

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, 2023. This MD&A is dated and based on information available as at November 13, 2023 and should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2023 ("Financial Statements"), the audited annual consolidated financial statements for the year ended December 31, 2022 ("Annual Financial Statements") and the annual management's discussion and analysis for the year ended December 31, 2022 ("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.sedarplus.ca 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" and trades on the OTC Markets Group Inc. ("OTCQX") under the symbol "PIFYF".

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.

Natural gas liquids ("NGLs") and crude 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.

Q3 2023 RESULTS

Results from the three and nine months ended September 30, 2023 are as follows:

- generated \$17.1 million (\$0.05 per basic and fully diluted share) and \$49.0 million (\$0.14 per basic and fully diluted share) of adjusted funds flow for the three and nine months ended September 30, 2023, compared to \$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) for comparable periods in 2022;
- paid dividends of \$11.6 million (\$0.03 per basic and fully diluted share) and \$34.4 million (\$0.10 per basic and fully diluted share) during the three and nine months ended September 30, 2023, compared to \$9.9 million (\$0.03 per basic and fully diluted share) and \$12.8 million (\$0.04 per basic and fully diluted share) for the comparable periods in 2022;
- positive net cash of \$46.5 million at September 30, 2023;
- production averaged 20,895 Boe/d and 20,393 Boe/d for the three and nine months ended September 30, 2023, 2% and 3% lower than the comparable periods in 2022; and
- generated net earnings of \$4.2 million (\$0.01 per basic and fully diluted share) and net earnings of \$8.3 million (\$0.02 per basic and fully diluted share) for the three and nine months ended September 30, 2023, compared to net earnings of \$18.6 million (\$0.05 per basic and fully diluted share) and net earnings of \$84.3 million (\$0.24 per basic and \$0.23 per fully diluted share) for comparable periods in 2022.

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
((\$000s, unless otherwise indicated))				
FINANCIAL				
Commodity sales (before royalty expense)	48,176	72,674	143,387	229,280
Cash provided by operating activities	15,238	42,258	50,068	116,661
Adjusted funds flow¹	17,123	34,883	48,987	123,006
Per share – Basic (\$/share) ¹	0.05	0.10	0.14	0.36
Per share – Diluted (\$/share) ¹	0.05	0.10	0.14	0.34
Net earnings	4,237	18,629	8,280	84,254
Per share – Basic (\$/share)	0.01	0.05	0.02	0.24
Per share – Diluted (\$/share)	0.01	0.05	0.02	0.23
Capital expenditures	4,715	12,591	17,350	22,440
Dividends	11,557	9,888	34,448	12,777
Per share – Basic (\$/share)	0.03	0.03	0.10	0.04
Per share – Diluted (\$/share)	0.03	0.03	0.10	0.04
Positive net cash¹	46,502	35,068	46,502	35,068
Weighted-average common shares outstanding (000s)				
Basic	355,710	349,187	353,413	345,172
Diluted	359,262	360,654	359,443	359,891
OPERATIONS				
Production				
Natural gas (Mcf/d)	108,138	109,936	106,457	109,955
NGLs (Bbl/d)	1,489	1,547	1,426	1,457
Crude oil (Bbl/d)	1,383	1,406	1,224	1,221
Total (Boe/d)	20,895	21,276	20,393	21,004
Realized commodity sales prices				
Natural gas (\$/Mcf)	2.88	4.85	3.13	5.40
NGLs (\$/Bbl)	52.69	72.02	55.50	74.60
Crude oil (\$/Bbl)	96.44	103.56	91.97	112.43
Combined (\$/Boe)	25.06	37.13	25.76	39.99
Netback (\$/Boe)				
Commodity sales	25.06	37.13	25.76	39.99
Processing and gathering	0.51	0.35	0.66	0.48
Royalty expense	(2.04)	(5.50)	(2.65)	(4.74)
Transportation expenses	(1.37)	(1.39)	(1.43)	(1.41)
Operating expenses	(12.51)	(11.93)	(12.86)	(11.44)
Operating netback (\$/Boe) ¹	9.65	18.66	9.48	22.88
General and administrative expenses	(1.01)	(0.88)	(0.98)	(1.05)
Interest and bank charges	(0.05)	(0.05)	(0.04)	(0.40)
Interest income	0.32	0.09	0.34	0.03
Corporate netback (\$/Boe) ¹	8.91	17.82	8.80	21.46
Operating netback (\$ per Mcfe) ¹	1.61	3.11	1.58	3.81
Corporate netback (\$ per Mcfe) ¹	1.49	2.97	1.47	3.58

¹This 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 ^{1,2}		
	Change	\$000s	\$ per share ⁴
Realized natural gas price (C\$/Mcf) ³	\$0.10	3,497	0.01
Realized NGLs price (C\$/Bbl) ³	\$1.00	468	0.00
Realized crude oil price (C\$/Bbl) ³	\$1.00	402	0.00

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

²This analysis does not adjust for changes in working capital and uses corporate royalty rates from the nine months ended September 30, 2023.

³Pine Cliff has prepared this analysis using its nine months ended September 30, 2023 production volumes annualized for twelve months.

⁴Based on the Q3 2023 basic weighted average shares outstanding.

BENCHMARK PRICES

	Three months ended September 30,			Nine months ended September 30,		
	2023	2022	% Change	2023	2022	% Change
Natural gas						
NYMEX (US\$/Mmbtu) ¹	2.55	8.20	(69)	2.76	6.77	(59)
AECO Daily 5A (C\$/Mcf) ²	2.58	4.14	(38)	2.74	5.40	(49)
Crude oil						
WTI (US\$/Bbl)	82.26	91.56	(10)	77.39	98.09	(21)
Edmonton Light (C\$/Bbl)	107.85	116.79	(8)	100.84	123.43	(18)
Foreign exchange						
US\$/C\$	1.341	1.306	3	1.345	1.285	5

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.

	Q3-2023	Q2-2023	Q1-2023	Q4-2022	Q3-2022	Q2-2022	Q1-2022	Q4-2021
Natural gas								
NYMEX (US\$/Mmbtu) ¹	2.55	2.30	3.42	6.26	8.20	7.17	4.95	5.83
AECO Daily 5A (C\$/Mcf) ²	2.58	2.44	3.21	5.09	4.14	7.20	4.72	4.63
Pine Cliff realized natural gas price (C\$/Mcf)	2.88	2.79	3.74	5.53	4.85	6.45	4.88	4.56
Crude oil								
WTI (US\$/Bbl)	82.26	73.78	76.13	82.64	91.56	108.41	94.29	77.19
Edmonton Light (C\$/Bbl)	107.85	95.33	99.34	110.13	116.79	137.84	115.66	93.30
Pine Cliff realized NGLs price (C\$/Bbl)	52.69	49.39	64.19	65.91	72.02	81.73	69.72	57.42
Pine Cliff realized crude oil price (C\$/Bbl)	96.44	86.27	92.44	99.13	103.56	126.23	108.68	82.75
Foreign exchange								
US\$/C\$	1.341	1.343	1.352	1.358	1.306	1.277	1.266	1.260

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, 2023, the AECO daily benchmark was 38% and 49% lower compared to the same periods of 2022. The changes for the periods are mainly due to an increase in natural gas storage levels resulting from supply and demand factors, including a warm 2022/2023 winter in most of North America, a reduction in liquefied North American natural gas (“LNG”) exports due to the Freeport facility downtime and economic conditions in producing and consuming regions throughout North America. 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 and TransGas into Saskatchewan have created diversification pricing options to complement AECO pricing.

The average benchmarks for WTI crude decreased by 10% and 21%, for the three and nine months ended September 30, 2023, as compared to the same periods in 2022, primarily due to supply and demand factors including global economic conditions and geopolitical factors.

Agreements made between the Organization of Petroleum Exporting Countries (“OPEC”) and other crude oil producing countries globally have brought the supply of global oil production into approximate balance with demand. While crude oil prices reflect current supply and demand dynamics, future crude oil prices remain volatile as future crude oil prices reflect the uncertainty that global economic conditions and geopolitical factors will have on crude oil demand.

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 NGLs components such as ethane, propane, butane, and condensate impact the relationship between the price of NGLs and the price of crude oil. The fluctuations in NGLs price normally correlate with changes in the Edmonton Light oil price due to the Company’s miscellaneous NGL components.

SALES VOLUMES

Total sales volumes by product	Three months ended September 30,			Nine months ended September 30,		
	2023	2022	% Change	2023	2022	% Change
Natural gas (Mcf)	9,949,232	10,114,124	(2)	29,062,662	30,017,582	(3)
NGLs (Bbl)	136,946	142,353	(4)	389,285	397,842	(2)
Crude oil (Bbl)	127,229	129,346	(2)	334,115	333,363	-
Total Boe	1,922,380	1,957,386	(2)	5,567,177	5,734,135	(3)
Total Mcfe	11,534,282	11,744,318	(2)	33,403,062	34,404,812	(3)
Natural gas weighting	86%	86%	-	87%	87%	-

Average daily sales volumes by product	Three months ended September 30,			Nine months ended September 30,		
	2023	2022	% Change	2023	2022	% Change
Natural gas (Mcf/d)	108,138	109,936	(2)	106,457	109,955	(3)
NGLs (Bbl/d)	1,489	1,547	(4)	1,426	1,457	(2)
Crude oil (Bbl/d)	1,383	1,406	(2)	1,224	1,221	-
Total (Boe/d)	20,895	21,276	(2)	20,393	21,004	(3)
Total (Mcfe/d)	125,370	127,656	(2)	122,358	126,024	(3)

Average daily sales volumes by area	Three months ended September 30,			Nine months ended September 30,		
	2023	2022	% Change	2023	2022	% Change
Central (Boe/d)	12,200	12,421	(2)	11,817	12,071	(2)
Southern (Boe/d)	6,572	6,765	(3)	6,590	6,894	(4)
Edson (Boe/d)	2,123	2,090	2	1,986	2,039	(3)
Total (Boe/d)	20,895	21,276	(2)	20,393	21,004	(3)

Pine Cliff’s sales volumes decreased by 2% to 20,895 Boe/d (21,276 Boe/d) and 20,393 Boe/d (21,004 Boe/d) as compared to the same periods in 2022. The slight decrease is due primarily to natural production declines and weather-related factors.

COMMODITY SALES

(\$000s)	Three months ended September 30,			Nine months ended September 30,		
	2023	2022	% Change	2023	2022	% Change
Natural gas	28,690	49,026	(41)	91,052	162,124	(44)
NGLs	7,216	10,253	(30)	21,606	29,677	(27)
Crude oil	12,270	13,395	(8)	30,729	37,479	(18)
Total commodity sales	48,176	72,674	(34)	143,387	229,280	(37)
% of revenue from natural gas sales	60%	67%	(7)	64%	71%	(7)

Realized Prices

\$ per unit	Three months ended September 30,			Nine months ended September 30,		
	2023	2022	% Change	2023	2022	% Change
Natural gas (\$/Mcf)	2.88	4.85	(41)	3.13	5.40	(42)
NGLs (\$/Bbl)	52.69	72.02	(27)	55.50	74.60	(26)
Crude oil (\$/Bbl)	96.44	103.56	(7)	91.97	112.43	(18)
Total (\$/Boe)	25.06	37.13	(33)	25.76	39.99	(36)
Total (\$/Mcf)	4.18	6.19	(33)	4.29	6.67	(36)

Commodity sales in the three months ended September 30, 2023 of \$48.2 million decreased 34% from \$72.7 million in the corresponding period in the prior year. The quarterly decrease of \$24.5 million consists of \$23.2 million attributed to lower realized commodity prices and \$1.3 million attributed to lower production volumes. Commodity sales in the nine months ended September 30, 2023 of \$143.4 million decreased 37% from \$229.3 million in the nine months ended September 30, 2022. The year to date decrease of \$85.9 million consists of \$79.2 million attributed to lower realized commodity prices and \$6.7 million attributed to lower production volumes.

Natural Gas

Pine Cliff's realized natural gas price was \$2.88 per Mcf and \$3.13 per Mcf in the three and nine months ended September 30, 2023, 41% and 42% lower than the \$4.85 per Mcf and \$5.40 per Mcf realized in the corresponding periods of the prior year. The decrease in realized natural gas price correlates with the AECO 5A reference price decrease of 38% and 49% in the three and nine months ended September 30, 2022, primarily due to warmer North American weather during the 2022/2023 winter, higher storage volumes and LNG facility export outages in the United States. Pine Cliff's realized natural gas price was 11% and 14% higher than the AECO 5A benchmark in the three and nine months ended September 30, 2023 respectively, both a result of Pine Cliff's fixed price physical natural gas sales contracts and diversified pricing hubs.

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 options to complement AECO pricing.

NGLs

For the three and nine months ended September 30, 2023, Pine Cliff's realized NGL price was \$52.69 per Bbl and \$55.50 per Bbl, compared to \$72.02 per Bbl and \$74.60 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, 2023, were 49% and 55% of Edmonton Light compared to 62% and 60% in the corresponding periods of the prior year. The decrease in realized NGLs price in the three and nine months ended September 30, 2023, compared to the corresponding periods of 2022, is mainly due to lower seasonal demand.

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, 2023, Pine Cliff's realized oil price was \$96.44 per Bbl and \$91.97 per Bbl, compared to was \$103.56 per Bbl and \$112.43 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, 2023 were 89% and 91% of Edmonton Light compared to 89% and 91% in the corresponding periods of the prior year. This decrease in crude oil pricing in the three and nine months ended September 30, 2023, compared to the corresponding periods of 2022, is mainly due to global economic factors and their impact on global oil demand.

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,		
	2023	2022	% Change	2023	2022	% Change
Total royalty expense	3,931	10,762	(63)	14,767	27,206	(46)
\$ per Boe	2.04	5.50	(63)	2.65	4.74	(44)
\$ per Mcfe	0.34	0.92	(63)	0.44	0.79	(44)
Royalty expense as a % of commodity sales	8%	15%	(47)	10%	12%	(17)

For the three and nine months ended September 30, 2023, total royalty expense decreased by 63% and 46% to \$3.9 million and \$14.8 million from \$10.8 million and \$27.2 million respectively, in the corresponding periods of the prior year. Royalty expense as a percentage of commodity sales decreased to 8% and 10% in the three and nine months ended September 30, 2023, compared to 15% and 12% in the corresponding periods of 2022, mainly due to lower crown royalty rates on crude oil from wells that qualify for the reduced crown royalty rate within the modernized crown royalty framework and lower natural gas, crude oil and NGL commodity pricing.

TRANSPORTATION COSTS

(\$000s)	Three months ended September 30,			Nine months ended September 30,		
	2023	2022	% Change	2023	2022	% Change
Total transportation costs	2,631	2,727	(4)	7,944	8,063	(1)
\$ per Boe	1.37	1.39	(1)	1.43	1.41	1
\$ per Mcfe	0.23	0.23	(1)	0.24	0.24	1

For the three and nine months ended September 30, 2023, total transportation expense decreased slightly to \$2.6 million and \$7.9 million, from \$2.7 million and \$8.1 million in the corresponding periods of the prior year.

NET OPERATING EXPENSES

(\$000s)	Three months ended September 30,			Nine months ended September 30,		
	2023	2022	% Change	2023	2022	% Change
Operating expenses	24,048	23,359	3	71,579	65,592	9
Less: processing and gathering income	(980)	(692)	42	(3,678)	(2,734)	35
Net operating expenses	23,068	22,667	2	67,901	62,858	8
\$ per Boe	12.00	11.58	4	12.20	10.96	11
\$ per Mcfe	2.00	1.93	4	2.03	1.83	11

Net operating expenses increased by 2% and 8% to \$23.1 million and \$67.9 million for the three and nine months ended September 30, 2023, as compared to \$22.7 million and \$62.9 million in the corresponding periods of the prior year, primarily as a result of an increase in fixed operating expenses, including municipal tax rates, regulatory fees and inflationary pressures.

On a per Boe basis, net operating costs increased to \$12.00 per Boe and \$12.20 per Boe for the three and nine months ended September 30, 2023, compared to \$11.58 per Boe and \$10.96 per Boe in the corresponding periods of 2022.

GENERAL AND ADMINISTRATIVE EXPENSES (“G&A”)

(\$000s)	Three months ended September 30,			Nine months ended September 30,		
	2023	2022	% Change	2023	2022	% Change
Gross G&A	3,047	2,675	14	8,119	8,330	(3)
Less: overhead recoveries	(1,105)	(955)	(16)	(2,660)	(2,304)	(15)
Total G&A expenses	1,942	1,720	13	5,459	6,026	(9)
\$ per Boe	1.01	0.88	15	0.98	1.05	(7)
\$ per Mcfe	0.17	0.15	15	0.16	0.18	(7)

G&A increased by 13% in the three months ended September 30, 2023 to \$1.9 million, as compared to \$1.7 million in the corresponding period of the prior year. The increase in G&A during the three months ended September 30, 2023 is primarily a result of an increase in the provision for compensation costs pursuant to the Company’s short term incentive bonus program, slightly offset by an increase in overhead recoveries. G&A decreased by 9% in the nine months ended September 30, 2023 to \$5.5 million, as compared to \$6.0 million in the corresponding period of the prior year. The decrease in G&A during the nine months ended September 30, 2023 is primarily a result of a decrease in the provision for compensation costs pursuant to the Company’s short term incentive bonus program and an increase in overhead recoveries.

On a per Boe basis, G&A for the three and nine months ended September 30, 2023, increased 15% and decreased 7% to \$1.01 per Boe and \$0.98 per Boe from \$0.88 per Boe and \$1.05 per Boe in the corresponding periods of the prior year, primarily due to adjustments in the provision for compensation costs and an increase in overhead recoveries.

SHARE-BASED COMPENSATION

(\$000s)	Three months ended September 30,			Nine months ended September 30,		
	2023	2022	% Change	2023	2022	% Change
Total share-based compensation	723	839	(14)	2,012	1,731	16
\$ per Boe	0.38	0.43	(12)	0.36	0.30	20
\$ per Mcfe	0.06	0.07	(12)	0.06	0.05	20

Share-based compensation decreased by 14% for the three months ended September 30, 2023 compared to the corresponding period of 2022 primarily as a result of the decrease in the fair value of stock options granted in May 2023 compared to May 2022, as calculated using the Black-Scholes option pricing model. Share-based compensation increased by 16% for the nine months ended September 30, 2023 compared to the corresponding period of 2022 primarily as a result of the full effect of the fair value of the stock options granted in May 2022. 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’s board of directors to a maximum of 10% of the outstanding Common Shares.

As at September 30, 2023, the Company had 20,780,333 stock options outstanding, representing 5.9% of Common Shares outstanding (September 30, 2022 – 20,409,066 representing 5.8% of Common Shares outstanding).

DEPLETION AND DEPRECIATION AND IMPAIRMENT

(\$000s)	Three months ended September 30,			Nine months ended September 30,		
	2023	2022	% Change	2023	2022	% Change
Total depletion and depreciation	10,344	11,124	(7)	31,108	33,239	(6)
\$ per Boe	5.38	5.68	(5)	5.59	5.80	(4)
\$ per Mcfe	0.90	0.95	(5)	0.93	0.97	(4)
Impairment reversal	-	-	-	-	(4,500)	(100)
Total depletion, depreciation and impairment	10,344	11,124	(7)	31,108	28,739	8
\$ per Boe	5.38	5.68	(5)	5.59	5.01	12
\$ per Mcfe	0.90	0.95	(5)	0.93	0.84	12

Depletion and depreciation expense for the three and nine months ended September 30, 2023, totaled \$10.3 million and \$31.1 million compared to \$11.1 million and \$33.2 million in the corresponding periods of the prior year. Depletion and depreciation per

Boe will fluctuate from one period to the next depending on changes in reserves, the amount and success of capital expenditures and the amount of future development costs. 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, 2023, the Company had three cash generating units (“CGU’s”) being Southern CGU, Central CGU and Edson CGU. In accordance with IFRS, an impairment test is performed if the Company identifies indicators of impairment at the end of a reporting period. At September 30, 2023, the Company determined that no indicators of impairment existed for PP&E assets.

Exploration and Evaluation Assets (“E&E”) Impairment Assessment

At September 30, 2023, the Company determined that no indicators of impairment existed for E&E assets.

FINANCE EXPENSES

(\$000s)	Three months ended September 30,			Nine months ended September 30,		
	2023	2022	%Change	2023	2022	% Change
Interest expense and bank charges	87	89	(2)	218	2,295	(91)
\$ per Boe	0.05	0.05	-	0.04	0.40	(90)
\$ per Mcfe	0.01	0.01	-	0.01	0.07	(90)
Non-cash:						
Accretion on decommissioning provision	1,718	1,680	2	5,059	4,513	12
Accretion on promissory notes	-	-	-	-	97	(100)
Total finance expenses	1,805	1,769	2	5,277	6,905	(24)
\$ per Boe	0.94	0.90	4	0.95	1.20	(21)
\$ per Mcfe	0.16	0.15	4	0.16	0.20	(21)

Finance expenses decreased by 24% to \$5.3 million from \$6.9 million for the nine months ended September 30, 2023, as compared to the corresponding period of the prior year, due to the Company repaying outstanding term debt, due to related party debt and promissory notes in 2022. Please refer to the Annual Financial Statements for more detail.

DEFERRED INCOME TAX

For the three and nine months ended September 30, 2023, Pine Cliff recorded a deferred income tax expense of \$0.1 million and \$2.5 million (three and nine months ended September 30, 2022 - \$5.2 million and \$8.4 million deferred income tax expense). The deferred income tax expense reflects the change in temporary timing differences arising from the book basis of Pine Cliff’s assets and liabilities relative to the tax basis.

CAPITAL EXPENDITURES, ACQUISITIONS AND DISPOSITIONS

(\$000s)	Nine months ended September 30, 2023	Year ended December 31, 2022
Exploration and evaluation	33	63
Property, plant and equipment	17,317	29,014
Capital expenditures	17,350	29,077
Acquisitions	312	1,119
Dispositions	(261)	(2,649)
Total	17,401	27,547

Capital expenditures on PP&E totaled \$17.4 million, including development capital of \$10.1 million primarily to drill and tie-in three gross (2.1 net) Pekisko oil wells, drill and complete one gross (0.2 net) non-operated conventional natural gas well in Edson and optimization and maintenance capital of \$7.3 million.

DECOMMISSIONING PROVISION

The total decommissioning provision of \$189.0 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, 2023, the estimated total undiscounted and uninflated amount required to settle the decommissioning liabilities was \$273.2 million (December 31, 2022 - \$277.3 million). The discounted and inflated amount required to settle the decommissioning liabilities of \$189.0 million (December 31, 2022 - \$208.4 million) has been calculated assuming a 2.00% inflation rate (December 31, 2022 - 2.00%) and discounted using an average risk-free interest rate of 4.00% (December 31, 2022 - 3.33%). These obligations are currently expected to be settled based on the useful lives of the underlying assets, some of which extend beyond 50 years into the future.

DEBT, LIQUIDITY AND CAPITAL RESOURCES**Demand Loan**

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 at September 30, 2023 (December 31, 2022 - \$nil). Borrowings bear interest at the bank's prime lending 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 to \$2.6 million and incur an issuance fee ranging from 3.12% to 3.62%. At September 30, 2023, the Company had issued \$0.8 million in letters of credit (December 31, 2022 - \$1.7 million).

Effective October 18, 2023 the performance guarantee increased to \$6.7 million and incurs an issuance fee of 2.38%.

The Demand Loan is secured by a general security agreement over certain tangible field facilities of the Company.

Liquidity and Capital Resources

As at September 30, 2023, 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 currently has a working capital surplus. Pine Cliff will continue to manage its working capital needs through its physical gas delivery diversification program, adjusting timing of capital expenditures and issuing debt and/or equity when practical.

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

(\$000s)	September 30, 2023	December 31, 2022	\$ Change
Cash	50,538	54,428	(3,890)
Trade and other receivables	20,749	27,187	(6,438)
Prepaid expenses and deposits	8,297	3,767	4,530
Investments	253	171	82
Less:			
Trade and other payables	(33,335)	(29,640)	(3,695)
Positive net cash ¹	46,502	55,913	(9,411)

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

Share Capital

Share capital	November 13, 2023	September 30, 2023	December 31, 2022
Common Shares	356,073,789	355,765,941	350,908,570
Stock options	20,510,322	20,780,333	18,323,519

COMMITMENTS AND CONTINGENCIES

As at September 30, 2023, the Company has the following commitments and other contractual obligations:

	2023	2024	2025	2026	2027	Thereafter
(\$000s)						
Trade and other payables	33,335	-	-	-	-	-
Lease obligations	343	1,252	1,082	819	229	7
Transportation ¹	1,987	7,009	5,979	5,330	4,135	-
Total commitments and contingencies	35,665	8,261	7,061	6,149	4,364	7

¹ Firm transportation agreements.

SUBSEQUENT EVENTS**Dividends**

On October 31, 2023, the Company paid a monthly dividend of \$0.01083 per Common Share to all shareholders of record on October 16, 2023.

On October 31, 2023, the Company declared a monthly dividend of \$0.01083 per Common Share. The dividend is payable November 30, 2023, to all shareholders of record on November 15, 2023.

Acquisition

On October 31, 2023, the Company announced it had entered into an agreement to acquire all of the common shares of Certus Oil & Gas Inc. for a cash consideration of \$100.0 million (the "**Acquisition**"). The Acquisition will be made by means of a takeover bid circular and is expected to close before the end of the fourth quarter of 2023, subject to customary closing conditions, including the receipt of necessary regulatory approvals. The Acquisition will be financed from the Company's existing cash balance and a new term debt facility. A copy of the Company's press release disclosing the Acquisition may be accessed through the SEDAR+ website (www.sedarplus.ca).

QUARTERLY TRENDS AND SELECTED FINANCIAL INFORMATION

(\$000s, unless otherwise indicated)	Q3-2023	Q2-2023	Q1-2023	Q4-2022	Q3-2022	Q2-2022	Q1-2022	Q4-2021
FINANCIAL								
Total revenue	45,831	39,680	48,676	69,746	62,778	82,755	59,449	49,399
Cash provided by operating activities	15,238	12,504	22,326	33,791	42,258	50,532	23,871	20,431
Adjusted funds flow ¹	17,123	12,040	19,824	40,200	34,883	55,816	32,307	26,279
Per share – Basic (\$/share)	0.05	0.03	0.06	0.11	0.10	0.16	0.09	0.08
Per share – Diluted (\$/share)	0.05	0.03	0.06	0.11	0.10	0.15	0.09	0.07
Net earnings (loss)	4,237	(942)	4,985	24,685	18,629	50,192	15,433	80,522
Per share – Basic (\$/share)	0.01	(0.00)	0.01	0.07	0.05	0.15	0.05	0.24
Per share – Diluted (\$/share)	0.01	(0.00)	0.01	0.07	0.05	0.14	0.04	0.23
Capital expenditures	4,715	8,193	4,442	6,637	12,591	4,282	5,567	10,741
Dividends	11,557	11,478	11,413	10,797	9,888	2,889	-	-
Per share – Basic (\$/share)	0.03	0.03	0.03	0.03	0.03	0.01	-	-
Per share – Diluted (\$/share)	0.03	0.03	0.03	0.03	0.03	0.01	-	-
Acquisitions	-	312	-	528	-	319	272	23,136
Positive net cash (net debt) ¹	46,502	49,301	58,139	55,913	35,068	22,496	(24,752)	(49,652)
Weighted average common shares outstanding (000s):								
Basic	355,710	353,216	351,263	350,216	349,187	345,402	340,835	339,213
Diluted	359,262	353,216	359,675	360,322	360,654	360,703	349,304	350,806
PRODUCTION VOLUMES								
Natural gas (Mcf/d)	108,138	106,024	105,176	109,307	109,936	111,951	107,955	103,320
NGLs (Bbl/d)	1,489	1,343	1,446	1,463	1,547	1,475	1,347	1,258
Crude oil (Bbl/d)	1,383	1,184	1,101	1,360	1,406	1,197	1,057	578
Average sales volumes (Boe/d)	20,895	20,198	20,076	21,041	21,276	21,331	20,397	19,056
Average sales volumes (Mcf/d)	125,370	121,188	120,456	126,246	127,656	127,986	122,382	114,336
PRICES AND NETBACKS								
Total commodity sales (\$/Boe)	25.06	23.00	29.30	39.74	37.13	46.59	36.05	31.04
Operating netback (\$/Boe) ¹	9.65	7.11	11.72	21.06	18.66	30.40	19.41	16.50
Corporate netback (\$/Boe) ¹	8.91	6.55	10.99	20.76	17.82	28.76	17.60	15.00
Total commodity sales (\$/Mcf)	4.18	3.83	4.88	6.62	6.19	7.77	6.01	5.17
Operating netback (\$/Mcf) ¹	1.61	1.19	1.95	3.51	3.11	5.07	3.24	2.75
Corporate netback (\$/Mcf) ¹	1.49	1.09	1.83	3.46	2.97	4.79	2.93	2.50

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

Over the past eight quarters, Pine Cliff's revenues, cash provided by operating activities, adjusted funds flow, and net earnings (loss) 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 decreased in the first quarter of 2023 compared to the fourth quarter of 2022 due primarily to natural production declines and weather-related factors. Average sales volumes increased in the second quarter of 2023 compared to the first quarter of 2023 due primarily to four gross (2.8 net) Peksiko wells coming on production prior to the end of the quarter. Average sales volumes increased in the third quarter of 2023 compared to the second quarter of 2023 due primarily to the wells that came on production in Q2-2023 producing for the full quarter.
- Adjusted funds flow decreased in the first quarter of 2023 compared to the fourth quarter of 2022 due primarily to the decrease in commodity pricing and sales volumes. Adjusted funds flow decreased in the second quarter of 2023

compared to the first quarter of 2023 due primarily to a decrease in commodity pricing. Adjusted funds flow increased in the third quarter of 2023 compared to the second quarter of 2023 due primarily to an increase in commodity pricing.

- Total revenues decreased in the first quarter of 2023 compared to the fourth quarter of 2022 due primarily to the decrease in commodity pricing. Total revenues decreased in the second quarter of 2023 compared to the first quarter of 2023 due primarily to the decrease in commodity pricing. Total revenues increased in the third quarter of 2023 compared to the second quarter of 2023 due primarily to the increase in commodity pricing.
- Net earnings decreased in the first quarter of 2023 compared to the fourth quarter of 2022 due primarily to the decrease in total revenue. Net earnings(loss) decreased in the second quarter of 2023 compared to the first quarter of 2023 due primarily to the decrease in total revenue. Net earnings increased in the third quarter of 2023 compared to the second quarter of 2023 due primarily to the increase in total revenue.

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 and fair value measurement

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.

Market Risk

Market risk is the risk that the fair value or future cash provided by operating activities of the Company's financial instruments will fluctuate because of changes in market prices. Components of market risk to which Pine Cliff is exposed are discussed below.

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 natural gas, crude oil and NGL 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 natural gas, crude oil or NGLs will result in a reduction of net production revenue. The economics of production from some wells may change because of lower prices, which will result in reduced production of natural gas, crude oil or NGL's 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, 2023, Pine Cliff's average sales volume was 87% natural gas.

Physical Sales Contracts

Pine Cliff enters into physical delivery sales contracts to manage commodity price risk. These contracts are considered normal executory sales contracts and are not recorded at fair value in the financial statements.

At September 30, 2023, 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, 2023 to October 31, 2023	AECO	20,000	\$3.08	\$3.23
April 1, 2024 to October 31, 2024	AECO	10,500	\$2.76	\$2.90
October 1, 2023 to October 31, 2023	Dawn ³	2,500	\$6.27	\$6.58
October 1, 2023 to October 31, 2023	TransGas ⁴	2,500	\$3.00	\$3.15
October 1, 2023 to October 31, 2023	TransGas ⁴	7,000	AECO 5A + 0.54/GJ	AECO 5A + 0.57/Mcf
November 1, 2023 to October 31, 2024	TransGas ⁴	13,000	AECO 5A + 0.46/GJ	AECO 5A + 0.48/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.

Contractual Term	Delivery Point	Physical Delivery Quantity (GJ/day)	Contract Price (\$CAD/GJ) ¹	Contract Price (\$CAD/Mcf) ^{1,2}
October 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.

Contractual Term	Type of Contract	Physical Delivery Quantity (Mmbtu/day) ¹	Contract Price (\$USD/ Mmbtu) ^{2,3}
October 1, 2023 to October 31, 2023	AECO ³	5,000	NYMEX Henry Hub less US\$1.335/Mmbtu

¹ One Mcf of natural gas is approximately 1.02 Mmbtu.

² Prices reported are the weighted average prices of the periods.

³ AECO basis differential.

At September 30, 2023, 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, 2023 to December 31, 2023	WTI Fixed Price	250	\$100.50
January 1, 2024 to December 31, 2024	WTI Fixed Price	250	\$107.00

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

Contractual Term	Crude Oil	Physical Delivery Quantity (Bbl/month)	Contract Price (\$USD/Bbl) ¹
October 1, 2023 to September 30, 2024	WTI Fixed Price	5,000	\$81.25

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

New Accounting Pronouncements*IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors*

Effective January 1, 2023, amendments to IAS 8 include additional clarification on the determination of changes in accounting policies from changes in accounting estimates. The development of accounting estimates includes selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique.

IAS 12 – Income Taxes

Effective January 1, 2023, amendments to IAS 12 require entities to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

Neither of these accounting pronouncements have a material impact on the Financial Statements.

Future Accounting Pronouncements

The following is a future accounting pronouncement issued and not yet effective as at September 30, 2023. The Company intends to adopt this standard as it becomes effective and does not expect any impact.

IAS 1 – Presentation of Financial Statements

Effective January 1, 2024, amendments to the classification of liabilities as non-current include the requirement that a right to defer settlement must have substance and exist at the end of the reporting period.

INTERNAL CONTROLS

Disclosure controls and procedures

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 2023. 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 earnings, 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 fund future growth through capital investment, repay debt and fund shareholder returns. 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 earnings per Common Share calculation for a reporting period. Adjusted funds flow per Boe or Mcfe is calculated using the sales volumes reported for the 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,		
	2023	2022	% Change	2023	2022	% Change
Cash provided by operating activities	15,238	42,258	(64)	50,068	116,661	(57)
Adjusted by:						
Change in non-cash working capital	(1,616)	(9,045)	(82)	(7,080)	1,745	(506)
Decommissioning obligations settled	3,501	1,670	110	5,999	4,600	30
Adjusted funds flow	17,123	34,883	(51)	48,987	123,006	(60)
Adjusted funds flow (\$/Boe)	8.91	17.82	(50)	8.80	21.46	(59)
Adjusted funds flow (\$/Mcfe)	1.49	2.97	(50)	1.47	3.58	(59)
Adjusted funds flow – basic (\$/Common Share)	0.05	0.10	(50)	0.14	0.36	(61)
Adjusted funds flow – diluted (\$/Common Share)	0.05	0.10	(50)	0.14	0.34	(59)

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

Pine Cliff uses these measures to assist in understanding the Company's ability to generate 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 earnings 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,		
	2023	2022	Change	2023	2022	Change
Commodity sales	25.06	37.13	(12.07)	25.76	39.99	(14.23)
Processing and gathering	0.51	0.35	0.16	0.66	0.48	0.18
Royalty expense	(2.04)	(5.50)	3.46	(2.65)	(4.74)	2.09
Transportation costs	(1.37)	(1.39)	0.02	(1.43)	(1.41)	(0.02)
Operating expenses	(12.51)	(11.93)	(0.58)	(12.86)	(11.44)	(1.42)
Operating netback	9.65	18.66	(9.01)	9.48	22.88	(13.40)
General and administrative	(1.01)	(0.88)	(0.13)	(0.98)	(1.05)	0.07
Interest and bank charges	(0.05)	(0.05)	-	(0.04)	(0.40)	0.36
Interest income	0.32	0.09	0.23	0.34	0.03	0.31
Corporate netback	8.91	17.82	(8.91)	8.80	21.46	(12.66)
Operating netback (\$ per Mcfe)	1.61	3.11	(1.50)	1.58	3.81	(2.23)
Corporate netback (\$ per Mcfe)	1.49	2.97	(1.48)	1.47	3.58	(2.11)

Positive Net Cash/Net Debt

The Company considers positive net cash/net debt to be a key indicator of leverage. Positive net cash/net debt is calculated as the sum of trade and other receivables, cash, investments and prepaid expenses and deposits, less trade and other payables and debt.

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, 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; 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 March 7, 2023 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 completion 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.

NGLs and 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.

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 MMBoe, 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

MMBtu – One million British Thermal Units

MMBoe – One million barrels of oil equivalent