



## News Release

# **Pine Cliff Energy Ltd. Announces Closing of \$185 Million Strategic Acquisition, Credit Facility Increase, TSX Listing Application and 2016 Guidance**

CALGARY, Alberta, (Marketwire – December 11, 2015) - Pine Cliff Energy Ltd. (“**Pine Cliff**” or the “**Company**”) (TSX-V: PNE) is pleased to announce that its previously announced acquisition of certain natural gas weighted assets (the “**Assets**”) in the Viking area of Central Alberta and Ghost Pine area of Central Alberta for cash consideration of \$185 million, prior to any adjustments and rights of first refusal (the “**Acquisition**”), has now closed.

The production of the Assets is currently approximately 11,300 barrels of oil equivalent (“**Boe**”) per day or 67,800 thousand cubic feet equivalent (“**Mcf**”) per day, weighted 89% to natural gas, 7% to oil and 4% to natural gas liquids. With the close of the Acquisition, Pine Cliff is currently producing approximately 23,800 Boe per day or 142,800 Mcfe per day, weighted 92% to natural gas.

In connection with the Acquisition, the Company issued 63.9 million subscription receipts (“the “**Subscription Receipts**”) at a price of \$1.08 per Subscription Receipt for gross proceeds of \$69 million by way of a short form prospectus offering on a bought deal basis (the “**Offering**”). All of the Subscription Receipts issued pursuant to the Offering have been exchanged for common shares of Pine Cliff (“**Common Shares**”) on a one for one basis as of today’s date. The net proceeds of the Offering have been released from escrow and were used to pay a portion of the purchase price of the Acquisition, as was the \$3 million of proceeds from the previously announced private placement of Common Shares to officers, directors, employees and consultants of the Company at \$1.08 per share. Holders of Subscription Receipts are not required to take any action in order to receive Common Shares.

### **Credit Facility Increase**

Additionally, Pine Cliff is pleased to announce that its credit facility has been amended to reflect an increase in the borrowing base to \$185 million and the addition of two additional Canadian Financial Institutions for a total of five Canadian Financial Institutions in the syndicate. The credit facility consists of a \$165 million syndicated revolving term credit facility and a \$20 million revolving operating facility (the “**Syndicated Facility**”). Some of the proceeds of the Syndicated Facility were used to pay a portion of the purchase price of the Acquisition. As of today’s date, \$156 million was drawn on the facility and the Company is forecasting at 2015 year end to have \$155 million drawn on the facility and net debt to be \$146 million.

### **TSX Listing Application**

Pine Cliff is also pleased to announce that it has applied to be listed on the Toronto Stock Exchange (the “**TSX**”). The Company provides no guarantee that it will be listed on the TSX, or if it is listed, how long the application process will be.

### **2016 Guidance and Outlook**

Pine Cliff’s Board of Directors has approved a \$10 million capital budget for 2016, which may be modified depending on commodity prices and non-operated drilling activity. Pine Cliff will continue to focus on balance sheet strength and its 2016 cash flow is currently expected to be materially higher than its capital budget, based on current strip pricing. At current commodity prices, the corporate break-even point has been lowered to less than \$2.00 per thousand cubic feet.

Based on the proposed capital budget, Pine Cliff is forecasting 2016 production volumes to range from 22,500 – 23,000 Boe per day, weighted approximately 92% to natural gas.

Pine Cliff will continue to seek additional opportunities to enhance our shareholders’ long term value by acquiring low decline natural gas assets with long-life reserves and low operating costs.

## 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 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](http://www.sedar.com) as well as on Pine Cliff's website at [www.pinecliffenergy.com](http://www.pinecliffenergy.com).

### For further information, please contact:

Philip B. Hodge – President and CEO

George F. Fink – Executive Chairman

Telephone: (403) 269-2289

Fax: (403) 265-7488

Email: [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” 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, this news release contains statements regarding the operational, economic and financial impacts of the Acquisition on Pine Cliff, expected production levels; expected funds flow from operations; expected debt levels and balance sheet strength; future capital expenditures, including the amount and nature thereof; timing of the application to the TSX; approval to be listed on the TSX; corporate break-even point; expansion and other development trends of the oil and natural gas industry; availability of future acquisition opportunities and the completion of such acquisitions; 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 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.

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

This news release contains the term Boe which has been calculated on the basis of six Mcfe of gas to one barrel 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.

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