

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, 2022. This MD&A is dated and based on information available as at November 9, 2022 and should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2022 ("**Financial Statements**"), the audited annual consolidated financial statements for the year ended December 31, 2021 ("**Annual Financial Statements**") and the annual management's discussion and analysis for the year ended December 31, 2021 ("**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 ("**AIF**"), may be found on www.sedar.com and by visiting Pine Cliff's website at <http://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.

Please refer to the section titled "**GLOSSARY**" for measurements and abbreviations that may be used in the MD&A.

2022 HIGHLIGHTS

Highlights from the three and nine months ended September 30, 2022 are as follows:

- generated \$34.9 million (\$0.10 per basic and fully diluted share) and \$123.0 million (\$0.36 per basic and \$0.34 per fully diluted share) of adjusted funds flow¹ for the three and nine months ended September 30, 2022, compared to \$13.3 million (\$0.04 per basic and fully diluted share) and \$32.8 million (\$0.10 per basic and \$0.09 fully diluted share) for comparable periods in 2021;
- generated net earnings of \$18.6 million (\$0.05 per basic and per fully diluted share) and \$84.3 million (\$0.24 per basic and \$0.23 per fully diluted share) for the three and nine months ended September 30, 2022, compared to net earnings of \$2.3 million (\$0.01 per basic and fully diluted share) and net earnings of \$0.9 million (\$0.00 per basic and fully diluted share) for comparable periods in 2021;
- paid dividends of \$9.9 million (\$0.01 per common share per month) during the three months ended September 30, 2022;
- was debt free at September 30, 2022 with positive net cash of \$35.1 million;
- production volumes for the three and nine months ended September 30, 2022 were 21,276 Boe/d² and 21,004 Boe/d³, 16% and 15% higher respectively than comparable periods in 2021;
- completed a summer drilling program that saw Pine Cliff drill four gross (2.8 net) operated Pekisko horizontal oil wells, of which three gross (2.1 net) were on production by the end of the third quarter; and
- participated in the drilling, completion and tie-in of five gross (0.9 net) non-operated natural gas wells in Edson.

¹ This is a non-GAAP measure, see "NON-GAAP MEASURES" for additional information.

² Comprised of approximately 109,936 Mcf/d natural gas, 1,547 Bbl/d NGLs and 1,406 Bbl/d light and medium oil.

³ Comprised of approximately 109,955 Mcf/d natural gas, 1,457 Bbl/d NGLs and 1,221 Bbl/d light and medium oil.

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
(\$000s, unless otherwise indicated)				
FINANCIAL¹				
Commodity sales (before royalties)	72,674	39,890	229,280	109,572
Cash provided by operating activities	42,258	12,411	116,661	29,053
Adjusted funds flow²	34,883	13,333	123,006	32,827
Per share – Basic (\$/share)	0.10	0.04	0.36	0.10
Per share – Diluted (\$/share)	0.10	0.04	0.34	0.09
Net earnings	18,629	2,323	84,254	899
Per share – Basic (\$/share)	0.05	0.01	0.24	0.00
Per share – Diluted (\$/share)	0.05	0.01	0.23	0.00
Capital expenditures	12,591	8,903	22,440	10,827
Dividends	9,888	-	12,777	-
Positive net cash (net debt)²	35,068	(41,413)	35,068	(41,413)
Weighted-average common shares outstanding (000s)				
Basic	349,187	337,921	345,172	336,760
Diluted	360,654	346,732	359,891	345,571
OPERATIONS				
Production				
Natural gas (Mcf/d)	109,936	100,462	109,955	99,757
NGLs (Bbl/d)	1,547	1,178	1,457	1,247
Crude oil (Bbl/d)	1,406	394	1,221	366
Total (Boe/d)	21,276	18,316	21,004	18,239
Realized commodity sales prices				
Natural gas (\$/Mcf)	4.85	3.43	5.40	3.20
NGLs (\$/Boe)	72.02	50.53	74.60	45.67
Crude oil (\$/Bbl)	103.56	74.94	112.43	68.52
Total (\$/Boe)	37.13	23.67	39.99	22.01
Netback (\$/Boe)				
Commodity sales	37.13	23.67	39.99	22.01
Processing and gathering	0.35	0.57	0.48	0.58
Royalty expense	(5.50)	(2.43)	(4.74)	(2.24)
Transportation expenses	(1.39)	(1.36)	(1.41)	(1.36)
Operating expenses	(11.93)	(11.23)	(11.44)	(10.78)
Operating netback (\$/Boe) ²	18.66	9.22	22.88	8.21
General and administrative	(0.88)	(0.60)	(1.05)	(0.86)
Interest and bank charges	(0.05)	(0.70)	(0.40)	(0.76)
Interest income	0.09	-	0.03	-
Corporate netback (\$/Boe) ²	17.82	7.92	21.46	6.59
Operating netback (\$ per Mcfe) ²	3.11	1.54	3.81	1.37
Corporate netback (\$ per Mcfe) ²	2.97	1.32	3.58	1.10

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

²This 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	3,532	0.01
Realized NGL price ³	\$1.00	468	0.00
Realized crude oil price ³	\$1.00	392	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, 2022.

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 NGLs and crude oil.

³ Pine Cliff has prepared this analysis using its nine months ended September 30, 2022, production volumes annualized for twelve months.

⁴ Based on the Q3 2022 diluted weighted average shares outstanding.

BENCHMARK PRICES

	Three months ended September 30,			Nine months ended September 30,		
	2022	2021	% Change	2022	2021	% Change
Natural gas						
NYMEX (US\$/Mmbtu) ¹	8.20	4.01	104	6.77	3.18	113
AECO Daily 5A (C\$/Mcf) ²	4.14	3.58	16	5.40	3.27	65
Crude oil						
WTI (US\$/Bbl)	91.56	70.56	30	99.22	64.82	53
Edmonton Light (C\$/Bbl)	116.79	83.78	39	124.88	75.88	65
Foreign exchange						
US\$/C\$	1.306	1.260	4	1.285	1.252	3

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 \$/GJ. 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.

	Q3-2022	Q2-2022	Q1-2022	Q4-2021	Q3-2021	Q2-2021	Q1-2021	Q4-2020
Natural gas								
NYMEX (US\$/Mmbtu) ¹	8.20	7.17	4.95	5.83	4.01	2.83	2.69	2.66
AECO Daily 5A (C\$/Mcf) ²	4.14	7.20	4.72	4.63	3.58	3.08	3.14	2.63
Pine Cliff realized natural gas price (C\$/Mcf)	4.85	6.45	4.88	4.56	3.43	3.03	3.14	2.73
Crude oil								
WTI (US\$/Bbl)	91.56	108.41	94.29	77.19	70.56	66.07	57.84	42.66
Edmonton Light (C\$/Bbl)	116.79	137.84	115.66	93.30	83.78	77.28	66.58	50.24
Pine Cliff realized NGL price (C\$/Bbl)	72.02	81.73	69.72	57.42	50.53	42.83	43.87	28.89
Pine Cliff realized oil price (C\$/Bbl)	103.56	126.23	108.68	82.75	74.94	69.90	60.09	43.46
Foreign exchange								
US\$/C\$	1.306	1.277	1.266	1.260	1.260	1.231	1.266	1.303

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

SALES VOLUMES

Total sales volumes by product	Three months ended September 30,			Nine months ended September 30		
	2022	2021	% Change	2022	2021	% Change
Natural gas (Mcf)	10,114,124	9,242,508	9	30,017,582	27,233,610	10
NGLs (Bbl)	142,353	108,414	31	397,842	340,547	17
Crude oil (Bbl)	129,346	36,212	257	333,363	99,848	234
Total Boe	1,957,386	1,685,044	16	5,734,135	4,979,330	15
Total Mcfe	11,744,318	10,110,264	16	34,404,812	29,875,980	15
Natural gas weighting	86%	91%	(5)	87%	91%	(4)

Average daily sales volumes by product	Three months ended September 30,			Nine months ended September 30,		
	2022	2021	% Change	2022	2021	% Change
Natural gas (Mcf/d)	109,936	100,462	9	109,955	99,757	10
NGLs (Bbl/d)	1,547	1,178	31	1,457	1,247	17
Crude oil (Bbl/d)	1,406	394	257	1,221	366	234
Total (Boe/d)	21,276	18,316	16	21,004	18,239	15
Total (Mcf/d)	127,656	109,896	16	126,024	109,434	15

Average daily sales volumes by area	Three months ended September 30,			Nine months ended September 30,		
	2022	2021	% Change	2022	2021	% Change
Central (Boe/d)	12,421	9,702	28	12,071	9,658	25
Southern (Boe/d)	6,765	7,185	(6)	6,894	7,165	(4)
Edson (Boe/d)	2,090	1,429	46	2,039	1,416	44
Total (Boe/d)	21,276	18,316	16	21,004	18,239	15

Pine Cliff's sales volumes increased by 16% to 21,276 Boe/d (127,656 Mcfe/d) and by 15% to 21,004 Boe/d (126,024 Mcfe/d) for the three months and nine months ended September 30, 2022, as compared to the same periods in 2021. The increase in production is due to the private company acquisition that closed December 29, 2021 and additional sales volumes from wells placed on production from the 2022 capital expenditure program, slightly offset by production declines.

COMMODITY SALES

(\$000s)	Three months ended September 30,			Nine months ended September 30,		
	2022	2021	% Change	2022	2021	% Change
Natural gas	49,026	31,698	55	162,124	87,178	86
NGL	10,253	5,478	87	29,677	15,552	91
Crude oil	13,395	2,714	394	37,479	6,842	448
Total commodity sales	72,674	39,890	82	229,280	109,572	109
% of revenue from natural gas sales	67%	79%	(12)	71%	80%	(9)

Realized prices

\$ per unit	Three months ended September 30,			Nine months ended September 30,		
	2022	2021	% Change	2022	2021	% Change
Natural gas (\$/Mcf)	4.85	3.43	41	5.40	3.20	69
NGL (\$/Bbl)	72.02	50.53	43	74.60	45.67	63
Crude oil (\$/Bbl)	103.56	74.94	38	112.43	68.52	64
Total (\$/Boe)	37.13	23.67	57	39.99	22.01	82
Total (\$/Mcf)	6.19	3.95	57	6.67	3.67	82

Commodity sales in the three months ended September 30, 2022 of \$72.7 million increased 82% from \$39.9 million in the same period of 2021, due to higher realized commodity prices and higher production volumes. Commodity sales in the nine months ended September 30, 2022 increased 109% to \$229.3 million from \$109.6 million in the nine months ended September 30, 2021, due to higher realized commodity prices and higher production volumes.

Natural Gas

Pine Cliff's realized natural gas price was \$4.85 per Mcf and \$5.40 per Mcf in the three and nine months ended September 30, 2022, 41% and 69% higher than the \$3.43 per Mcf and \$3.20 per Mcf realized in the corresponding periods of the prior year. The increase in realized natural gas price correlates with the AECO 5A reference price increase of 16% and 65% in the three and nine months ended September 30, 2022, primarily due to higher global and domestic demand, which increased storage withdrawal rates. In addition, global natural gas and liquified natural gas "LNG" prices reached record levels driven largely by economic recovery from the pandemic and geopolitical unrest in eastern Europe. Pine Cliff's realized natural gas price was 17% and 1% higher than the AECO 5A benchmark in the three and nine months ended September 30, 2022, both a result of Pine Cliff's fixed price physical natural gas sales contracts and diversification projects. The AECO 5A benchmark for the three months ended September 30, 2022 fell 43% from the prior quarter, due primarily to summer scheduled maintenance on the NGTL system.

The price realized by the Company for natural gas production in Western Canada is primarily influenced by the Alberta price hub AECO, while diversification projects to delivery points such as Dawn in Ontario, TransGas in Saskatchewan and Suffield in Alberta have created diversification pricing options to complement AECO pricing.

NGLs

For the three and nine months ended September 30, 2022, Pine Cliff's realized NGL price was \$72.02 per Bbl and \$74.60 per Bbl, compared to \$50.53 per Bbl and \$45.67 per Bbl in the corresponding periods of the prior year. Pine Cliff's realized NGL prices in the three and nine months ended September 30, 2022, were 62% and 60% of Edmonton Light compared to 60% in the corresponding periods of the prior year. The increase in realized NGLs price in the three and nine months ended September 30, 2022, compared to the corresponding periods of 2021, is mainly due to higher base pricing for propane, butane and pentane as demand increased and storage levels remain depressed within North America.

The supply and demand dynamics for certain NGLs 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 NGLs price correlate significantly with changes in the Edmonton Light oil price.

Crude Oil

For the three and nine months ended September 30, 2022, Pine Cliff's realized oil price was \$103.56 per Bbl and \$112.43 per Bbl, compared to \$74.94 per Bbl and \$68.52 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, 2022, were 89% and 91% of Edmonton Light, compared to 89% and 90% in the corresponding periods of the prior year. The increases from 2021 are primarily due to the resurgence of crude oil demand in 2022 from the impact of reduced capital investment and geopolitical factors. Crude oil prices have decreased subsequent to the quarter, primarily due to fear in financial markets of an impending economic slowdown as a result of rising interest rates.

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.

ROYALTY EXPENSE

(\$000s)	Three months ended September 30,			Nine months ended September 30,		
	2022	2021	% Change	2022	2021	% Change
Total royalty expense	10,762	4,097	163	27,206	11,141	144
\$ per Boe	5.50	2.43	126	4.74	2.24	112
\$ per Mcfe	0.92	0.41	126	0.79	0.37	112
Royalty expense as a % of commodity sales	15%	10%	50	12%	10%	20

For the three and nine months ended September 30, 2022, total royalty expense increased by 163% and 144% to \$10.8 million and \$27.2 million from \$4.1 million and \$11.1 million in the corresponding periods of the prior year. Royalty expense as a percentage of commodity sales increased to 15% in the three months ended September 30, 2022, compared to 10% in the three months ended September 30, 2021 due to recently drilled wells on production reaching payout and no longer qualifying for the reduced crown royalty

rate within the modernized Crown royalty framework. Royalty expense as a percentage of commodity sales increased to 12% in the nine months ended September 30, 2022, compared to 10% in the corresponding periods of the prior year as crown royalty rates increase disproportionately with higher commodity prices.

TRANSPORTATION COSTS

(\$000s)	Three months ended September 30,			Nine months ended September 30,		
	2022	2021	% Change	2022	2021	% Change
Total transportation costs	2,727	2,296	19	8,063	6,764	19
\$ per Boe	1.39	1.36	2	1.41	1.36	4
\$ per Mcfe	0.23	0.23	2	0.24	0.23	4

Transportation costs increased by 19% to \$2.7 million and \$8.1 million for the three and nine months ended September 30, 2022, as compared to \$2.3 million and \$6.8 million in the corresponding periods of the prior year. The higher transportation expenses from the comparable quarters of 2021 are mainly due to the increase in sales volumes and the Company delivering a higher proportion of its natural gas to delivery points with pricing greater than AECO.

NET OPERATING EXPENSES

(\$000s)	Three months ended September 30,			Nine months ended September 30,		
	2022	2021	% Change	2022	2021	% Change
Operating expenses	23,359	18,924	23	65,592	53,667	22
Less: processing income	(692)	(954)	(27)	(2,734)	(2,876)	(5)
Net operating expense	22,667	17,970	26	62,858	50,791	24
\$ per Boe	11.58	10.66	9	10.96	10.20	7
\$ per Mcfe	1.93	1.78	9	1.83	1.70	7

Net operating expenses increased by 26% and 24% to \$22.7 million and \$62.9 million for the three and nine months ended September 30, 2022, as compared to \$18.0 million and \$50.8 million in the corresponding periods of the prior year, is due primarily to higher weighting of oil and NGL production volumes acquired in the December 2021 corporate acquisition and inflationary pressures on variable expenditures. On a per Boe basis, net operating expenses increased to \$11.58 per Boe and \$10.96 per Boe for the three and nine months ended September 30, 2022, compared to \$10.66 per Boe and \$10.20 per Boe in the corresponding periods of 2021. The increase is due primarily to higher weighting of oil and NGL production volumes acquired in the December 2021 corporate acquisition and inflationary pressures on variable expenditures.

GENERAL AND ADMINISTRATIVE EXPENSES ("G&A")

(\$000s)	Three months ended September 30,			Nine months ended September 30,		
	2022	2021	% Change	2022	2021	% Change
Gross G&A	2,675	2,097	28	8,330	6,540	27
Less: overhead recoveries	(955)	(1,080)	12	(2,304)	(2,279)	(1)
Total G&A expenses	1,720	1,017	69	6,026	4,261	41
\$ per Boe	0.88	0.60	47	1.05	0.86	22
\$ per Mcfe	0.15	0.10	47	0.18	0.14	22

G&A increased by 69% and 41% to \$1.7 million and \$6.0 million in the three and nine months ended September 30, 2022, as compared to \$1.0 million and \$4.3 million in the corresponding periods of the prior year, due primarily to higher compensation costs pursuant to the Company's short-term incentive bonus program.

On a per Boe basis, G&A for the three and nine months ended September 30, 2022, increased 47% and 22% to \$0.88 per Boe and \$1.05 per Boe from \$0.60 per Boe and \$0.86 per Boe in the corresponding periods of the prior year, primarily a result of the increase in bonus compensation costs.

SHARE-BASED PAYMENTS

(\$000s)	Three months ended September 30,			Nine months ended September 30,		
	2022	2021	% Change	2022	2021	% Change
Total share-based payments	839	333	152	1,731	660	162
\$ per Boe	0.43	0.20	115	0.30	0.13	131
\$ per Mcfe	0.07	0.03	115	0.05	0.02	131

The increase in share-based payments of 152% and 162% for the three and nine months ended September 30, 2022 compared to the corresponding periods in 2021, 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 and employees, 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, 2022, Pine Cliff granted 6,999,600 stock options at a weighted average exercise price of \$1.90 (September 30, 2021 – 11,191,600 at an average exercise price of \$0.33). As at September 30, 2022, the Company had 20,409,066 stock options outstanding representing 5.8% of Common Shares outstanding (September 30, 2021 – 26,183,901 representing 7.7% of Common Shares outstanding).

DEPLETION, DEPRECIATION AND IMPAIRMENT

(\$000s)	Three months ended September 30,			Nine months ended September 30,		
	2022	2021	% Change	2022	2021	% Change
Total depletion and depreciation	11,124	10,087	10	33,239	30,333	10
\$ per Boe	5.68	5.99	(5)	5.80	6.09	(5)
\$ per Mcfe	0.95	1.00	(5)	0.97	1.02	(5)
Impairment reversal	-	-	-	(4,500)	-	-
Total depletion, depreciation and impairment	11,124	10,087	10	28,739	30,333	(5)
\$ per Boe	5.68	5.99	(5)	5.01	6.09	(18)
\$ per Mcfe	0.95	1.00	(5)	0.84	1.02	(18)

Depletion and depreciation expense for the three and nine months ended September 30, 2022, totaled \$11.1 million and \$33.2 million, compared to \$10.1 million and \$30.3 million in the corresponding periods of the prior year. The increase is a result of an increase in the depletable base and changes in reserves volumes. Depletion and depreciation per Boe will fluctuate from one period to the next depending on changes in reserves and the amount and success of capital expenditures. Depletion is calculated using total proved and probable reserves and reserves estimates are subject to revision.

At June 30, 2022, the Company determined that the recoverable amount of the Company's Edson CGU exceeded its carrying value. A total impairment recovery of \$4.5 million was recognized in the Company's property, plant and equipment ("PP&E").

At September 30, 2022, there were no indicators of impairment on PP&E.

FINANCE EXPENSES

(\$000s)	Three months ended September 30,			Nine months ended September 30,		
	2022	2021	% Change	2022	2021	% Change
Interest expense and bank charges	89	1,177	(92)	2,295	3,788	(39)
\$ per Boe	0.05	0.70	(93)	0.40	0.76	(47)
\$ per Mcfe	0.01	0.12	(93)	0.07	0.13	(47)
Non cash:						
Accretion on decommissioning provision	1,680	1,337	26	4,513	4,025	12
Accretion on term debt	-	94	(100)	97	148	(34)
Total finance expenses	1,769	2,608	(32)	6,905	7,961	(13)
\$ per Boe	0.90	1.55	(42)	1.20	1.60	(25)
\$ per Mcfe	0.15	0.26	(42)	0.20	0.27	(25)

Finance expenses decreased by 32% and 13% to \$1.8 million and \$6.9 million for the three and nine months ended September 30, 2022, as compared to \$2.6 million and \$8.0 million for the corresponding periods of the prior year, primarily a result of repayment of Term Debt, as defined herein. The outstanding Term Debt was repaid in full during the six months ended June 30, 2022, resulting in the elimination of any interest expense on the Term Debt. Please refer to the "DEBT, LIQUIDITY AND CAPITAL RESOURCES" section for additional information.

DEFERRED INCOME TAXES

The Company has recorded a deferred tax asset of \$42.3 million as at September 30, 2022 (December 31, 2021 - \$50.6 million) related to the benefit of tax pools, as it is probable that they will be recovered.

CAPITAL EXPENDITURES, ACQUISITIONS AND DISPOSITIONS

(\$000s)	Nine months ended September 30, 2022	Year ended December 31, 2021
Exploration and evaluation	63	103
Property, plant and equipment	22,377	21,465
Capital expenditures	22,440	21,568
Acquisitions	591	23,147
Dispositions	(2,512)	(320)
Total	20,519	44,395

Capital Expenditures

Capital expenditures on PP&E of \$20.5 million during the nine months ended September 30, 2022 were directed towards the completion and tie-in of two gross (1.4 net) Pekisko oil wells drilled during the fourth quarter of 2021, the drilling, completion and tie-in of an additional three gross (2.1 net) operated Pekisko oil wells, the drilling and completion of one gross (0.7 net) operated Pekisko oil well and the drilling, completion and tie-in of five gross (0.9 net) non-operated natural gas wells in Edson, along with facility maintenance, field optimization and well reactivations capital.

DECOMMISSIONING PROVISION

The total current and long-term decommissioning provision of \$204.8 million was estimated by management based on the Company's working interest and estimated costs to remediate, reclaim and abandon its wells, pipelines, and facilities and estimated timing of the costs to be incurred in future periods.

At September 30, 2022, the estimated total undiscounted and uninflated amount required to settle the decommissioning liabilities was \$255.1 million (December 31, 2021 - \$263.2 million). The discounted and inflated amount required to settle the decommissioning liabilities of \$204.8 million has been calculated assuming a 2.00% inflation rate (December 31, 2021 - 2.00%) and discounted using an average risk-free interest rate of 3.34% (December 31, 2021 - 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

Term Debt

The non-revolving credit facility (“**Term Debt**”) with Alberta Investment Management Corporation (“**AIMCO**”), acting on behalf of its clients, was repaid in full during the six-month period ended June 30, 2022. The security for the Term Debt consisting of floating demand debentures totaling \$150.0 million and a general security agreement with first ranking over all current and acquired properties was fully discharged during the period.

Borrowing Facility

The Company has a \$4.0 million borrowing facility (the “**Facility**”) with the Company’s Chairman of the Board (the “**Lender**”), whereby the Lender provides 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 as at or during the nine months ended September 30, 2022 (September 30, 2021 - \$nil). Interest paid on the Facility for the nine months ended September 30, 2022 was \$nil (September 30, 2021 - \$nil).

Demand Loan Facility

The Company has a demand operating loan (the “**Demand Loan**”) of \$8.0 million with a Canadian chartered bank, of which no amount was drawn as at September 30, 2022 (September 30, 2021 - \$nil). Borrowings bear interest on the bank’s prime rate plus 2.0%. Letters of credit issued under the Demand Loan are supported by a performance guarantee from Export Development Canada for an amount up to \$2.60 million and incur an issuance fee ranging from 3.12% to 3.62%. At September 30, 2022, the Company had issued \$1.68 million in letters of credit.

Due to Related Party Note

On June 30, 2022, Pine Cliff repaid in full the \$6.0 million promissory note to the Company’s Chairman of the Board.

Promissory Notes

On June 30, 2022, Pine Cliff repaid in full the \$6.0 million promissory notes.

Liquidity and Capital Resources

On November 9, 2022, Pine Cliff’s approved capital budgeted for 2022 was increased by \$2.0 million from \$29.5 million to \$31.5 million. 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 and working capital. Pine Cliff manages the capital structure and adjusts 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 debt or equity when practical.

The Company defines and computes its positive net cash (net debt) as follows:

(\$000s)	September 30, 2022	December 31, 2021	\$ Change
Cash	43,737	6,874	36,863
Trade and other receivables	27,772	21,613	6,159
Prepaid expenses and deposits	6,070	3,446	2,624
Investments	138	-	138
Less:			
Trade and other payables	(42,649)	(39,585)	(3,064)
Term debt	-	(30,000)	30,000
Due to related party	-	(6,000)	6,000
Promissory notes	-	(6,000)	6,000
Positive net cash (net debt)¹	35,068	(49,652)	84,720

¹This is a non-GAAP measure, see NON-GAAP MEASURES for additional information.

Share Capital

Share capital	November 9, 2022	September 30, 2022	December 31, 2021
Common shares	349,888,609	349,747,764	339,539,415
Stock options	19,342,094	20,409,066	25,269,810

COMMITMENTS AND CONTINGENCIES

As at September 30, 2022, the Company has the following commitments and other contractual obligations:

(\$000s)	2022	2023	2024	2025	2026	Thereafter
Trade and other payables	42,649	-	-	-	-	-
Lease obligations	288	1,113	975	823	584	1
Transportation ¹	3,310	8,697	6,488	6,122	5,455	4,148
Total commitments and contingencies	46,247	9,810	7,463	6,945	6,039	4,149

¹Firm transportation agreements.

SUBSEQUENT EVENTS

Dividends

On October 31, 2022, the Company paid a monthly dividend of \$0.01 per Common Share. The dividend was paid to all shareholders of record on October 14, 2022.

On November 2, 2022, the Company declared a monthly dividend of \$0.01 per Common Share. The dividend is payable November 30, 2022, to all shareholders of record on November 15, 2022.

QUARTERLY TRENDS AND SELECTED FINANCIAL INFORMATION

(\$000s, unless otherwise indicated)	Q3-2022	Q2-2022	Q1-2022	Q4-2021	Q3-2021	Q2-2021	Q1-2021	Q4-2020
FINANCIAL								
Total revenue	62,778	82,755	59,449	49,399	36,747	31,390	33,170	30,233
Cash provided by operating activities	42,258	50,532	23,871	20,431	12,411	8,171	8,471	2,665
Adjusted funds flow ¹	34,883	55,816	32,307	26,279	13,333	9,494	10,000	7,996
Per share – Basic (\$/share)	0.10	0.16	0.09	0.08	0.04	0.03	0.03	0.02
Per share – Diluted (\$/share)	0.10	0.15	0.09	0.07	0.04	0.03	0.03	0.02
Net earnings (loss)	18,629	50,192	15,433	80,522	2,323	(744)	(680)	(3,822)
Per share – Basic (\$/share)	0.05	0.15	0.05	0.24	0.01	(0.00)	(0.00)	(0.01)
Per share – Diluted (\$/share)	0.05	0.14	0.04	0.23	0.01	(0.00)	(0.00)	(0.01)
Capital expenditures	12,591	4,282	5,567	10,741	8,903	1,556	368	1,307
Dividends	9,888	2,889	-	-	-	-	-	-
Acquisitions	-	319	272	23,136	11	-	-	(11)
Positive net cash (net debt) ¹	35,068	22,496	(24,752)	(49,652)	(41,413)	(45,292)	(53,122)	(63,050)
Weighted average common shares outstanding (000s):								
Basic	349,187	345,402	340,835	339,213	337,921	336,802	335,556	335,284
Diluted	360,654	360,703	349,304	350,806	346,732	336,802	335,556	335,284
PRODUCTION VOLUMES								
Natural gas (Mcf/d)	109,936	111,951	107,955	103,320	100,462	99,528	99,267	104,788
NGLs (Bbl/d)	1,547	1,475	1,347	1,258	1,178	1,166	1,400	1,270
Crude oil (Bbl/d)	1,406	1,197	1,057	578	394	341	362	395
Average sales volumes (Boe/d)	21,276	21,331	20,397	19,056	18,316	18,095	18,307	19,130
Average sales volumes (Mcfe/d)	127,656	127,986	122,382	114,336	109,896	108,570	109,842	114,780
PRICES AND NETBACKS								
Total commodity sales (\$/Boe)	37.13	46.59	36.05	31.04	23.67	20.75	21.56	17.78
Operating netback (\$/Boe) ¹	18.66	30.40	19.41	16.50	9.22	7.50	7.88	6.08
Corporate netback (\$/Boe) ¹	17.82	28.76	17.60	15.00	7.92	5.77	6.05	4.55
Total commodity sales (\$/Mcfe)	6.19	7.77	6.01	5.17	3.95	3.46	3.59	2.96
Operating netback (\$/Mcfe) ¹	3.11	5.07	3.24	2.75	1.54	1.25	1.31	1.01
Corporate netback (\$/Mcfe) ¹	2.97	4.79	2.93	2.50	1.32	0.96	1.01	0.76

¹This 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. Net earnings (loss) 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.

- Average sales volumes increased in the first quarter of 2022 compared to the fourth quarter of 2021 due primarily to the additional sales volumes from the private company acquisition which closed December 29, 2021. Average sales volumes increased in the second quarter of 2022 compared to the first quarter of 2022 due primarily to the additional sales volumes from the 2022 capital program and weather variations. Average sales volumes decreased in the third quarter of 2022 compared to the second quarter of 2022 due primarily to normal production declines and shut-ins for scheduled maintenance turnarounds, slightly offset by production from new drills.
- Adjusted funds flow increased from the fourth quarter of 2021 to the first quarter of 2022 mainly as a result of increases in commodity prices and additional sales volumes. Adjusted funds flow increased from the first quarter of 2022 to the second quarter of 2022 mainly as a result of increases in commodity prices and additional sales volumes. Adjusted funds flow decreased from the second quarter of 2022 to the third quarter of 2022 mainly as a result of decreases in commodity prices and sales volumes.

- Net earnings increased in the first quarter of 2022 compared to the fourth quarter of 2021 as a result of an increase in commodity sales. Net earnings increased in the second quarter of 2022 compared to the first quarter of 2022 as a result of an increase in commodity sales and impairment reversal. Net earnings decreased in the third quarter of 2022 compared to the second quarter of 2022 mainly as a result of a decrease in commodity sales and sales volumes.
- Total revenues increased from the fourth quarter of 2021 to the first quarter of 2022, mainly as a result of higher commodity prices and higher sales volumes. Total revenues increased from the first quarter of 2022 to the second quarter of 2022, mainly as a result of higher commodity prices and higher sales volumes. Total revenues decreased from the second quarter of 2022 to the third quarter of 2022, mainly as a result of a decrease in commodity prices and sales volumes.

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, investments and trade and other payables. 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.

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 judgement 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.

Commodity Price Risk

The Company is exposed to commodity price risk since its revenues are dependent on the prices of crude oil, NGLs 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 commodity sales. 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. During the nine months ended September 30, 2022, Pine Cliff's average sales volumes were 87% natural gas.

Physical Sales Contracts

At September 30, 2022, the Company had the following physical natural gas sales contracts in place:

Contractual Term	Delivery Point	Physical Delivery Quantity (GJ/day)	Contract Price (\$CAD/GJ) ¹	Contract Price (\$CAD/Mcf) ^{1,2}
October 1, 2022 to October 31, 2022	AECO	30,100	\$3.70	\$3.89
October 1, 2022 to December 31, 2022	AECO	5,000	\$6.25	\$6.56
October 1, 2022 to October 31, 2022	Dawn ³	5,000	\$4.63	\$4.86
October 1, 2022 to October 31, 2022	TransGas ⁴	4,000	\$4.62	\$4.85
October 1, 2022 to October 31, 2022	TransGas ⁴	5,500	AECO 5A + 0.22/GJ	AECO 5A + 0.23/Mcf
October 1, 2022 to October 31, 2022	Suffield ⁵	5,500	AECO 5A + 0.58/GJ	AECO 5A + 0.61/Mcf
November 1, 2022 to March 31, 2023	Suffield ⁵	5,000	AECO 5A + 0.98/GJ	AECO 5A + 1.03/Mcf
November 1, 2022 to October 31, 2023	TransGas ⁴	9,500	AECO 5A + 0.56/GJ	AECO 5A + 0.59/Mcf

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 Dawn Hub into Dawn Township, Ontario

⁴ Subsidiary of SaskEnergy, Saskatchewan.

⁵ The contract terms of the physical fixed price natural gas sales contract to Suffield#2 delivery point (Suffield, Alberta).

Contractual Term	Delivery Point	Physical Delivery Quantity (GJ/day)	Contract Price (\$CAD/GJ) ¹	Contract Price (\$CAD/Mcf) ^{1,2}
November 1, 2022 to March 31, 2023	AECO	5,000	\$4.75 - \$6.00	\$4.99 - \$6.30
November 1, 2022 to March 31, 2023	AECO	5,000	\$6.00 - \$11.60	\$6.30 - \$12.18
April 1, 2023 to October 31, 2023	AECO	5,000	\$4.00 - \$5.45	\$4.20 - \$5.72

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.

At September 30, 2022, the Company had the following physical crude oil sales contract in place:

Contractual Term	Crude Oil	Physical Delivery Quantity (Bbl/day)	Contract Price (\$CAD/Bbl) ¹
October 1, 2022 to December 31, 2022	WTI Fixed Price	250	\$113.10

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

At November 9, 2022, the Company had the following additional physical natural gas sales contract in place:

Contractual Term	Delivery Point	Physical Delivery Quantity (GJ/day)	Contract Price (\$CAD/GJ) ¹	Contract Price (\$CAD/Mcf) ^{1,2}
April 1, 2023 - October 31, 2023	AECO	2,500	\$4.07	\$4.27

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.

At November 9, 2022, the Company had the following additional physical crude oil sales contract in place:

Contractual Term	Crude Oil	Physical Delivery Quantity (Bbl/day)	Contract Price (\$CAD/Bbl) ¹
January 1, 2023 to March 31, 2023	WTI Fixed Price	250	\$117.50

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

Financial Derivative Contracts

Pine Cliff had no financial derivative contracts in place during the nine months ended September 30, 2022 or subsequent thereto.

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The timely preparation of the Financial Statements in conformity with IFRS requires Pine Cliff 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, oil prices, future costs and other relevant assumptions. Actual results could differ materially from such judgments or estimates.

INTERNAL CONTROLS

Pine Cliff is required to comply with National Instrument 52-109 Certification of Disclosure on Issuers' Annual and Interim Filings ("NI 52-109"). NI 52-109 requires that Pine Cliff disclose in its interim MD&A any material weaknesses relating to design existing at the end of the period in Pine Cliff's internal control over financial reporting and/or any changes in Pine Cliff's internal control over financial reporting that occurred during the period that have materially affected, or are reasonably likely to materially affect, Pine Cliff's internal controls over financial reporting. Pine Cliff confirms that no material weaknesses or such changes were identified in Pine Cliff's internal controls over financial reporting at the end of or during the third quarter of 2022. 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 "positive net cash (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 net earnings (loss), cash provided by 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 provide working capital and fund future growth through capital investment. Adjusted funds flow and adjusted funds flow per Common Share and per Boe or Mcfe should not be considered as an alternative to, or more meaningful than, cash flow provided by 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 provided by operating activities before changes in non-cash working capital and decommissioning obligations settled. Adjusted funds flow per Common Share is calculated using the same weighted average number of Common Shares outstanding as in the case of the net earnings per Common 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,		
	2022	2021	% Change	2022	2021	% Change
Cash provided by operating activities	42,258	12,410	240	116,661	29,053	302
Adjusted by:						
Change in non-cash working capital	(9,045)	249	(3,733)	1,745	2,869	(39)
Decommissioning obligation settled	1,670	674	148	4,600	905	408
Adjusted funds flow	34,883	13,333	162	123,006	32,827	275
Adjusted funds flow (\$/Boe)	17.82	7.92	125	21.46	6.59	226
Adjusted funds flow (\$/Mcfe)	2.97	1.32	125	3.58	1.10	226
Adjusted funds flow – basic (\$/Common Share)	0.10	0.04	150	0.36	0.10	260
Adjusted funds flow – diluted (\$/Common Share)	0.10	0.04	150	0.34	0.09	278

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 and interest income, less G&A and interest expense.

Pine Cliff uses these measures to assist in understanding the Company's ability to generate positive cash provided by 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 net earnings (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,		
	2022	2021	Change	2022	2021	Change
Commodity sales	37.13	23.67	13.46	39.99	22.01	17.98
Processing and gathering	0.35	0.57	(0.22)	0.48	0.58	(0.10)
Royalty expense	(5.50)	(2.43)	(3.07)	(4.74)	(2.24)	(2.50)
Transportation costs	(1.39)	(1.36)	(0.03)	(1.41)	(1.36)	(0.05)
Operating expenses	(11.93)	(11.23)	(0.70)	(11.44)	(10.78)	(0.66)
Operating netback	18.66	9.22	9.44	22.88	8.21	14.67
General and administrative	(0.88)	(0.60)	(0.28)	(1.05)	(0.86)	(0.19)
Interest and bank charges	(0.05)	(0.70)	0.65	(0.40)	(0.76)	0.36
Interest income	0.09	-	0.09	0.03	-	0.03
Corporate netback	17.82	7.92	9.90	21.46	6.59	14.87
Operating netback (\$ per Mcfe)	3.11	1.54	1.57	3.81	1.37	2.44
Corporate netback (\$ per Mcfe)	2.97	1.32	1.65	3.58	1.10	2.48

Positive Net Cash (Net Debt)

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

Positive net cash (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 processing and gathering income, expected operating costs, expected transportation costs, expected interest costs, royalty and G&A levels; expected current and deferred income taxes, 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 provided by operating activities and adjusted funds flow; declaration and payment of dividends; 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 provided by 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 8, 2022 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.

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

GLOSSARY

The following is a list of abbreviations that may be used in the MD&A:

Measurement

Bbl/d¹ – barrels per day

Boe/d¹ – barrels of oil equivalent per day

Mcf/d¹ – thousand cubic feet per day

Mcfe/d¹ – thousand cubic feet equivalent per day

¹Pine cliff has adopted the standard natural gas liquids (“**NGLs**”) and crude oil volumes are recorded in barrels of oil (“**Bbl**”) and are converted to a thousand cubic feet equivalent (“**Mcfe**”) 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.

Financial and Business Environment

AECO – Alberta Energy Company

CGU – Cash Generating Unit

GJ - Gigajoule

NGTL – Nova Gas Transmission Line

WTI – West Texas Intermediate