170	30,233	24,701	21,463	24,651	28,513
Cash flow from operating activities	12,411	8,171	8,471	2,666	3,945	539	1,637	4,039
Adjusted funds flow ²	13,333	9,494	10,000	7,996	809	(1,229)	1,153	5,025
Adjusted funds flow per share – basic (\$/share) ²	0.04	0.03	0.03	0.02	0.00	(0.00)	0.00	0.02
Adjusted funds flow per share – diluted (\$/share) ²	0.04	0.03	0.03	0.02	0.00	(0.00)	0.00	0.02
Earnings/(Loss)	2,323	(744)	(680)	(3,822)	(12,110)	(14,164)	(20,011)	(7,987)
Earnings/(Loss) per share – basic (\$/share)	0.01	(0.00)	(0.00)	(0.01)	(0.04)	(0.04)	(0.06)	(0.02)
Earnings/(Loss) per share – diluted (\$/share)	0.01	(0.00)	(0.00)	(0.01)	(0.04)	(0.04)	(0.06)	(0.02)
Capital expenditures	8,903	1,556	368	1,308	2,213	2,175	1,822	5,446
Acquisitions	11	-	-	(11)	10	(75)	70	202
Dispositions	(10)	(152)	(25)	(613)	(181)	(30)	(5)	(1,443)
Net debt ²	41,413	45,292	53,122	63,050	69,312	69,273	65,532	64,038
Weighted average common shares outstanding:								
Basic	337,921	336,802	335,556	335,284	330,230	327,784	327,784	327,784
Diluted	346,732	336,802	335,556	335,284	330,230	327,784	327,784	327,784
PRODUCTION VOLUMES								
Natural gas (Mcf/d)	100,462	99,528	99,267	104,788	103,304	104,611	104,412	108,208
Natural gas liquids (Bbl/d)	1,178	1,166	1,400	1,270	1,171	1,075	1,231	1,216
Crude oil (Bbl/d)	394	341	362	395	367	458	536	410
Average sales volumes (Boe/d)	18,316	18,095	18,307	19,130	18,755	18,968	19,169	19,661
Average sales volumes (Mcfe/d)	109,896	108,570	109,842	114,780	112,530	113,808	115,014	117,966
PRICES AND NETBACKS								
Total commodity sales (\$/Boe)	23.67	20.75	21.56	17.78	14.34	12.57	14.58	17.33
Operating netback (\$/Boe) ²	9.22	7.50	7.88	6.08	1.90	0.59	2.25	4.16
Corporate netback (\$/Boe) ²	7.92	5.77	6.05	4.55	0.47	(0.71)	0.65	2.79
Total commodity sales (\$/Mcfe)	3.95	3.46	3.59	2.96	2.39	2.10	2.43	2.89
Operating netback (\$/Mcfe) ²	1.54	1.25	1.31	1.01	0.32	0.10	0.38	0.69
Corporate netback (\$/Mcfe) ²	1.32	0.96	1.01	0.76	0.08	(0.12)	0.11	0.47

¹Includes results for acquisitions from the closing dates.

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

Over the past eight quarters, Pine Cliff's revenues, cash flow from operating activities, adjusted funds flow, and losses have fluctuated primarily due to changes in commodity prices and sales volumes. Losses also fluctuate with non-cash expenditures, including depletion, depreciation and impairments. Selected highlights for the past eight quarters are consistent with those disclosed in the Annual MD&A, except as described below.

- Total revenues increased from the second quarter of 2021 to the third quarter of 2021, mainly as a result of an increase in realized commodity prices.
- Adjusted funds flow increased from the second quarter of 2021 to the third quarter of 2021, mainly as a result of an increase in realized commodity prices.
- Average sales volumes increased in the third quarter of 2021 compared to the second quarter of 2021 due to field optimization initiatives.

- Total revenues decreased from the first quarter of 2021 to the second quarter of 2021, mainly as a result of a decrease in realized natural gas prices.
- Adjusted funds flow decreased from the first quarter of 2021 to the second quarter of 2021, mainly as a result of a decrease in realized natural gas prices.
- Average sales volumes decreased in the second quarter of 2021 compared to the first quarter of 2021 due to normal production declines.
- Losses decreased in the first quarter of 2021 compared to the fourth quarter of 2020 as a result of increases in commodity prices.
- Total revenues increased in the first quarter of 2021 from the fourth quarter of 2020, mainly as a result of higher commodity prices.

OFF BALANCE SHEET TRANSACTIONS

Pine Cliff was not involved in any off-balance sheet transactions during the periods presented, nor has it entered into any such arrangements as of the effective date of this MD&A.

FINANCIAL INSTRUMENTS

Financial instruments of the Company consist of cash, trade and other receivables, trade and other payables, due to related party, subordinated promissory notes and Term Debt. The carrying values of cash, trade and other receivables and trade and other payables approximate their respective fair values due to the short time before maturing. The carrying values of due to related party, subordinated promissory notes and Term Debt approximate their respective fair values due to their interest rates reflecting current market conditions.

Assets and liabilities that are measured at fair value are classified into levels, reflecting the method used to make the measurements. Level 1 fair value measurements are based on quoted prices that are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Pine Cliff has no level 2 or level 3 financial instruments. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level.

RISK MANAGEMENT

The Company is exposed to both financial and non-financial risks inherent in the oil and gas business. Financial risks include: commodity prices, interest rates, equity price, foreign exchange, credit availability and liquidity. Financial risks can be managed, at least to a degree, through the utilization of financial instruments. Certain non-financial risks can be mitigated through the use of insurance and/or other risk transfer mechanisms, good business practices and process controls, while others must simply be borne. All risks can have an impact upon the financial performance of the Company. The Company's exposure to market risk, credit risk and liquidity risk are consistent with those disclosed in the Annual Financial Statements, except as described in this section.

Commodity Price Risk

The Company is exposed to commodity price risk since its revenues are dependent on the prices of crude oil, NGL and natural gas. Commodity prices have fluctuated widely during recent years due to global and regional factors including, but not limited to, supply and demand, inventory levels, weather, economic changes and geopolitical factors and instability. Changes in oil, NGL's and natural gas prices may have a significant effect, positively or negatively, on the ability of the Company to meet its obligations, capital spending targets and expected operational results. A material decline or extended period of low oil, NGL or natural gas prices could result in a reduction of net production revenue. The economics of producing from some wells may change because of lower prices, which could result in reduced production of oil, NGL's or natural gas and a reduction in the volumes of Pine Cliff's reserves. Management may also elect not to produce from certain wells at lower prices. The Company does not currently hedge its crude oil or NGL commodity price risk. During the nine months ended September 30, 2021, Pine Cliff's average sales volumes were 91% natural gas.

Physical Sales Contracts

At September 30, 2021, the Company had the following physical natural gas sales contracts in place:

Contractual Term	Delivery Point	Physical Delivery Quantity (GJ/day)	Fixed Sale Price (\$CAD/GJ) ¹	Fixed Sale Price (\$CAD/Mcf) ²
October 1, 2021 to October 31, 2021	AECO	29,100	\$2.44	\$2.56
October 1, 2021 to October 31, 2021	TransGas ³	6,000	\$3.11	\$3.26
October 1, 2021 to October 31, 2021	Dawn ⁴	5,000	\$3.24	\$3.40
October 1, 2021 to December 31, 2021	AECO	2,500	\$3.54	\$3.71
November 1, 2021 to December 31, 2021	AECO	5,000	\$4.00	\$4.20
November 1, 2021 to March 31, 2022	AECO	5,000	\$3.67	\$3.85
April 1, 2022 to October 31, 2022	AECO	7,500	\$3.05	\$3.20
November 1, 2021 to October 31, 2022	TransGas	4,000	\$4.62	\$4.85
November 1, 2021 to October 31, 2022	TransGas ⁵	5,500		
November 1, 2021 to October 31, 2022	Suffield#2 ⁶	5,500		

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

² Price has been converted from \$/GJ to \$/Mcf by multiplying by 1.05.

³ Subsidiary of SaskEnergy, Saskatchewan.

⁴ Dawn Hub into Dawn Township, Ontario.

⁵ The contract terms of the physical fixed price natural gas sales contract to TransGas delivery point are AECO 5A plus \$0.22/GJ.

⁶ The contract terms of the physical fixed price natural gas sales contract to Suffield#2 delivery point (Suffield, Alberta) are AECO 5A plus \$0.58/GJ.

At November 4, 2021, the Company had the following additional physical natural gas sales contracts in place:

Contractual Term	Delivery Point	Physical Delivery Quantity (GJ/day)	Fixed Sale Price (\$CAD/GJ) ¹	Fixed Sale Price (\$CAD/Mcf) ²
November 1, 2021 to March 31, 2022	AECO	2,500	\$5.15	\$5.41
April 1, 2022 to October 31, 2022	AECO	5,000	\$3.64	\$3.82

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

² Price has been converted from \$/GJ to \$/Mcf by multiplying by 1.05.

Financial Derivative Contracts

Pine Cliff had no financial derivative contracts in place during the nine months ended September 30, 2021 or subsequent thereto.

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The timely preparation of the Financial Statements in conformity with IFRS requires management to make judgments, assumptions and estimates that affect the reported amounts of assets, liabilities, revenues, and expenses and the disclosure of contingent assets and liabilities. Management believes that the most critical accounting policies that may have an impact on the Company's financial results are those that specifically relate to the accounting for its oil and gas interests, including amounts recorded for depletion and the impairment test which are both based on estimates of proved and probable reserves, production rates, commodity prices, future costs and other relevant assumptions. Actual results could differ materially from such judgments or estimates.

A comprehensive discussion of the significant accounting policies, judgements, assumptions and estimates made by management is provided in the Company's Annual Financial Statements and Annual MD&A.

Novel Coronavirus COVID-19

In March 2020, the World Health Organization declared COVID-19 a global pandemic, prompting many countries around the world to close international borders and order the closure of institutions and businesses deemed non-essential. At the same time, OPEC and certain other countries, increased the planned supply of crude oil in an attempt to control market share. The sudden decrease in global crude oil demand due to COVID-19 coupled with a planned increase in supply significantly reduced crude oil prices in 2020.

In subsequent months, agreements have been made between OPEC, Russia and other crude oil producing countries around the world that have reduced global crude oil production and brought the oversupply closer into balance with demand. While crude oil prices have recovered from the historic lows observed earlier in 2020, support from future demand remains uncertain. Efforts to reopen local economies and international borders around the globe resulted in varying degrees of virus outbreak. Many countries re-imposed

restrictions as regions experienced a fourth wave of COVID-19. Vaccination programs have begun around the world with the pace of such vaccinations dependent upon the supply access and logistics organized by the individual countries.

In addition to the impact on commodity prices and commodity sales, the effects of COVID-19 have created uncertainties in the crude oil and natural gas industry, including increased counterparty risk and decreased valuation of long-lived crude oil and natural gas assets. At September 30, 2021, Pine Cliff has incorporated the uncertainties from COVID-19 in its estimates and judgements in preparation of these financial statements.

INTERNAL CONTROLS

Pine Cliff is required to comply with National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings. The certification of interim filings requires the Company to disclose in the MD&A any changes in internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting. Management confirms that no such changes were made to the internal controls over financial reporting during the three months ended September 30, 2021. The Chief Executive Officer and Chief Financial Officer have signed form 52-109F2, Certification of Interim Filings, which can be found on SEDAR at www.sedar.com.

NON-GAAP MEASURES

This MD&A uses the terms "adjusted funds flow", "operating netbacks", "corporate netbacks" and "net debt" which are not recognized measures under IFRS and may not be comparable to similar measures presented by other companies. The Company uses these measures to evaluate its performance, leverage and liquidity. These measures should not be considered as an alternative to, or more meaningful than, IFRS measures including loss, cash flow from operating activities, or total liabilities.

Adjusted Funds Flow

The Company considers adjusted funds flow a key performance measure as it demonstrates the Company's ability to generate the funds necessary to repay debt and fund future growth through capital investment. Adjusted funds flow and adjusted funds flow per share and per Boe or Mcfe should not be considered as an alternative to, or more meaningful than, cash flow from operating activities presented on the statement of cash flow which is considered the most directly comparable measure under IFRS. Adjusted funds flow is calculated as cash flow from operating activities before changes in non-cash working capital and decommissioning obligations settled. Adjusted funds flow per share is calculated using the same weighted average number of shares outstanding as in the case of the earnings per share calculation for a reporting period. Adjusted funds flow per Boe or Mcfe is calculated using the sales volumes reported for a reporting period. Pine Cliff's method of calculating this measure may differ from other companies, and accordingly, it may not be comparable to measures used by other companies.

(\$000s)	Three months ended September 30,			Nine months ended September 30,		
	2021	2020	Change	2021	2020	Change
Cash flow from operating activities	12,411	3,945	8,466	29,053	6,121	22,932
Adjusted by:						
Change in non-cash working capital	248	(3,206)	3,454	2,869	(6,131)	9,000
Decommissioning obligation settled	674	70	604	905	743	162
Adjusted funds flow	13,333	809	12,524	32,827	733	32,094
Adjusted funds flow (\$/Boe)	7.92	0.47	7.45	6.59	0.14	6.45
Adjusted funds flow (\$/Mcfe)	1.32	0.08	1.24	1.10	0.02	1.08
Adjusted funds flow – basic (\$/share)	0.04	0.00	0.04	0.10	0.00	0.10
Adjusted funds flow – diluted (\$/share)	0.04	0.00	0.04	0.09	0.00	0.09

Operating and Corporate Netback

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 the sum of commodity sales and processing and gathering income, less royalties, transportation and operating expenses on an absolute and a per Boe or per Mcfe basis, respectively. Company management uses operating netback on a per Boe basis in operational and capital allocation decisions.

The Company considers corporate netback to be a key indicator of overall results. Corporate netback on an absolute dollar and corporate netback per Boe and per Mcfe are calculated as operating netback, less G&A and interest expense.

Pine Cliff uses these measures to assist in understanding the Company's ability to generate positive cash flow from operating activities at current commodity prices and it provides an analytical tool to benchmark changes in operational performance against prior periods. Readers are cautioned, however, that these measures should not be construed as an alternative to other terms such as loss determined in accordance with IFRS as a measure of performance. Pine Cliff's method of calculating these measures may differ from other companies, and accordingly, it may not be comparable to measures used by other companies.

(\$ per Boe, unless otherwise indicated)	Three months ended September 30,			Nine months ended September 30,		
	2021	2020	Change	2021	2020	Change
Commodity sales	23.67	14.34	9.33	22.01	13.83	8.18
Processing and gathering	0.57	0.65	(0.08)	0.58	0.55	0.03
Royalty expense	(2.43)	(0.67)	(1.76)	(2.24)	(0.75)	(1.49)
Transportation	(1.36)	(1.28)	(0.08)	(1.36)	(1.34)	(0.02)
Operating	(11.23)	(11.14)	(0.09)	(10.78)	(10.71)	(0.07)
Operating netback	9.22	1.90	7.32	8.21	1.58	6.63
General and administrative	(0.60)	(0.68)	0.08	(0.86)	(0.70)	(0.16)
Interest and bank charges	(0.70)	(0.75)	0.05	(0.76)	(0.74)	(0.02)
Corporate netback	7.92	0.47	7.45	6.59	0.14	6.45
Operating netback (\$ per Mcfe)	1.54	0.32	1.22	1.37	0.26	1.11
Corporate netback (\$ per Mcfe)	1.32	0.08	1.24	1.10	0.02	1.08

Net Debt

The Company considers net debt to be a key indicator of leverage. Net debt is calculated as the sum of due to related party, subordinated promissory notes, Term Debt and trade and other payables less trade and other receivables, cash, investments, prepaid expenses and deposits. See "DEBT, LIQUIDITY AND CAPITAL RESOURCES" section for table.

Net debt is not a recognized measure under IFRS and Pine Cliff's method of calculating this measure may differ from other companies, and accordingly, it may not be comparable to measures used by other companies.

FORWARD-LOOKING INFORMATION

Certain statements contained in this MD&A include statements which contain words such as “anticipate”, “could”, “should”, “expect”, “seek”, “may”, “intend”, “likely”, “will”, “believe” and similar expressions, statements relating to matters that are not historical facts, and such statements of our beliefs, intentions and expectations about developments, results and events which will or may occur in the future, constitute “forward-looking information” within the meaning of applicable Canadian securities legislation and are based on certain assumptions and analysis made by us derived from our experience and perceptions. Forward-looking information in the MD&A and Annual MD&A includes, but is not limited to: expected production levels, expected operating costs, expected transportation costs, expected interest costs, royalty and G&A levels; future capital expenditures, including the amount and nature thereof; future drilling opportunities and Pine Cliff’s ability to generate reserves and production from the undrilled locations; oil and natural gas prices and demand; expansion and other development trends of the oil and natural gas industry; business strategy and guidance; expansion and growth of our business and operations; amounts due to related party, subordinated promissory notes and due pursuant to Term Debt and repayment thereof; maintenance of existing customer, supplier and partner relationships; supply channels; accounting policies; risks; Pine Cliff’s ability to generate cash flow from operating activities and adjusted funds flow; and other such matters.

All such forward-looking information is based on certain assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances. The risks, uncertainties and assumptions are difficult to predict and may affect operations, and may include, without limitation: foreign exchange fluctuations; equipment and labour shortages and inflationary costs; general economic conditions; industry conditions; changes in applicable environmental, taxation and other laws and regulations as well as how such laws and regulations are interpreted and enforced; the ability of oil and natural gas companies to raise capital; the effect of weather conditions on operations and facilities; the existence of operating risks; volatility of oil and natural gas prices; oil and gas product supply and demand; risks inherent in the ability to generate sufficient cash flow from operating activities to meet current and future obligations; increased competition; stock market volatility; opportunities available to or pursued by us; and other factors, many of which are beyond our control. The foregoing factors are not exhaustive.

Actual results, performance or achievements could differ materially from those expressed in, or implied by, this forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do, what benefits will be derived there from. Except as required by law, Pine Cliff disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

Undrilled locations consist of drilling and recompletion locations booked in the independent reserve report dated February 10, 2021 prepared by McDaniel & Associates Consultants Limited and unbooked drilling and recompletion locations. Unbooked drilling and recompletion locations are internal estimates based on evaluation of geologic, reserves and spacing based on industry practice. There is no guarantee that Pine Cliff will drill these locations and there is no certainty that the drilling or completing of these locations will result in additional reserves and production or achieve expected internal rates of return. Pine Cliff activity depends on availability of capital, regulatory approvals, commodity prices, drilling costs and other factors.

Natural gas liquids and oil volumes are recorded in barrels of oil (“**Bbl**”) and are converted to a thousand cubic feet equivalent (“**Mcf**”) using a ratio of one (1) Bbl to six (6) thousand cubic feet. Natural gas volumes recorded in thousand cubic feet (“**Mcf**”) are converted to barrels of oil equivalent (“**Boe**”) using the ratio of six (6) thousand cubic feet to one (1) Bbl. This conversion ratio is based on energy equivalence primarily at the burner tip and does not represent a value equivalency at the wellhead. The terms Boe or Mcfe may be misleading, particularly if used in isolation.

Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of oil, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.