

Pine Cliff Energy Ltd. Announces 2019 Guidance and 2018 Year-End Reserves

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CALGARY, Feb. 12, 2019 - [Pine Cliff Energy Ltd.](#) ("Pine Cliff" or the "Company") (TSX: PNE) is pleased to announce 2019 guidance and 2018 year-end reserves.

2019 Guidance

Pine Cliff's Board of Directors has approved a 2019 capital budget of \$10.0 million that will be funded from adjusted funds flow. Pine Cliff intends to spend approximately \$1.9 million drilling four (0.4 net) wells in the liquids rich Edson area of Alberta, \$1.7 million drilling one (0.6 net) oil well in Central Alberta, \$3.9 million on facilities and major maintenance capital and \$2.5 million on abandonments and reclamation. Pine Cliff will monitor its capital spending throughout the year and may modify expenditures depending on commodity prices to target spending within adjusted funds flow.

Based on the \$3.6 million drilling capital budget, Pine Cliff is budgeting 2019 annual production volumes to range from 18,500 to 19,000 BOE per day, weighted 93% to natural gas. Pine Cliff's fourth quarter 2018 production was 19,576 BOE per day, weighted 94% to natural gas.

Pine Cliff will continue to consider additional opportunities to enhance its shareholders' long term value which may include further asset acquisitions or dispositions, although maintaining a strong balance sheet will remain a prime focus.

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, 2018.

As a result of the low natural gas prices experienced in 2018, Pine Cliff conducted a limited capital program of \$13.4 million (excluding acquisitions and dispositions but including \$3.9 million of major maintenance and other capital expenses and \$2.7 million in abandonment expenditures). Spending included nine gross (2.0 net) drills and seven gross (6.3 net) recompletions.

Highlights of the McDaniel reserve report include:

- Positive technical revisions of 7.1 MMBOE on a proved basis and 6.1 MMBOE on a proved plus probable basis in Pine Cliff properties due to continued strong performance of base production;
- Prior to adjusting for 2018 production, total positive net changes to proved reserves were 4.4 MMBOE (9%), largely a result of improved well performance and a successful well recompletion program;
- Remaining proved reserves of 48.3 MMBOE (92% natural gas) at December 31, 2018, decreased by 2.8 MMBOE (5%) from 51.1 MMBOE (95% natural gas) at December 31, 2017;
- Prior to adjusting for 2018 production, total positive net changes to proved plus probable reserves were 1.6 MMBOE, largely a result of improved well performance;
- Remaining proved plus probable reserves of 61.6 MMBOE (92% natural gas) at December 31, 2018 decreased by 5.6 MMBOE (8%) from 67.2 MMBOE (94% natural gas) at December 31, 2017;
- Approximately 78% of total reserves are classified as proved reserves and approximately 22% are classified as probable reserves;
- Approximately 97% of proved reserves are classified as proved developed producing;

- Net present value for proved plus probable reserves of \$150.8 million, discounted at 10%, a decrease of \$89.3 million, or 37%, from December 31, 2017, mainly as a result of decreases in the future natural gas price deck; and
- In line with Pine Cliff's historical focus on acquisitions rather than drilling existing reserves, the McDaniel reserve report reflects a conservative future development capital program of \$68.3 million over the next five years.

Pine Cliff's Reserves

McDaniel has used a three consultant average price (McDaniel, GLJ & Sproule) forecast, resulting in a price forecast of \$1.88 and \$2.31 per Mcf for AECO natural gas and US\$58.58 and US\$64.60 per Bbl for WTI oil in 2019 and 2020 respectively.

Summary of Remaining Working Interest Reserves, as of December 31, 2018

Reserve Category	Light, Medium and Heavy Oil Natural Gas and CBM Natural Gas Liquids BOE			
	MBbl	MMcf	MBbl	MBOE
Proved				
Developed Producing	492.4	260,512.8	2,843.4	46,754.6
Developed Non-Producing	86.2	995.9	39.1	291.3
Undeveloped	185.8	5,223.4	174.0	1,230.3
Total Proved	764.4	266,732.1	3,056.4	48,276.1
Probable	320.3	71,787.1	1,018.3	13,303.1
Total Proved plus Probable	1,084.7	338,519.2	4,074.7	61,579.2

Summary of Net Present Values of Future Net Revenue, Before Income Taxes, as of December 31, 2018

(\$millions)	Discounted at (% per year)			
	0%	5%	10%	15%
Reserve Category				
Proved				
Developed Producing	43.4	79.3	88.1	87.0
Developed Non-Producing	6.7	5.2	4.3	3.7
Undeveloped	16.1	9.2	5.4	3.0
Total Proved	66.1	93.7	97.7	93.7
Probable	114.9	77.3	53.0	37.4
Total Proved plus Probable	181.0	171.0	150.8	131.1

Reconciliation of Gross Reserves by Principal Product Type, as of December 31, 2018

	Light, Medium, and Heavy Oil and Natural Gas Liquids		Natural Gas and Coal Bed Methane	
	Proved (MBbl)	Proved plus Probable (MBbl)	Proved (MMcf)	Proved plus Probable (MMcf)
December 31, 2017	3,054.8	4,312.9	288,108.5	377,431.5
Extension	300.9	493.1	1,189.3	2,663.7
Technical Revisions	1,042.1	985.3	36,335.2	30,628.5
Acquisitions	0.0	0.5	3.5	2.9
Change in Working Interest	(56.9)	(112.4)	(599.8)	(1,435.5)
Economic Factors	(94.5)	(94.4)	(17,749.3)	(30,216.6)
Total Changes	1,191.6	1,272.1	19,178.9	1,643.0
Production	(425.6)	(425.6)	(40,555.3)	(40,555.3)
December 31, 2018	3,820.8	5,159.4	266,732.1	338,519.2

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.

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Cautionary statements and definitions:

The Company has not released its audited 2018 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 2019 production levels; fourth quarter 2018 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.

NON-GAAP Measures

This press release uses the term "adjusted funds flow" which is not recognized under International Financial Reporting Standards ("IFRS") and may not be comparable to a similar measure presented by other companies. This measure should not be considered as an alternative to, or more meaningful than the IFRS measure of cash flows from operating activities. The Company uses this measure to evaluate its performance. Adjusted funds flow is a non-IFRS measure that represents the cash flow provided by operating activities, before adjusting for changes in non-cash working capital, and decommissioning obligations settled.

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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