

Pine Cliff Energy Ltd. Announces Record Annual Results and Filing of 2021 Disclosure Documents

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Calgary, March 8, 2022 - [Pine Cliff Energy Ltd.](#) (TSX: PNE) ("Pine Cliff" or the "Company") announces its year-end financial and operating results and the filing of its 2021 disclosure documents

2021 and Fourth Quarter 2021 Highlights

Pine Cliff's adjusted funds flow of \$26.3 million generated during the fourth quarter of 2021 and \$59.1 million for 2021 were the highest quarterly and annual adjusted funds flow for the Company since inception.

Highlights from the fourth quarter and 2021 include:

- generated \$26.3 million of adjusted funds flow (\$0.08 per basic and \$0.07 per fully diluted share) for the three months ended December 31, 2021, and \$59.1 million (\$0.18 per basic and \$0.17 per fully diluted share) for the year ended December 31, 2021, 329% and 677% higher than the respective periods in the prior year;
- generated net earnings of \$80.5 million (\$0.24 per basic and \$0.23 per fully diluted share) for the three months ended December 31, 2021, and \$81.4 million (\$0.24 per basic and \$0.23 per fully diluted share) for the year then ended;
- production averaged 19,056 Boe/d and 18,445 Boe/d during the three months and year ended December 31, 2021, compared to 19,130 Boe/d and 19,006 BOE/d for the comparable periods in 2020;
- closed the acquisition of a private company on December 29, 2021 for cash consideration of \$22.2 million;
- repaid in full \$19.0 million of Term Debt due July 31, 2022 during the third quarter of 2021;
- net debt decreased by 21.2% or \$13.4 million from \$63.0 million on December 31, 2020, to \$49.7 million as at December 31, 2021; and
- drilled four (3.4 net) Pekisko oil wells in the fourth quarter, two that were placed on production in Q4 and two that were placed on production on February 16, 2022.

The increase in net earnings during the three months and year ended December 31, 2021, was due primarily to recognizing a reversal of prior years' asset impairment provisions totaling \$14.0 million and the recognition of a deferred income tax recovery in the amount of \$50.6 million. These amounts resulted in Pine Cliff recognizing additional net earnings of \$64.6 million during the fourth quarter (\$0.19 per basic and \$0.18 per fully diluted share) and year ended December 31, 2021 (\$0.19 per basic and fully diluted share).

Included in the filings were Pine Cliff's annual information form ("AIF"), which includes disclosure and reports related to reserves data and other oil and gas information pursuant to National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities and its consolidated financial statements and related management's discussion and analysis for the year ended December 31, 2021 (the "Annual Report").

Outlook

Pine Cliff's portfolio of low decline natural gas assets, bolstered by the recent tuck-in acquisition of a private company with synergistic assets in the Company's core Ghost Pine area, positions Pine Cliff to take advantage of improved commodity prices in 2022. The Company's 2022 capital budget of \$25.5 million is expected to be fully funded from adjusted funds flow and includes approximately \$18.0 million of development drilling, \$3.6 million on major maintenance and optimization capital and \$3.9 million on abandonments and reclamation (exclusive of abandonments conducted pursuant to government funded grants). The Company expects to also spend approximately \$6.9 million in government funded grants for site

abandonment and reclamation activities in 2022. Annual production volumes for 2022 are expected to range between 20,000 and 21,000 BOE per day, weighted 87% to natural gas.

The Company's net debt at December 31, 2021 totaled \$49.7 million, comprised of \$30.0 million in Term Debt, \$12.0 million in promissory notes, both due December 31, 2024, with the balance representing a working capital deficiency of \$7.7 million. Pine Cliff expects to repay all of the \$30.0 million of Term Debt in 2022

Return of Capital

Pine Cliff considers the establishment and payment of a sustainable dividend to be the best way to return capital to shareholders and the Company expects to declare the timing and amount of its first regular dividend in conjunction with the release of its first quarter 2022 results, on May 4, 2022.

Financial and Operating Results

	Three months ended December 31,		Year ended December 31	
	2021	2020	2021	2020
(\$000s, unless otherwise indicated)				
Commodity sales (before royalty expense)	54,413	31,292	163,985	103,170
Cash provided by operating activities	20,431	2,666	49,483	8,787
Adjusted funds flow ¹	26,279	7,996	59,106	8,729
Per share - Basic (\$/share) ¹	0.08	0.02	0.18	0.03
Per share - Diluted (\$/share) ¹	0.07	0.02	0.17	0.03
Earnings/(Loss)	80,522	(3,822)	) 81,421	(50,107)
Per share - Basic (\$/share) ¹	0.24	(0.01)	) 0.24	(0.15)
Per share - Diluted (\$/share) ¹	0.23	(0.01)	) 0.23	(0.15)
Capital expenditures	10,741	1,307	21,568	7,517
Acquisitions	23,136	(11)	) 23,147	(6)
Dispositions	(133)	) (613)	) (320)	) (829)
Net Debt ¹	49,652	63,050	49,652	63,050
Production (Boe/d)	19,056	19,130	18,445	19,006
Percent Natural Gas (%)	90%	91%	91%	91%
Weighted-average common shares outstanding (000s)				
Basic	339,213	335,284	337,254	330,284
Diluted	350,806	335,284	348,285	330,284
Combined sales price (\$/Boe)	31.04	17.78	24.36	14.83
Operating netback (\$/Boe) ¹	16.50	6.08	10.36	2.72
Corporate netback (\$/Boe) ¹	15.00	4.55	8.78	1.26
Operating netback (\$ per Mcfe) ¹	2.75	1.01	1.73	0.45
Corporate netback (\$ per Mcfe) ¹	2.50	0.76	1.46	0.21

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

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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" 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 this news release includes, but is not limited to: future capital expenditures, including the amount and nature thereof; 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 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; maintenance of existing customer, supplier and partner relationships; supply channels; accounting policies; risks; Pine Cliff's ability to generate funds flow; Pine Cliff's ability to generate free funds flow; Pine Cliff's ability to pay a dividend; 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 including the reduction in municipal taxes and surface land rentals, 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.

Natural gas liquids and 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.

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 news release is expressly qualified by this cautionary statement.

NON-GAAP Measures

This press release uses the terms "adjusted funds flow", "free funds flow", "operating netbacks", "corporate netbacks" and "net debt" which are not recognized under International Financial Reporting Standards ("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. Adjusted funds flow is a non-Generally Accepted Accounting Principles ("non-GAAP") measure that represents the total of funds provided by operating activities, before adjusting for changes in non-cash working capital, and decommissioning obligations settled. Free funds flow is a non-GAAP measure calculated as adjusted funds flow less the Company's capital expenditures. Net debt is a non-GAAP measure calculated as the sum of term debt, subordinated promissory notes at the principal amount, amounts due to related party and trade and other payables less trade and other

receivables, cash and prepaid expenses and deposits. Operating netback is a non-GAAP measure calculated as the Company's total revenue, less royalties, operating expenses and transportation expenses, divided by the Boe production of the Company. Corporate netback is a non-GAAP measure calculated as the Company's operating netback, less general and administrative expenses and interest and bank charges, divided by the Boe production of the Company. Please refer to the Annual Report for additional details regarding non-GAAP measures and their calculation.

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