

CALGARY, Alberta, Aug. 09, 2017 (GLOBE NEWSWIRE) -- [Pine Cliff Energy Ltd.](#) ("Pine Cliff" or the "Company") (TSX:PNE) is pleased to announce the filing of its second quarter financial and operating results. Included in the filings were Pine Cliff's unaudited condensed consolidated interim financial statements and related management's discussion and analysis for the three and six months ended June 30, 2017 (the "Q2-Report"). Selected highlights are shown below and should be read in conjunction with the Q2-Report.

## Second Quarter and First Half of 2017 Highlights

Significant highlights from the second quarter of 2017 were as follows:

- generated \$35.4 million of total revenue, 71% higher than the \$20.7 million of total revenue generated in the second quarter of 2016 and the second highest quarterly revenue total in Pine Cliff history;
- for the six months ended June 30, 2017, total revenue increased by 47% to \$70.5 million compared to \$47.9 million in the six months ended June 30, 2016;
- generated \$10.8 million (\$0.04 per basic share) of funds flow from operations, compared to \$3.7 million of funds flow used in operations (\$0.01 per basic share) in the second quarter of 2016;
- generated \$22.1 million (\$0.07 per basic share) of funds flow from operations in the six months ended June 30, 2017, compared to \$2.3 million of funds flow used in operations (\$0.01 per basic share) in the six months ended June 30, 2016;
- achieved production of 21,077 Boe/d (94% natural gas), only 7% lower than the 22,647 Boe/d in the second quarter of 2016, despite having sold over 600 Boe/d of production late in 2016, which impacted 2017 production volumes, and short-term production curtailments of approximately 400 Boe/d in the second quarter of 2017;
- reduced bank debt by \$8.8 million, ending the quarter with \$10.7 million in bank debt, which is \$110.4 million less than the second quarter of 2016 amount of \$121.1 million. The reduction in bank debt resulted in reduced interest and bank expenses to \$0.52 per Boe in the second quarter of 2017, 42% lower than the \$0.89 per Boe in the second quarter of 2016; and
- reduced net debt by \$7.6 million, ending the quarter with \$51.4 million in net debt, which is 1.2 times annualized second quarter 2017 cash flow and \$70.7 million less than the second quarter of 2016 net debt level of \$122.0 million.

For the 21st of the past 22 quarters, Pine Cliff again generated positive cash flow, with \$10.8 million of funds flow from operations while only spending \$3.3 million in capital expenditures. Pine Cliff continued to selectively choose drilling and optimization well locations in the second quarter, as the level of gas prices did not justify more aggressive use of its free cash flow on capital expenditures.

## Outlook

The North American natural gas market is much "tighter" than last year which means there is less gas in storage than the previous summer at this time. Pine Cliff's long range view of natural gas continues to be bolstered by the increasing LNG export facilities being built in the United States and the fact that U.S. dry natural gas production has declined for 15 consecutive months compared with previous year periods, but the short term natural gas prices will still largely be impacted by weather.

Pine Cliff's management and Board is actively considering the best uses of the free cash flow its assets are generating. The 2016 focus of reducing bank debt has now been replaced with a discussion of the merits of organic growth, acquisitions, implementing a dividend or buying back shares. Pine Cliff will be making these capital decisions with the sole goal of optimizing value for its shareholders.

## Financial and Operating Results<sup>1</sup>

	Three months ended June 30, Six months ended June 30,			
	2017	2016	2017	2016
(\$000s, unless otherwise indicated)				
Oil and gas sales (before royalty expense)	35,378	20,695	70,526	47,925
Cash flow from (used in) operating activities	10,007	(4,371)	23,842	5,251
Funds flow from (used in) operations <sup>2</sup>	10,834	(3,655)	22,067	(2,257)
Per share – Basic and Diluted (\$/share) <sup>2</sup>	0.04	(0.01)	0.07	(0.01)
Loss	(2,118)	(25,862)	(4,654)	(42,039)
Per share – Basic and Diluted (\$/share)	(0.01)	(0.08)	(0.02)	(0.14)
Capital expenditures	3,267	749	7,068	4,366
Acquisitions	(97)	240	(97)	825
Proceeds on dispositions	(216)	(24,702)	(216)	(24,702)
Net Debt <sup>2</sup>	51,372	122,032	51,372	122,032
Production (Boe/d)	21,077	22,647	21,145	22,971
Weighted-average common shares outstanding (000s)				

Basic and diluted	307,076	305,928	307,076	305,720
Combined sales price (\$/Boe)	18.45	10.04	18.43	11.46
Operating netback (\$/Boe) <sup>2</sup>	7.41	(0.02 )	7.28	1.35
Corporate netback (\$/Boe) <sup>2</sup>	5.65	(1.76 )	5.78	(0.54 )
Operating netback (\$ per Mcfe) <sup>2</sup>	1.24	0.00	1.21	0.23
Corporate netback (\$ per Mcfe) <sup>2</sup>	0.94	(0.29 )	0.96	(0.09 )

<sup>1</sup> Includes results for acquisitions and excludes results for dispositions from the closing dates.

<sup>2</sup> This is a non-IFRS measure, see NON-IFRS MEASURES for additional information.

## About Pine Cliff

Pine Cliff is an Alberta based natural gas company that is focused on acquiring and developing long life assets that are cash flow positive even in a low commodity price environment. Further information relating to Pine Cliff, including the Q2-Report, may be found on [www.sedar.com](http://www.sedar.com) as well as on Pine Cliff's website at [www.pinecliffenergy.com](http://www.pinecliffenergy.com). To request a printed copy, free of charge, please send an email to [info@pinecliffenergy.com](mailto:info@pinecliffenergy.com).

## Cautionary Statements

Certain statements contained in this news release include statements which contain words such as "anticipate", "could", "should", "expect", "seek", "may", "intend", "likely", "will", "believe", "potential" 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. In particular, forward-looking information in this news release includes, but is not limited to: oil and natural gas prices; oil and gas supply and demand; expansion and other development trends of the oil and natural gas industry; business strategy and outlook; expansion and growth of our business and operations; maintenance of existing customer, supplier and partner relationships; supply channels; accounting policies; credit risks; ability to withstand the volatility in natural gas prices; ability to generate cash flow and free cash flow; future acquisition opportunities including Pine Cliff's ability to execute on those opportunities; future drilling opportunities and Pine Cliff's ability to generate reserves and production from those drilling opportunities; ability to implement a dividend or buy back shares and sensitivity to natural gas prices. As such, many factors could cause the performance or achievement of Pine Cliff to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Because of the risks, uncertainties and assumptions contained herein, readers should not place undue reliance on these forward-looking statements.

All such forward-looking information is based on certain assumptions and analyses made by us in light of management's experience and perception of historical trends, current conditions and expected future developments, as well as other factors believed to be appropriate in the circumstances. The risks, uncertainties, and assumptions are difficult to predict and may affect operations, and may include, without limitation: foreign exchange fluctuations; equipment and labour shortages and inflationary costs; general economic conditions; industry conditions; changes in applicable environmental, taxation and other laws and regulations as well as how such laws and regulations are interpreted and enforced; the ability of oil and natural gas companies to raise capital; the effect of weather conditions on operations and facilities; the existence of operating risks; volatility of oil and natural gas prices; oil and gas product supply and demand; risks inherent in the ability to generate sufficient cash flow from operations to meet current and future obligations; increased competition; stock market volatility; opportunities available to or pursued by Pine Cliff; and other factors, many of which are beyond the Company's 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.

The forward-looking information contained in this release is expressly qualified by this cautionary statement.

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. Where amounts are expressed in a Mcfe, oil and NGL volumes have been converted to Mcf equivalent on the basis that one Bbl of oil or one Bbl of NGL is equal to six Mcfe of natural gas. These conversion ratios are based on energy equivalence primarily at the burner tip and does not represent a value equivalency at the wellhead. The terms Boe and Mcfe may be misleading, particularly if used in isolation.

Certain information contained herein is based on Pine Cliff internal estimates. Although Pine Cliff believes such information is accurate and reliable, at this time such information has not been verified by any independent sources and Pine Cliff does not make any representations as to the accuracy of such estimates.

## NON-IFRS Measures

This press release uses the terms "funds flow from operations", "operating netbacks",

&ldquo;corporate netbacks&rdquo; and &ldquo;net debt&rdquo; which are not recognized under IFRS and may not be comparable to similar measures presented by other companies. These measures should not be considered as an alternative to, or more meaningful than, IFRS measures including net income (loss), cash provided by operating activities, or total liabilities. The Company uses these measures to evaluate its performance, leverage and liquidity. Funds flow from operations is a non-IFRS measure that represents the total of funds provided by operating activities, before adjusting for changes in non-cash working capital, and decommissioning obligations settled. Net debt is a non-IFRS measure calculated as the sum of bank debt, subordinated promissory notes at the principal amount, amounts due to related party, commodity contracts and trade and other payables less trade and other receivables, cash, prepaid expenses and deposits and investments. Operating netback is a non-IFRS measure calculated as the Company&rsquo;s total revenue, less operating expenses, divided by the Boe production of the Company. Corporate netback is a non-IFRS measure calculated as the Company&rsquo;s operating netback, less general and administrative expenses, interest and bank charges plus finance and dividend income, divided by the Boe production of the Company. Please refer to the Q2-Report for additional details regarding non-IFRS measures and their calculation.

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

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