

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF  
FINANCIAL POSITION**  
(Canadian dollars, 000s)  
(unaudited)

	Note	As at September 30, 2025	As at December 31, 2024
<b>ASSETS</b>			
Current assets			
Accounts receivable	5	17,663	23,702
Prepaid expenses and deposits		5,908	5,722
Risk management asset		340	-
<b>Total current assets</b>		<b>23,911</b>	29,424
Property, plant and equipment	7	261,453	302,452
Deferred income taxes	9	53,316	49,375
<b>Total assets</b>		<b>338,680</b>	381,251
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities	5	36,270	35,236
Term loan	10	4,220	11,357
Demand loan	11	3,655	7,358
Lease liabilities	8	1,365	1,287
Decommissioning provision	12	7,500	7,500
Share awards liability		224	-
Risk management liability		231	-
<b>Total current liabilities</b>		<b>53,465</b>	62,738
Lease liabilities	8	1,648	2,026
Term loan	10	38,035	37,796
Decommissioning provision	12	212,550	224,367
Share awards liability		219	-
Risk management liability		247	-
<b>Total liabilities</b>		<b>306,164</b>	326,927
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	13	279,265	278,982
Contributed surplus		23,265	21,422
Accumulated other comprehensive loss		(249)	(249)
Deficit		(269,765)	(245,831)
<b>Total shareholders' equity</b>		<b>32,516</b>	54,324
<b>Total liabilities and shareholders' equity</b>		<b>338,680</b>	381,251

Commitments (Note 16)

Subsequent events (Note 17)

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

(Canadian dollars, 000s except per share data)

(unaudited)

		Three months ended September 30,		Nine months ended September 30,	
	Note	2025	2024	2025	2024
<b>REVENUE</b>					
Commodity sales	14	38,204	43,413	129,532	143,035
Royalty expense		(2,347)	(2,732)	(10,977)	(10,825)
Commodity sales, net of royalties		35,857	40,681	118,555	132,210
Processing and gathering		1,392	1,377	4,289	4,131
Gain on commodity contracts		356	-	356	-
Total revenue		37,605	42,058	123,200	136,341
<b>EXPENSES</b>					
Operating		26,635	26,929	80,456	83,977
Transportation		2,934	2,903	8,969	8,898
Depletion and depreciation	7	11,093	13,565	34,024	40,737
Share-based compensation		815	696	2,479	2,026
Finance	15	3,265	4,203	11,088	12,856
General and administrative		1,558	2,212	7,074	7,984
Gain on disposition		(1,078)	-	(1,078)	(300)
Total expenses		45,222	50,508	143,012	156,178
Loss before income taxes		(7,617)	(8,450)	(19,812)	(19,837)
Deferred income taxes	9	1,619	1,564	3,941	3,998
<b>NET LOSS FOR THE PERIOD</b>		<b>(5,998)</b>	<b>(6,886)</b>	<b>(15,871)</b>	<b>(15,839)</b>
<b>OTHER COMPREHENSIVE LOSS</b>					
Realized loss on investments		-	-	-	(25)
<b>OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(25)</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>(5,998)</b>	<b>(6,886)</b>	<b>(15,871)</b>	<b>(15,864)</b>
<b>Net loss per share (\$)</b>					
Basic and diluted	13	(0.02)	(0.02)	(0.04)	(0.04)

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)**

(Canadian dollars, 000s)

(unaudited)

	Note	Share capital	Contributed surplus <sup>1</sup>	Accumulated other comprehensive loss <sup>2</sup>	Deficit	Total Shareholders' equity
<b>BALANCE AT JANUARY 1, 2024</b>		<b>278,623</b>	<b>18,746</b>	<b>(224)</b>	<b>(197,217)</b>	<b>99,928</b>
Net loss for the period		-	-	-	(15,839)	(15,839)
Dividends	13	-	-	-	(20,226)	(20,226)
Tax on excessive eligible dividends		-	-	-	(1,571)	(1,571)
Share-based compensation		-	2,026	-	-	2,026
Other comprehensive loss, net of tax		-	-	(25)	-	(25)
Exercise of stock options		347	(184)	-	-	163
<b>BALANCE AT SEPTEMBER 30, 2024</b>		<b>278,970</b>	<b>20,588</b>	<b>(249)</b>	<b>(234,853)</b>	<b>64,456</b>
Net loss for the period		-	-	-	(5,607)	(5,607)
Dividends	13	-	-	-	(5,371)	(5,371)
Share-based compensation		-	956	-	-	956
Exercise of stock options		12	(122)	-	-	(110)
<b>BALANCE AT DECEMBER 31, 2024</b>		<b>278,982</b>	<b>21,422</b>	<b>(249)</b>	<b>(245,831)</b>	<b>54,324</b>
Net loss for the period		-	-	-	(15,871)	(15,871)
Dividends	13	-	-	-	(8,063)	(8,063)
Share-based compensation		-	2,036	-	-	2,036
Exercise of stock options		283	(193)	-	-	90
<b>BALANCE AT SEPTEMBER 30, 2025</b>		<b>279,265</b>	<b>23,265</b>	<b>(249)</b>	<b>(269,765)</b>	<b>32,516</b>

<sup>1</sup>Contributed surplus is comprised of share-based compensation.

<sup>2</sup>Accumulated other comprehensive loss is comprised of realized and unrealized gains (losses) on financial assets held at fair value through other comprehensive loss.

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Canadian dollars, 000s)

(unaudited)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2025	2024	2025	2024
<b>CASH PROVIDED BY (USED IN):</b>					
<b>OPERATING ACTIVITIES</b>					
Net loss for the period		(5,998)	(6,886)	(15,871)	(15,839)
Items not affecting cash:					
Depletion and depreciation	7	11,093	13,565	34,024	40,737
Share-based compensation		815	696	2,479	2,026
Finance expenses	15	3,265	4,203	11,088	12,856
Deferred income taxes	9	(1,619)	(1,564)	(3,941)	(3,998)
Gain on disposition		(1,078)	-	(1,078)	(300)
Unrealized loss on commodity contracts		478	-	478	-
Interest and bank charges		(1,240)	(1,883)	(5,081)	(6,073)
Decommissioning obligations settled	12	(1,460)	(1,610)	(3,661)	(3,005)
Changes in non-cash working capital accounts	15	2,508	1,537	7,530	(3,127)
Cash provided by operating activities		6,764	8,058	25,967	23,277
<b>FINANCING ACTIVITIES</b>					
Exercise of stock options		-	-	90	163
Term loan	10	(1,056)	(2,110)	(7,136)	(4,220)
Demand loan	11	(1,874)	(7)	(3,703)	1,354
Dividends	13	(1,346)	(5,370)	(8,063)	(20,226)
Tax on excessive eligible dividends		-	-	-	(1,571)
Payments on lease obligations		(332)	(31)	(1,021)	(874)
Changes in non-cash working capital accounts	15	-	-	(1,571)	1,571
Cash used in financing activities		(4,608)	(7,518)	(21,404)	(23,803)
<b>INVESTING ACTIVITIES</b>					
Property, plant and equipment	7	(2,505)	(901)	(6,058)	(2,497)
Dispositions		1,042	1,503	1,338	3,618
Acquisitions		(431)	(243)	(431)	(559)
Proceeds on disposition of exploration and evaluation assets		-	-	-	300
Proceeds on sale of investments		-	-	-	191
Changes in non-cash working capital accounts	15	(262)	(899)	588	(527)
Cash (used in) provided by investing activities		(2,156)	(540)	(4,563)	526
Changes in cash		-	-	-	-
Cash - beginning of period		-	-	-	-
<b>CASH - END OF PERIOD</b>		-	-	-	-

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

As at September 30, 2025 and December 31, 2024 and for the three and nine month periods ended September 30, 2025 and 2024 (unaudited). All tabular amounts in Canadian dollars 000s, unless otherwise indicated.

**1. NATURE OF BUSINESS**

Pine Cliff Energy Ltd. ("**Pine Cliff**" or the "**Company**") is a public company listed on the Toronto Stock Exchange ("**TSX**") and incorporated under the *Business Corporations Act (Alberta)*. The address of the Company's registered office is Suite 850, 1015 - 4th Street SW, Calgary, Alberta, T2R 1J4.

Pine Cliff is engaged in the acquisition, exploration, development and production of natural gas and oil in the Western Canadian Sedimentary Basin and conducts many of its activities jointly with others; these interim condensed consolidated financial statements (the "**Financial Statements**") reflect only the Company's proportionate interest in such activities.

**2. BASIS OF PREPARATION**

The Financial Statements have been prepared in accordance with IAS 34 – Interim Financial Reporting using IFRS® Accounting Standards as issued by the International Accounting Standards Board ("**IASB**").

The Financial Statements do not include all the information required for annual financial statements and should be read in conjunction with the Company's annual audited consolidated financial statements for the year ended December 31, 2024 ("**Annual Financial Statements**").

The accounting policies, basis of measurement, critical accounting judgments and significant estimates to prepare the Annual Financial Statements as at and for the year ended December 31, 2024 have been applied in the preparation of these Financial Statements.

The Financial Statements were authorized for issue by the Company's board of directors (the "**Board**") on November 5, 2025.

**3. MATERIAL ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in the Financial Statements.

**4. FUTURE ACCOUNTING CHANGES**

IFRS 18 – Presentation and Disclosure in Financial Statements

In January 2024, the International Accounting Standards Board ("**IASB**") issued amendments to IFRS 18 – Presentation and Disclosure in Financial Statements, which introduce new presentation requirements for specified categories and defined subtotals in the statements of comprehensive loss, as well as enhanced disclosure requirements for management-defined performance measures. The amendments aim to improve comparability and transparency in financial reporting by requiring more structured and consistent presentation of financial performance across entities.

The amendments to IFRS 18 will be effective for annual periods beginning on or after January 1, 2027, with earlier adoption permitted.

The Company is currently assessing the potential impact of these amendments on its Financial Statements.

## 5. FINANCIAL INSTRUMENTS

### Financial instruments and fair value measurement

Financial instruments of the Company consist of cash, accounts receivable, accounts payable and accrued liabilities, share awards liability, risk management contracts, Demand Loan, as defined herein and Term Loan, as defined herein. The carrying values of cash, accounts receivable, accounts payable and accrued liabilities approximate their fair values due to their short-term nature. The carrying value of the Demand Loan and Term Loan approximates fair value as their interest rates reflect current market conditions. The share awards liability approximates fair value as it is remeasured each reporting period based on the Company's common share price and dividends distributed (see note 13). The fair value of the risk management contracts approximates carrying value and is determined based on forward benchmark commodity prices consistent with observable market data.

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. Level 2 fair value measurements are based on pricing inputs other than quoted prices in active markets included in Level 1. Prices are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward benchmark commodity prices, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. The Company's risk management contracts are classified as Level 2 financial instruments. Level 3 valuations are those with inputs for the asset and liability that are not based on observable market data. Pine Cliff has no 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.

The following table sets out the Company's classification, carrying value and fair value of financial assets and liabilities as at September 30, 2025 and December 31, 2024:

(\$000s) Description	September 30, 2025		December 31, 2024	
	Carrying value	Fair value	Carrying value	Fair value
Accounts receivable	17,663	17,663	23,702	23,702
Accounts payable and accrued liabilities	(36,270)	(36,270)	(35,236)	(35,236)
Share awards liability	(443)	(443)	-	-
Risk management contracts <sup>1</sup>	(138)	(138)	-	-
Demand loan	(3,655)	(3,655)	(7,358)	(7,358)
Term loan	(42,255)	(42,255)	(49,153)	(49,153)

<sup>1</sup>Risk management contracts represent the fair value of all outstanding financial derivative instruments and are comprised of current and non-current risk management assets and liabilities.

## 6. 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, 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.

The Company employs risk management strategies and policies to ensure any exposure to risk is consistent with the Company's business objectives and risk tolerance levels. Risk management is ultimately established by the Board and is implemented by management. 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, natural gas liquids (“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. Changes in natural gas, crude oil and NGL prices may have a significant effect 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 NGL prices will result in a reduction of net production revenue. The economics of producing from some wells may change because of lower prices, which could result in reduced production of natural gas, crude oil or NGL and an associated reduction in the volumes of Pine Cliff’s reserves. Management may also elect not to produce from certain wells at lower prices.

*Sensitivity Analysis*

Based on historic movements and volatilities in natural gas prices and management’s current assessment of the commodity markets, the Company believes that a 10% variation in natural gas prices is reasonably possible.

A 10% increase in natural gas prices would increase the unrealized loss on risk management contracts from \$0.5 million to \$1.2 million, resulting in an increase to the loss before income taxes of \$0.7 million, assuming the change in commodity prices occurred at September 30, 2025.

A 10% decrease in natural gas prices would result in an unrealized gain on risk management contracts of \$0.2 million, decreasing the loss before income taxes by \$0.7 million, assuming the change in commodity prices occurred at September 30, 2025.

*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, 2025, 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) <sup>1</sup>	Contract Price (\$CAD/Mcf) <sup>1,2</sup>
October 1, 2025 to October 31, 2025	AECO	15,000	\$2.54	\$2.67
October 1, 2025 to December 31, 2025	AECO	16,123	\$3.11	\$3.27
October 1, 2025 to October 31, 2026	AECO	7,500	\$2.50	\$2.63
October 1, 2025 to December 31, 2026	AECO	2,500	\$2.92	\$3.06
October 1, 2025 to June 30, 2027	AECO	5,000	\$2.79	\$2.93
October 1, 2025 to March 31, 2026	AECO	2,500	\$2.15	\$2.26
January 1, 2026 to February 28, 2026	AECO	8,398	\$3.58	\$3.76
January 1, 2026 to December 31, 2026	AECO	7,500	\$3.03	\$3.19
April 1, 2026 to October 31, 2026	AECO	5,000	\$2.90	\$3.05
November 1, 2026 to March 31, 2027	AECO	5,000	\$3.45	\$3.62
July 1, 2026 to June 30, 2027	AECO	5,000	\$3.20	\$3.35
January 1, 2027 to December 31, 2027	AECO	5,000	\$2.90	\$3.05
October 1, 2025 to March 31, 2026	AECO	5,000	\$1.75 - \$3.11 <sup>3</sup>	\$1.84 - \$3.27 <sup>3</sup>
October 1, 2025 to October 31, 2025	TransGas <sup>4</sup>	14,000	AECO 5A + 0.39/GJ	AECO 5A + 0.41/Mcf
November 1, 2025 to October 31, 2026	TransGas <sup>4</sup>	13,500	AECO 5A + 0.36/GJ	AECO 5A + 0.38/Mcf
October 1, 2025 to October 31, 2025	DAWN <sup>5</sup>	5,000	\$3.74	\$3.92

<sup>1</sup> Prices reported are the weighted average prices of the periods.

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

<sup>3</sup> Price is a floor and ceiling for a fixed price costless collar.

<sup>4</sup> Subsidiary of SaskEnergy, Saskatchewan.

<sup>5</sup> Dawn Hub into Dawn Township, Ontario.

At September 30, 2025, the Company had the following AECO natural gas derivative contracts in place:

Contractual Term	Basis	Quantity (GJ/day)	Contract Price (\$CAD/GJ) <sup>1</sup>	Contract Price (\$CAD/Mcf) <sup>1,2</sup>
October 1, 2025 to March 31, 2026	AECO	5,000	\$2.10	\$2.20
October 1, 2025 to June 30, 2027	AECO	2,500	\$2.79	\$2.93

<sup>1</sup> Prices reported are the weighted average prices of the periods.

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

At September 30, 2025, the Company had the following physical crude oil sales contracts in place:

Contractual Term	Crude Oil	Physical Delivery Quantity (Bbl/day)	Contract Price (\$USD/Bbl) <sup>1</sup>
October 1, 2025 to December 31, 2025	WTI Fixed Price	458	\$67.83
October 1, 2025 to June 30, 2026	WTI Fixed Price	100	\$60.76
October 1, 2025 to September 30, 2026	WTI Fixed Price	100	\$65.51
January 1, 2026 to February 28, 2026	WTI Fixed Price	435	\$66.60
January 1, 2026 to December 31, 2026	WTI Fixed Price	100	\$64.25

<sup>1</sup> Prices reported are the weighted average prices of the periods.

#### *Derivatives*

The fair value of financial derivative instruments is measured on a recurring basis using observable market data when available. In the absence of quoted market prices, Pine Cliff uses third-party valuation models that incorporate forward benchmark commodity prices to estimate the fair value of financial derivatives.

#### *Interest Rate Risk*

Interest rate risk refers to the risk that the value of a financial instrument or funds flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that the Company uses. The principal exposure of the Company is on its borrowings which have a variable interest rate which gives rise to a funds flow interest rate risk.

At September 30, 2025, the Company's debt facilities consist of a \$42.3 million term loan (the "**Term Loan**", see note 10) and a \$15.0 million demand operating loan (the "**Demand Loan**", see note 11), of which \$3.7 million was drawn. The borrowings under the Term Loan are at the Canadian prime rate (the "**Prime Rate**") plus 3.65%, (whereby the Prime Rate cannot be less than 6.95%) and the Demand Loan is at the banks' prime lending rate plus 2.2%.

Pine Cliff has not entered into any derivative financial instruments to manage this risk at this time.

#### *Foreign Currency Exchange Risk*

The Company is exposed to risk on foreign exchange rates because the commodity prices it receives are indirectly determined in reference to United States dollar denominated commodity prices. The Company manages this risk by monitoring the foreign exchange rate and evaluating its effect on cash provided by operating activities. Pine Cliff has not entered into any derivative financial instruments to manage this risk at this time.

#### *Sensitivity Analysis*

Based on historic movements and volatility in the interest rate markets and management's current assessment of the financial markets, the Company believes that a 1.0% variation in the Canadian prime interest rate is reasonably possible.

A 1.0% increase in the Prime Rate would increase the loss before income taxes by \$nil, assuming the change in interest rate is effective from the beginning of the year and the amount of the Term Loan and the Demand Loan as at September 30, 2025.

A 1.0% decrease in the Prime Rate would decrease the loss before income taxes by \$nil, assuming the change in interest rate is effective from the beginning of the year and the amount of the Term Loan and the Demand Loan as at September 30, 2025.

### Credit Risk

Credit risk is the risk that a third party will not complete its contractual obligations under a financial instrument and cause the Company to incur a financial loss. Pine Cliff's maximum exposure to credit risk is the sum of the carrying values of its accounts receivable and cash, which reflect management's assessment of the associated maximum exposure to such credit risk.

To mitigate the credit risk on its cash, the Company maintains its cash balances with a Canadian chartered bank. To mitigate the credit risk on accounts receivable, Pine Cliff assesses the financial strength of its counterparties through internal evaluation and limiting exposure to any one counterparty.

The Company's accounts receivable balance at September 30, 2025 of \$17.7 million (December 31, 2024 - \$23.7 million), is primarily with oil and gas marketers and joint venture partners. Amounts due from these parties have generally been received within 30 to 90 days. When determining whether amounts that are past due are collectible, management assesses the creditworthiness and past payment history of the counterparty, as well as the nature of the past due amount. The Company generally considers amounts greater than 90 days to be past due. As at September 30, 2025, there was \$1.6 million (December 31, 2024 - \$2.4 million) of accounts receivable over 90 days. Pine Cliff assesses its accounts receivable quarterly to determine if there has been any impairment. During the nine months ended September 30, 2025, the Company recorded a bad debt expense of \$0.1 million (September 30, 2024 - \$0.3 million recovery) against accounts receivable.

### Liquidity Risk

Liquidity risk is the risk that Pine Cliff will not be able to meet its financial obligations as they become due. Pine Cliff manages its liquidity risk through actively managing its capital, which it defines as cash, debt and equity. Capital management strategies include continuously monitoring forecasted and actual cash provided by (used in) operating, financing and investing activities and opportunities to issue additional equity. Pine Cliff actively monitors its credit and working capital to ensure that it has sufficient available funds to meet its financial requirements at a reasonable cost. Management believes that funds generated from these sources currently will be adequate to settle Pine Cliff's financial liabilities. A significant decline in commodity prices would hamper the Company's ability to settle its working capital deficit and potentially require the Company to seek other sources of funding. If required, Pine Cliff will also consider reducing its dividend, additional short-term financing or issuing equity in order to meet its future liabilities. Any of these events could affect Pine Cliff's ability to fund ongoing operations.

The following table details the contractual maturities of Pine Cliff's financial liabilities as at September 30, 2025:

	2025	2026	2027	2028	2029	Thereafter
(\$000s)						
Accounts payable and accrued liabilities	36,270	-	-	-	-	-
Demand loan	3,655	-	-	-	-	-
Term loan <sup>1</sup>	2,520	8,766	7,232	34,391	-	-
Share awards liability	-	224	115	78	-	26
Risk management contracts <sup>2</sup>	85	292	101	-	-	-
Lease obligations <sup>1</sup>	356	1,431	830	484	185	-
<b>Total financial liabilities</b>	<b>42,886</b>	<b>10,713</b>	<b>8,278</b>	<b>34,953</b>	<b>185</b>	<b>26</b>

<sup>1</sup> These amounts include the notional principal and interest payments.

<sup>2</sup> Risk management contracts represent the fair value of all outstanding financial derivative instruments and are comprised of net risk management liabilities.

**7. PROPERTY, PLANT AND EQUIPMENT**

Cost:	(\$000s)
<b>Balance at December 31, 2024</b>	<b>850,177</b>
Additions	6,058
Right-of-use assets	721
Acquisitions	431
Dispositions	(1,536)
Decommissioning provision	(14,141)
<b>Balance at September 30, 2025</b>	<b>841,710</b>
Accumulated depletion and depreciation:	(\$000s)
<b>Balance at December 31, 2024</b>	<b>(547,725)</b>
Depletion and depreciation	(34,024)
Dispositions	1,492
<b>Balance at September 30, 2025</b>	<b>(580,257)</b>
Carrying value at:	(\$000s)
December 31, 2024	302,452
<b>September 30, 2025</b>	<b>261,453</b>

**PP&E Impairment Assessment**

As at September 30, 2025, 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 or impairment reversal at the end of a reporting period. At September 30, 2025, there were no indicators of impairment for PP&E assets and therefore an impairment test was not required.

**8. LEASE LIABILITIES**

Pine Cliff had the following future commitments associated with its lease liabilities:

	(\$000s)
2025	356
2026	1,431
2027	830
2028	484
2029	185
<b>Total lease payments as at September 30, 2025</b>	<b>3,286</b>
Amounts representing interest	(273)
<b>Present value of lease payments</b>	<b>3,013</b>
Current portion of lease obligations	(1,365)
<b>Non-current portion of lease obligations</b>	<b>1,648</b>

For the three and nine months ended September 30, 2025, interest expense of \$0.05 million and \$0.1 million (three and nine months ended September 30, 2024 - \$0.05 million and \$0.1 million) and a total cash outflow of \$0.3 million and \$1.0 million (three and nine months ended September 30, 2024 - \$0.03 million and \$0.9 million) was recognized relating to lease obligations.

The right-of-use assets and lease obligation relate to the Company's leases for vehicles and the head office in Calgary. Right-of-use assets of \$10.4 million and \$7.6 million in accumulated depreciation on the right-of-use-assets are included in PP&E. Refer to note 7.

## 9. DEFERRED INCOME TAX

For the three and nine months ended September 30, 2025, Pine Cliff recorded a deferred income tax recovery of \$1.6 million and \$3.9 million (three and nine months ended September 30, 2024 - \$1.6 million and \$4.0 million deferred income tax recovery). The deferred income tax recovery/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.

## 10. TERM LOAN

On June 2, 2025, the Company amended its non-revolving Term Loan facility. The amounts borrowed under the Term Loan bear interest at an annual interest rate equal to Canadian Prime Lending Rate (the "**Prime Rate**") plus 3.65%, where Prime Rate cannot be less than 6.95%. The Company is now required to make mandatory principal quarterly repayments equal to \$1.0 million, payable on the first banking day of January, April, July and October of each calendar year, commencing June 30, 2025. The Term Loan maturity date has been extended to January 3, 2028 on which date the remaining outstanding principal balance is to be paid.

The amount drawn under the Term Loan at September 30, 2025 was \$42.3 million (December 31, 2024 - \$49.9 million). Based on the calculated fair value of the Term Loan as at September 30, 2025, the effective interest rate was determined to be 11.3% using the effective interest method. The value of the loan will be accreted up to the principal balance at maturity. Interest accrued at September 30, 2025 was \$nil (December 31, 2024 - \$nil).

Security for the Term Loan consists of demand debentures totaling \$110.0 million (December 31, 2024 - \$110.0 million) over all of the Company's assets and a general security agreement with first priority ranking over all personal and real property other than the general security agreement with the Demand Loan.

The Company is subject to certain financial covenants under its Term Loan as follows:

- Consolidated Debt, as defined herein, to EBITDA, as defined herein, ratio shall not exceed 1.5:1.0; and
- Asset Coverage ratio, as defined herein, of not less than 1.5:1.0.

The Company has the option to make voluntary prepayments throughout the term of the loan under the following conditions:

- (i) at any time from and after June 12, 2025 until but excluding September 12, 2025, make a prepayment of all or any portion of the outstanding principal balance plus an amount of 3% of the principal amount prepaid.
- (ii) at any time from and after September 12, 2025 until and including September 12, 2026, an amount equal to the sum of a prepayment of the outstanding principal balance plus an amount of 1.5% of the principal amount prepaid plus remaining interest payments and annual renewal fees on the prepayment amount.
- (iii) at any time from and after September 12, 2026, make a prepayment of all or any portion of the outstanding principal balance plus an amount of 1.5% of the principal amount prepaid.

Consolidated Debt is defined as all indebtedness for borrowed money, including issued and drawn letters of credit or letters of guarantee other than letters of credit supported by a performance guarantee from Export Development Canada. EBITDA is defined as net income (loss) for the trailing twelve-month period excluding finance costs, provision for current and deferred income tax, depletion and depreciation, share-based compensation and gain or loss on sale of assets and impairment of assets, less cash taxes paid and decommissioning expenses incurred during the period.

Asset Coverage ratio is defined as the proved developed producing reserves of the Company (before income tax, discounted at 10%), as evaluated by an independent third-party engineering report and evaluated on strip commodity pricing, divided by the consolidated borrowings of the Company at December 31 of the calendar year. The ratio is calculated and re-evaluated for strip pricing at June 30 period end, based on an internally prepared engineering report.

The Company was in compliance with its Term Loan covenants at September 30, 2025.

## 11. DEMAND LOAN

On June 2, 2025, the Company amended its Demand Loan of \$15.0 million with a Canadian chartered bank, of which \$3.7 million was drawn at September 30, 2025 (December 31, 2024 - \$7.4 million). Borrowings bear interest at 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 \$8.8 million and incur an issuance fee of 2.38%. At September 30, 2025, the Company had issued \$8.8 million in letters of credit (December 31, 2024 - \$6.6 million).

The Demand Loan is secured by a general security agreement over certain tangible field facilities of the Company and second priority demand debentures totaling \$50.0 million (December 31, 2024 - \$nil) over all of the Company's assets.

The Company is subject to the following financial covenant under its Demand Loan:

- Senior Debt to EBITDA, as defined herein, ratio shall not exceed 3.0:1.0 at the end of each quarter-end.

Senior Debt is defined as any secured indebtedness for borrowed money. EBITDA shall mean net income excluding finance costs, provision for current and deferred income tax, depletion and depreciation, share-based compensation and gain or loss on sale of assets and impairment of assets, less cash taxes and dividends paid, on a trailing twelve-month basis.

The Company was in compliance with its Demand Loan covenant at September 30, 2025.

## 12. DECOMMISSIONING PROVISION

The total current and long-term decommissioning provision of \$220.1 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, 2025, the estimated total undiscounted and uninflated amount required to settle the decommissioning liabilities was \$320.2 million (December 31, 2024 - \$323.8 million). The discounted and inflated amount required to settle the decommissioning liabilities of \$220.1 million (December 31, 2024 - \$231.9 million) has been calculated assuming a 2.00% inflation rate (December 31, 2024 - 2.00%) and discounted using an average risk-free interest rate of 3.33% (December 31, 2024 - 3.24%). 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.

	(\$000s)
<b>Decommissioning provision, December 31, 2024</b>	<b>231,867</b>
Provisions related to acquisitions	216
Provisions related to dispositions	(1,379)
Decommissioning expenditures	(3,661)
Revisions (changes in estimates and discount rates)	(12,762)
Accretion	5,769
<b>Decommissioning provision, September 30, 2025</b>	<b>220,050</b>
Less current portion of decommissioning provision	(7,500)
<b>Non-current portion of decommissioning provision</b>	<b>212,550</b>

## 13. SHARE CAPITAL

### Authorized

The Company is authorized to issue an unlimited number of Common Shares without nominal or par value. Common Shares carry one vote per share and the right to any dividends declared. The Company is also authorized to issue, in one or more series, an unlimited number of Class B Preferred Shares without nominal or par value.

### Issued and outstanding

	Common Shares (000s)	Share capital (\$000s)
Issued and outstanding share capital continuity:		
<b>Balance, December 31, 2024</b>	<b>358,100</b>	<b>278,982</b>
Exercise of stock options	692	283
<b>Balance, September 30, 2025</b>	<b>358,792</b>	<b>279,265</b>

### Share Unit Plan

On May 20, 2025, Pine Cliff's share unit plan ("**Share Unit Plan**") was approved by its shareholders as set out in the Company's 2025 Information Circular. The Share Unit Plan enables the Company to grant restricted share units ("**RSUs**") and deferred share units ("**DSUs**" and together with RSUs, "**Awards**"). In accordance with the approved Share Unit Plan, Pine Cliff granted RSUs to officers and employees and DSUs to the Company's Board. RSUs vest equally over one to three years. DSUs vest immediately upon grant and are redeemable when the holder ceases to be a director.

The fair value of the Awards are equal to the underlying share price of the Common Shares immediately preceding the date of grant. The fair value of the Awards are subsequently adjusted to the underlying share price at each reporting date. Each Award may, in the Company's sole discretion, entitle the unit holder to be issued the number of common shares designated plus dividend equivalents or payment in cash. Awards granted are currently accounted for as cash-settled. A copy of the Share Unit Plan is available on SEDAR+ ([www.sedarplus.ca](http://www.sedarplus.ca)).

Awards issued and outstanding:	RSUs (000s)	DSUs (000s)	Total (000s)
<b>Balance, December 31, 2024</b>	-	-	-
Granted	2,926	517	3,443
Forfeited	(43)	-	(43)
Dividend reinvestment	23	4	27
<b>Balance, September 30, 2025</b>	<b>2,906</b>	<b>521</b>	<b>3,427</b>

A share awards liability of \$0.4 million was recognized as at September 30, 2025 (December 31, 2024 - \$nil).

### Stock Options

The Company provides an equity settled stock option plan (the "Option Plan") for its officers, employees and directors. The term and vesting period of the options granted are determined at the discretion of the Board. The exercise price of each option granted equals the market price of the Common Shares immediately preceding the date of grant and the option's maximum expiry is five years.

Stock options issued and outstanding:	Options (000s)	Weighted-average exercise price (\$ per Common Share)
<b>Outstanding, December 31, 2024</b>	<b>27,256</b>	<b>1.22</b>
Granted	6,878	0.56
Exercised	(1,098)	0.33
Expired	(4,802)	1.51
Forfeited	(498)	0.87
<b>Outstanding, September 30, 2025</b>	<b>27,736</b>	<b>1.04</b>
<b>Exercisable, September 30, 2025</b>	<b>9,162</b>	<b>1.29</b>

Exercise price:	Stock options outstanding (000s)	Weighted-average remaining term (years)	Stock options exercisable (000s)	Weighted-average remaining term (years)
\$0.55 - \$0.99	6,680	2.6	-	-
\$1.00 - \$1.25	11,966	1.6	3,989	0.6
\$1.26 - \$1.50	7,302	1.2	3,474	0.6
\$1.51 - \$1.92	1,788	0.7	1,699	0.6
	<b>27,736</b>	<b>1.7</b>	<b>9,162</b>	<b>0.6</b>

The Company may grant stock options and Awards to a combined maximum of 10% of outstanding Common Shares on the grant date.

The Company records share-based compensation expense over the vesting period, based on the fair value of the options granted. One third of the stock options granted vest annually on each of the first, second, and third anniversaries of the grant date and expire one year after each respective vesting date. During the nine months ended September 30, 2025, the Company granted 6,878,298 stock options (September 30, 2024 - 12,970,857) with a fair value of \$0.15 (September 30, 2024 - \$0.26) per option using the Black-Scholes option pricing model using the following key assumptions:

Assumptions (weighted average):	Nine months ended September 30,	
	2025	2024
Exercise price (\$)	0.56	1.04
Estimated volatility of underlying common shares (%)	43.0	48.3
Expected life (years)	3.0	3.0
Risk-free rate (%)	2.7	4.0
Forfeiture rate (%)	8.0	8.7
Expected dividend yield (%)	2.7	6.1

Estimated volatility is measured as the standard deviation of expected share price returns based on statistical analysis of historical daily share prices for a representative period.

### Per Share Calculations

The average market value of the Common Shares for the purposes of calculating the dilutive effect of stock options and warrants was based on quoted market prices for the period that the options were outstanding.

Net loss per share calculation (\$000s):	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
<b>Numerator</b>				
Net loss for the period	<b>(5,998)</b>	(6,886)	<b>(15,871)</b>	(15,839)
<b>Denominator (000s)</b>				
Weighted-average Common Shares outstanding – basic	<b>358,511</b>	357,965	<b>358,511</b>	357,136
Dilutive effect of options outstanding	-	-	-	-
Weighted-average Common Shares outstanding – diluted	<b>358,511</b>	357,965	<b>358,511</b>	357,136
Net loss per Common Share – basic and diluted (\$)	<b>(0.02)</b>	(0.02)	<b>(0.04)</b>	(0.04)

Dividends declared and paid for the three and nine months ended September 30, 2025, was \$1.3 million and \$8.1 million (three and nine months ended September 30, 2024 - \$5.4 million and \$20.2 million). Dividends declared and paid for the three and nine months ended September 30, 2025, was \$0.004 and \$0.022 per Common Share (\$0.015 and \$0.057 per Common Share for the three and nine months ended September 30, 2024).

### 14. COMMODITY SALES

The Company's commodity sales revenue is determined pursuant to the terms of the marketing agreements. The revenue for natural gas, crude oil and NGLs is based on the commodity price in the month of production, adjusted for quality, location, allowable deductions, if any, or other factors. Commodity sales revenues are based on marketed indices that are determined on a monthly or daily basis.

(\$000s)	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Natural gas	<b>20,223</b>	19,827	<b>69,775</b>	67,803
NGLs	<b>8,682</b>	11,621	<b>29,566</b>	37,572
Crude oil	<b>9,299</b>	11,965	<b>30,191</b>	37,660
Total commodity sales	<b>38,204</b>	43,413	<b>129,532</b>	143,035

### 15. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Changes in non-cash working capital:				
Accounts receivable	<b>826</b>	2,099	<b>6,039</b>	682
Prepaid expenses and deposits	<b>1,551</b>	1,464	<b>(186)</b>	(658)
Risk management contracts	<b>(340)</b>	-	<b>(340)</b>	-
Accounts payable and accrued liabilities	<b>209</b>	(2,925)	<b>1,034</b>	(2,107)
	<b>2,246</b>	638	<b>6,547</b>	(2,083)
Change related to:				
Operating activities	<b>2,508</b>	1,537	<b>7,530</b>	(3,127)
Financing activities	-	-	<b>(1,571)</b>	1,571
Investing activities	<b>(262)</b>	(899)	<b>588</b>	(527)
	<b>2,246</b>	638	<b>6,547</b>	(2,083)

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Finance expenses:				
Interest expense and bank charges	1,240	1,883	5,081	6,073
Non-cash:				
Accretion on decommissioning provision	1,963	2,207	5,769	6,440
Accretion on term loan	62	113	238	343
<b>Total finance expenses</b>	<b>3,265</b>	<b>4,203</b>	<b>11,088</b>	<b>12,856</b>

Cash interest paid in the three months and nine months ended September 30, 2025, was \$1.4 million and \$4.9 million (three and nine months ended September 30, 2024 - \$1.8 million and \$5.7 million).

## 16. COMMITMENTS

As at September 30, 2025, the Company has the following commitments and other contractual obligations:

	2025	2026	2027	2028	2029	Thereafter
(\$000s)						
Accounts payable and accrued liabilities	36,270	-	-	-	-	-
Demand loan	3,655	-	-	-	-	-
Term loan <sup>1</sup>	2,520	8,766	7,232	34,391	-	-
Share awards liability	-	224	115	78	-	26
Risk management contracts <sup>2</sup>	85	292	101	-	-	-
Lease obligations <sup>1</sup>	356	1,431	830	484	185	-
Transportation <sup>3</sup>	2,436	8,448	6,292	2,112	1,407	563
<b>Total commitments and contingencies</b>	<b>45,322</b>	<b>19,161</b>	<b>14,570</b>	<b>37,065</b>	<b>1,592</b>	<b>589</b>

<sup>1</sup> These amounts include the notional principal and interest and payments.

<sup>2</sup> Risk management contracts represent the fair value of all outstanding financial derivative instruments and are comprised of net risk management liabilities.

<sup>3</sup> Firm transportation agreements.

## 17. SUBSEQUENT EVENTS

### Dividends

On October 31, 2025, the Company paid a monthly dividend of \$0.00125 per Common Share.

On November 5, 2025, the Company declared a monthly dividend of \$0.00125 per Common Share. The dividend is payable November 28, 2025, to all shareholders of record on November 14, 2025.

### Disposition

On November 5, 2025, the Company announced it has entered into a definitive agreement to sell certain Central area assets for gross cash proceeds of \$15.0 million before closing adjustments (the "**Disposition**"). The Disposition is expected to close in the fourth quarter of 2025. A copy of the Company's press release disclosing the Disposition may be accessed through the SEDAR+ website ([www.sedarplus.ca](http://www.sedarplus.ca)).

**BOARD OF DIRECTORS**

William S. Rice – Chair  
Hilary A. Foulkes  
Robert B. Fryk  
Philip B. Hodge  
Calvin B. Jacober  
Jacqueline R. Ricci

**OFFICERS**

Philip B. Hodge  
President and Chief Executive Officer  
Terry L. McNeill  
Chief Operating Officer  
Kristopher B. Zack  
Chief Financial Officer and Corporate Secretary  
Daniel C. Keenan  
Vice President Exploitation  
Austin W. Nieuwdorp  
Vice President Finance and Controller

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**REGISTRAR AND TRANSFER AGENT**

Odyssey Trust Company of Canada

**AUDITORS**

Deloitte LLP

**STOCK LISTINGS**

Toronto Stock Exchange (“TSX”)  
Trading Symbol: PNE

OTC Markets Group Inc. (“OTCQX”)

Trading Symbol: PIFYF

**WEBSITE**

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