

CALGARY, ALBERTA--(Marketwired - Feb 13, 2017) - [Pine Cliff Energy Ltd.](#) ("Pine Cliff") (TSX:PNE) is pleased to announce 2017 guidance, 2016 bank debt reduction and its 2016 year-end reserves.

2017 Guidance

Pine Cliff's Board of Directors has approved a capital budget of \$18.5 million for 2017. Pine Cliff anticipates directing \$13.5 million of the capital budget to drilling in the Edson and Viking areas of Alberta and conducting recompletions in various areas. Additionally, Pine Cliff anticipates spending approximately \$3.3 million on major maintenance capital and \$1.7 million on facility and other capital. Pine Cliff will monitor its capital spending throughout the year and it may be modified depending on commodity prices, drilling results and non-operated drilling activity.

Based on the \$13.5 million drilling and recompletion capital budget, Pine Cliff is budgeting 2017 annual production volumes to range from 21,250 - 21,750 BOE per day, weighted 94% to natural gas. Pine Cliff's fourth quarter 2016 production was 21,525 BOE per day, weighted 93% to natural gas. Pine Cliff exited the year with production of approximately 22,000 BOE per day, weighted 94% to natural gas.

Pine Cliff will continue to focus on additional opportunities to enhance our shareholders' long term value which could include further asset acquisitions.

2016 Bank Debt Reduction

Pine Cliff's primary focus in 2016 was strengthening its balance sheet and the Company successfully reduced its bank debt by \$125 million from \$155.9 million at December 31, 2015 to \$30.9 million at December 31, 2016. This was accomplished through the disposition of royalty assets for net proceeds of \$24.7 million, the disposition of non-core oil assets for net proceeds of \$37.0 million (\$32.0 million in cash), \$41.0 million of term debt financing, the sale of public security investments and excess funds from operations (cash flow from operations, including changes in non-cash working capital, less capital expenditures).

Reserve Report Highlights

Pine Cliff's independent reserve report was prepared by McDaniel & Associates Limited ("McDaniel") in accordance with National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101") with the effective date of December 31, 2016.

In response to depressed natural gas prices experienced for the majority of 2016, Pine Cliff conducted a limited capital program, spending \$9.6 million (excluding acquisitions and dispositions but including \$2.8 million of major maintenance and other capital expenses). Improved well performance and decreases in the Pine Cliff production cost structure increased proved and proved plus probable reserves, however, as a result of dispositions, the conservative capital program, limited acquisitions and 2016 production, Pine Cliff's remaining reserves decreased. Highlights of the McDaniel reserve report include:

- Net present value for proved plus probable reserves of \$346.9 million, discounted at 10%, an increase of \$6.9 million, or 2%, from December 31, 2015, despite dispositions in 2016;
- Prior to adjusting for 2016 production, total positive net changes to proved reserves were 2.6 MMBOE (4%), including 1.9 MMBOE of dispositions, from December 31, 2015, which was largely as a result of improved well performance and lower production costs;
- Remaining proved reserves of 53.8 MMBOE (94% natural gas) at December 31, 2016 decreased by 5.7 MMBOE (10%) from 59.5 MMBOE (91% natural gas) at December 31, 2015;
- Prior to adjusting for 2016 production, total positive net changes to proved plus probable reserves were 0.5 MMBOE (1%), including 2.4 MMBOE of dispositions from December 31, 2015, which was largely as a result of improved well performance and lower production costs;
- Remaining proved plus probable reserves of 70.9 MMBOE (94% natural gas) at December 31, 2016 decreased by 7.8 MMBOE from 78.7 MMBOE (91% natural gas) at December 31, 2015;
- Approximately 76% of total reserves are classified as proved reserves and 24% are classified as probable reserves;
- Approximately 98% of proved reserves are classified as proved developed producing; and
- As Pine Cliff has historically focused on acquiring new assets rather than drilling existing reserves, the McDaniel reserve report reflects a conservative future development capital program of \$57.8 million over the next five years.

Pine Cliff's Reserves

McDaniel is using a price forecast of \$3.40 and \$3.15 per Mcf for AECO natural gas in 2017 and 2018, respectively, and US\$55.00 and US\$57.80 per bbl for WTI oil in 2017 and 2018, respectively.

Summary of Remaining Working Interest Reserves, as of December 31, 2016

Light, Medium and Heavy Oil Natural Gas and CBM Natural Gas BOE
Liquids

Reserve Category:	Mbbl	MMcf	Mbbl	MBOE
Proved				
Developed Producing	509.6	297,548.4	2,539.8	52,640.8
Developed Non-Producing	0.9	260.5	13.8	58.1
Undeveloped	26.2	4,731.8	287.4	1,102.2
Total Proved	536.6	302,540.7	2,841.0	53,801.1
Probable	233.3	96,094.8	885.2	17,134.4
Total Proved plus Probable	770.0	398,635.5	3,726.2	70,935.4

Summary of Net Present Values of Future Net Revenue, Before Income Taxes, as of December 31, 2016

	Discounted at (% per Year)			
(\$millions)	0%	5%	10%	15%
Reserve Category:				
Proved				
Developed Producing	331.7	303.2	269.5	240.0
Developed Non-Producing	0.5	0.5	0.5	0.4
Undeveloped	8.7	5.6	3.6	2.4
Total Proved	340.9	309.3	273.6	242.8
Probable	176.9	112.0	73.4	49.7
Total Proved plus Probable	517.8	421.2	346.9	292.5

Reconciliation of Gross Reserves by Principal Product Type, as of December 31, 2016

	Light, Medium and Heavy Oil and Natural Gas Liquids		Natural Gas and CBM		BOE
	Proved (Mbbl)	Proved plus Probable (Mbbl)	Proved (Mmcf)	Proved plus Probable (Mmcf)	Proved (MBOE)
December 31, 2015	5,576.6	7,234.1	323,254.6	428,803.0	59,452.3
Acquisition	19.2	23.3	1,143.2	1,492.5	209.7
Disposition	(1,780.1)	(2,219.3)	(756.7)	(920.0)	(1,906.2)
Extension	1.4	71.8	169.8	1,473.7	29.7
Technical Revisions	174.2	0.1	24,445.6	13,502.0	4,248.5
Total Changes	(1,585.3)	(2,124.1)	25,001.9	15,548.2	2,581.7
Production ¹	(613.7)	(613.7)	(45,715.8)	(45,715.8)	(8,233.0)
December 31, 2016	3,377.6	4,496.3	302,540.7	398,635.4	53,801.1

¹ The production shown in the above reconciliation includes production from the acquisitions as of the closing dates and excludes production from dispositions after the closing dates.

About Pine Cliff

Pine Cliff is a natural gas company with a long-term view of creating shareholder value. Pine Cliff's current focus is on acquiring, developing and operating long life assets that are cash flow positive in a low commodity price environment. Further information relating to Pine Cliff may be found on www.sedar.com as well as on Pine Cliff's website at www.pinecliffenergy.com.

Cautionary statements and definitions:

The Company has not released its audited 2016 financial results, and therefore the financial figures provided herein are estimates and are unaudited.

Certain statements contained in this news release 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 development, 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 this news release includes the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility, ability to access sufficient capital from internal and external sources, future acquisition opportunities, including the timing and nature thereof, development of drilling and recompletion locations, including the timing and nature thereof; future capital spending, including the amount and nature thereof; expected 2017 production levels; fourth quarter 2016 production; 2016 exit

production; the budgeted allocation of the capital budget; business strategy and outlook; and the expansion and growth of the business and operations. All such forward-looking information is based on certain assumptions and analyses made by us in light of our current experience 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 be impacted by other factors, many of which are beyond our control.

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.

The forward-looking information contained in this release is expressly qualified by this cautionary statement. This news release should not be considered a suitable source of information for readers who are unfamiliar with Pine Cliff and should not be considered in any way as a substitute for reading all of Pine Cliff's public disclosure.

Tables may not add due to rounding.

Where amounts are expressed in a BOE, natural gas volumes have been converted to barrels of oil equivalent on the basis that six Mcf of natural gas is equal to one bbl of oil. This conversion ratio is based on energy equivalence primarily at the burner tip and does not represent a value equivalency at the wellhead. The term BOE may be misleading, particularly if used in isolation.

Definitions and abbreviations

Bbl	barrel	MMbtu	millions of British thermal units
CBM	coal bed methane	Mcf	thousand cubic feet
Mbbl	thousands of barrels	MMcf	million cubic feet
BOE	barrel of oil equivalent	WTI	West Texas Intermediate at Cushing Oklahoma
MBOE	thousands of barrels of oil equivalent		

As defined in NI 51-101, proved reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves. Probable reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

The TSX does not accept responsibility for the accuracy of this release.

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