

News Release

Pine Cliff Energy Ltd. Announces First Quarter 2018 Results

CALGARY, Alberta (GLOBE NEWSWIRE – May 8, 2018) - Pine Cliff Energy Ltd. (“**Pine Cliff**” or the “**Company**”) (TSX: PNE) is pleased to announce the filing of its first 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 months ended March 31, 2018 (the “**Q1-Report**”). Selected highlights are shown below and should be read in conjunction with the Q1-Report.

FIRST QUARTER 2018 HIGHLIGHTS

Highlights from the first quarter of 2018 are as follows:

- generated \$29.7 million of oil and gas sales, 8% higher than the \$27.4 million generated for the three months ended December 31, 2017;
- generated \$5.1 million of adjusted funds flow (\$0.02 per basic share) for the three months ended March 31, 2018, compared to \$3.8 million of adjusted funds flow (\$0.01 per basic share) for the three months ended December 31, 2017;
- production averaged 20,008 Boe/d (94% natural gas) in the first quarter of 2018. The Company experienced short-term production outages of approximately 1,000 Boe/d for the first quarter of 2018, primarily due to cold weather related downtime;
- diversified the Company’s natural gas delivery points beyond AECO whereby approximately 42% of forecasted 2018 natural gas production is anticipated to be sold to non-AECO markets;
- reduced bank debt by \$4.8 million or 27% during the three months ended March 31, 2018, from \$18.0 million to \$13.2 million, the lowest Company bank debt level since 2014. The reduction in bank debt resulted in interest expense and bank charges, net of dividend income, of \$0.42 per Boe this past quarter, 19% lower than the \$0.52 per Boe in the first quarter of 2017;
- ended the quarter with \$52.4 million in net debt, Pine Cliff’s lowest net debt level since 2014 and \$1.2 million lower than the fourth quarter of 2017 net debt level of \$53.6 million. On a trailing 12 month basis, this resulted in the Company’s debt to cash flow ratio being 2.3 to 1;
- successfully completed a compression project on March 27, 2018, giving Pine Cliff the flexibility to deliver an additional 14 million Mcf per day of Alberta natural gas to the TransGas market in Saskatchewan, or revert production back to the AECO market in Alberta, depending on the pricing differential between the two markets. This increases Pine Cliff’s capacity to the TransGas market to 26 million Mcf per day; and
- completed arrangements to give Pine Cliff the capability to physically divert up to 12 million Mcf per day of Southern Alberta gas from the AECO market to the Empress market.

Impact of Pine Cliff’s Diversification Strategy

Despite the AECO daily natural gas price only averaging \$2.07/Mcf this past quarter, Pine Cliff was able to realize \$2.35/Mcf, an increase of 14%, primarily due to several commodity price management initiatives. Pine Cliff continues to focus on reducing costs and on sourcing premium prices for its products to improve margins. An important component of Pine Cliff’s diversification strategy is utilizing most of its own infrastructure to expand the sales points. This flexibility will allow Pine Cliff to react quickly when future market pricing dynamics change.

Outlook

The movement and pricing of natural gas in Canada has become increasingly complex. The pipeline maintenance periods that started last summer and continue this summer has resulted in some production not being able to exit Alberta or being able to flow into storage. Compounding this issue was the significant increase in Western Canada natural gas supply in the past 12 months. The positive outcome of this situation is that many industry producers have already announced reductions in 2018 capital expenditure programs across Western Canada, natural gas rig counts have dropped and now some degree of uneconomic production is being shut-in. Pine Cliff believes that these producer reactions, combined with the fact that gas storage levels are below five year averages in both Canada and the United States, should be positive for future natural gas pricing.

Financial and Operating Results

| | Three months ended March 31, | |
|---|------------------------------|---------|
| | 2018 | 2017 |
| (\$000s, unless otherwise indicated) | | |
| Oil and gas sales (before royalty expense) | 29,711 | 35,148 |
| Cash flow from operating activities | 6,979 | 13,835 |
| Adjusted funds flow ¹ | 5,137 | 11,233 |
| Per share – Basic and Diluted (\$/share) ¹ | 0.02 | 0.04 |
| Loss | (15,580) | (2,536) |
| Per share – Basic and Diluted (\$/share) | (0.05) | (0.01) |
| Capital expenditures | 3,177 | 3,801 |
| Net Debt ¹ | 52,414 | 58,930 |
| Production (Boe/d) | 20,008 | 21,214 |
| Weighted-average common shares outstanding (000s) | | |
| Basic and diluted | 307,076 | 307,076 |
| Combined sales price (\$/Boe) | 16.50 | 18.41 |
| Operating netback (\$/Boe) ¹ | 4.04 | 7.14 |
| Corporate netback (\$/Boe) ¹ | 2.86 | 5.88 |
| Operating netback (\$ per Mcfe) ¹ | 0.67 | 1.19 |
| Corporate netback (\$ per Mcfe) ¹ | 0.48 | 0.98 |

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

For further information, please contact:

Philip B. Hodge – President and CEO
 Alan MacDonald – Interim CFO and Corporate Secretary
 Telephone: (403) 269-2289
 Fax: (403) 265-7488
 Email: 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” 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: expected production levels, expected operating cost, royalty and general & administrative expense levels; 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; ability to implement a dividend or buy back shares; 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; amounts drawn on Pine Cliff’s credit facility and repayment thereof; maintenance of existing customer, supplier and partner relationships; supply channels; accounting policies; risks; Pine Cliff’s ability to generate cash flow and free cash flow; 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 flow from operations 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, 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.

Undrilled locations consist of drilling and recompletion locations booked in the independent reserve report dated February 13, 2017 prepared by McDaniel & Associates Consultants Limited and unbooked drilling and recompletion locations. Unbooked drilling and recompletion locations are internal estimates based on evaluation of geologic, reserves and spacing based on industry practice. There is no guarantee that Pine Cliff will drill these locations and there is no certainty that the drilling or completing of these locations will result in additional reserves and production or achieve expected internal rates of return. Pine Cliff activity depends on availability of capital, regulatory approvals, commodity prices, drilling costs and other factors.

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”, “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 cash flow from operating activities, before adjusting for changes in non-cash working capital, and decommissioning obligations settled. Net debt is a non-GAAP measure calculated as the sum of bank debt, subordinated promissory notes at the principal amount, amounts due to related party and trade and other payables less trade and other receivables, cash, prepaid expenses and deposits and investments. Operating netback is a non-GAAP measure calculated as the Company’s total revenue, less operating 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, interest and bank charges plus finance and dividend income, divided by the Boe production of the Company. Please refer to the Q1-Report for additional details regarding non-GAAP measures and their calculation.

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