



News Release

Pine Cliff Energy Ltd. Announces \$185 Million Strategic Acquisition, \$60 Million Offering, Private Placement and Operations Update

CALGARY, Alberta, (Marketwire – November 9, 2015) - Pine Cliff Energy Ltd. (“**Pine Cliff**” or the “**Company**”) (TSX-V: **PNE**) is pleased to announce that it has entered into an agreement with a senior oil and gas producer (the “**Vendor**”) to acquire certain mainly natural gas weighted assets in the Viking area of Central Alberta (the “**Viking Assets**”) and Ghost Pine area of Central Alberta (the “**Ghost Pine Assets**” and collectively with the Viking Assets, the “**Assets**”) for cash consideration of \$185 million, prior to any closing adjustments (the “**Acquisition**”). The production of the Assets at the effective date of the Acquisition, was approximately 11,730 barrels of oil equivalent (“**Boe**”) per day, weighted 89% to natural gas, 7% to oil and 4% to natural gas liquids. The Acquisition is consistent with Pine Cliff’s strategy of acquiring large, operated, low decline natural gas assets with long-life reserves and low operating costs.

The Acquisition will have an effective date of July 1, 2015 and is presently expected to close on or around December 11, 2015. The asset purchase and sale agreement related to the Acquisition, although binding between the parties, is subject to various standard conditions, including title review, rights of first refusal and regulatory approvals. No assurances can be given that the Acquisition will be completed as proposed or at all.

Acquisition Highlights

- Subsequent to the closing of the Acquisition, Pine Cliff is expected to have a total base production of approximately 23,800 Boe per day or 142,800 thousand cubic feet equivalent (“**Mcf**”) per day, weighted 92% towards natural gas, with a decline rate of approximately 12%.
- The Ghost Pine Assets possess a predictable low cost production profile, long reserve life and a geographically focused asset base which is 92% weighted towards natural gas. The Ghost Pine Assets produce approximately 5,400 Boe or 32,400 Mcfe per day on 244,699 net working interest acres (including 10,699 net working interest fee title acres) with a decline rate of 9%, are approximately 76% operated, have low operating costs and include ownership in key strategic infrastructure (approximately 90% working interest ownership in two conventional gas plants with combined capacity of 52 MMcf per day) with approximately \$3.6 million of third party revenue in 2014. The Ghost Pine Assets provide opportunities for coal bed methane infill drilling with additional upside in conventional liquids rich gas and oil and are characterized by approximately 25% coal bed methane wells and 75% conventional liquids rich gas wells with favourable royalties and operating costs.
- The Viking Assets possess a predictable production profile, high working interest, long reserve life and a geographically focussed asset base which is 85% weighted towards natural gas. The Viking Assets produce approximately 6,330 Boe or 37,980 Mcfe per day on 583,722 net working interest acres (including 89,231 net working interest fee title acres) with a decline rate of approximately 14%, are approximately 85% operated and include ownership in key strategic infrastructure (includes a 100% working interest ownership in two conventional gas plants and associated gas systems with combined capacity in excess of 75 MMcf per day) with approximately \$1.3 million of third party revenue in 2014. The Viking Assets provide opportunities for upside in conventional gas and oil and are characterized by shallow gas and oil wells with favourable royalty rates and a royalty stream.

Key attributes of the Assets are as follows:

Production (July 2015 average provided by Vendor)	11,730 Boe per day
Natural Gas Weighting ⁽¹⁾	89%

Proved Reserves ⁽²⁾	47.5 MMBoe
Proved and Probable Reserves ⁽²⁾	78.6 MMBoe
Booked Drilling and Recompletion Locations ⁽²⁾	~550+ gross (~420+ net)
Net Working Interest Acres	828,471 (78% working interest)
Net Fee Title Acres	99,930
Decline Rate	12%
2014 Net Operating Income ⁽³⁾	\$87 million
Estimated Funds Flow from Operations from the Assets (12 months following the effective date) ⁽⁴⁾	\$36.5 million

(1) Based on proved reserves evaluated by an independent third party with an effective date of July 1, 2015.

(2) Based on reserves evaluated by an independent third party with an effective date of July 1, 2015. The proved and proved and probable reserves, as presented, include 1.2 MMboe and 1.5 MMboe of royalty interest reserves, respectively. The booked drilling and recompletion locations, as presented, are based on the proved and probable reserves.

(3) As provided by the Vendor.

(4) Based on natural gas pricing of CDN\$2.90/GJ AECO, crude oil pricing of US\$60/bbl WTI, July 2015 production of 11,730 Boe per day, an 11% royalty rate (prior to gas cost allowance adjustments), \$11.20 per Boe operating costs, \$3.3 million of royalty revenue and excludes approximately \$3 million of estimated interim adjustments to be paid to the Vendor.

Acquisition Metrics

Based on the purchase price of the Assets of \$185 million, the acquisition metrics are as follows:

Production	\$15,772 per flowing Boe
Proved Reserves ⁽¹⁾	\$3.90 per Boe or \$0.65 per Mcfe
Proved and Probable Reserves ⁽¹⁾	\$2.35 per Boe or \$0.39 per Mcfe
Cash Flow Multiple ⁽²⁾	5.1 times
Recycle Ratio ^{(1) (2) (3)}	3.8 times

(1) Based on reserves evaluated by an independent third party with an effective date of July 1, 2015.

(2) Based on the estimated funds flow from operations shown above.

(3) Based on the estimated netback for the assets for the 12 months following the effective date and the acquisition cost per proved and probable reserves.

Strategic Rationale

Pine Cliff has been actively seeking accretive opportunities to enhance shareholder value by adding low cost and low decline natural gas production with drilling inventory. This Acquisition consists of all of these attributes.

The successful completion of the Acquisition is currently expected to result in:

- Two new substantial core areas for the Company, growing total corporate production by 90%;
- A significant increase in well recompletion inventory and drilling opportunities (new wells and infill opportunities), focused largely on the Horseshoe Canyon on the Ghost Pine Assets and the emerging Colorado Shale play on the Viking Assets;
- A 55% increase to reserve life index on a total proved plus probable basis, moving from approximately 9 years up to approximately 13 years;
- Opportunities to reduce operating costs on the Assets;
- Opportunities for further synergistic consolidation in both areas;
- A significant increase of approximately 60% to funds flow from operations per basic share (after taking into effect the acquisition and the Offering);
- An increase of approximately 110% and 140% per basic share to Pine Cliff's total proved and total proved plus probable reserves, respectively (after taking into effect the Acquisition and the Offering);
- A material increase to Pine Cliff's limited liability ratio ("LLR"); and
- Significantly increasing free funds flow which will enable Pine Cliff to pursue further accretive gas acquisitions and repay debt.

Details of the Offering

Pine Cliff is also pleased to announce that it has entered into an agreement with a syndicate of underwriters co-led by Haywood Securities Inc. and Clarus Securities Inc. (the "Underwriters"), which have agreed to purchase, on a bought deal basis, 55.6 million subscription receipts of Pine Cliff ("Subscription Receipts") at a price of \$1.08 per Subscription Receipt, for aggregate gross proceeds of \$60 million (the "Offering"). The net proceeds of the Offering will be used by

Pine Cliff to fund a portion of the purchase price for the Acquisition. The balance of the purchase price will be funded from the Private Placement (as defined herein), Pine Cliff's syndicated credit facility and working capital.

The gross proceeds from the Offering will be held in escrow pending the receipt by the escrow agent and the Underwriters of a notice from Pine Cliff that all conditions precedent to the completion of the Acquisition have been satisfied or waived. If the Acquisition is completed on or before January 31, 2016, the proceeds and any interest will be released to Pine Cliff and each Subscription Receipt will be exchanged for one common share of Pine Cliff (a "**Common Share**") for no additional consideration and without further action by holders of Subscription Receipts. If the Acquisition is not completed on or before January 31, 2016, or the Acquisition is terminated at an earlier time, holders of the Subscription Receipts will receive a cash payment equal to the offering price of the Subscription Receipts and any interest that was earned thereon during the time of escrow.

Pine Cliff has granted the Underwriters an option to purchase up to an additional 8.3 million Subscription Receipts (the "**Over-Allotment Option**") on the same terms and conditions, exercisable for a period of 30 days following the closing of the Offering to cover over-allotments, if any. If the Over-Allotment Option is fully exercised, the aggregate gross proceeds from the Offering and the Over-Allotment Option will be \$69 million.

The Subscription Receipts are expected to be offered by way of short form prospectus to be filed in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and New Brunswick, and may be offered in the United States on a private placement basis pursuant to an exemption from the registration requirements of the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") and certain other jurisdictions. The Subscription Receipts will not be listed and posted for trading on the TSX Venture Exchange. The Offering is subject to certain conditions including, but not limited to, the receipt of all necessary approvals, including approval of the TSX Venture Exchange. The Offering is presently expected to close on or about November 26, 2015.

This news release does not constitute an offer to sell or a solicitation of any offer to buy the Common Shares in the United States. The Common Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold in the United States absent registration under, or an applicable exemption from the registration requirements of, the U.S. Securities Act.

Private Placement

Concurrently with the Offering, Pine Cliff intends to complete a non-brokered private placement of Common Shares (the "**Private Placement**"), at a price of \$1.08 per Common Share, to some of its directors, officers, employees and certain consultants for gross proceeds not to exceed \$3 million.

The net proceeds of the Private Placement will be used by Pine Cliff to fund a portion of the purchase price for the Acquisition. The Private Placement is subject to the receipt of all necessary approvals, including approval of the TSX Venture Exchange. Pine Cliff expects to close the Private Placement concurrently with the closing of the Offering.

Bank Facility

Pine Cliff currently has approximately \$58 million drawn on its syndicated credit facility of \$70 million from its lenders, subsequent to the payment of an \$18.5 million deposit to the Vendor of the Assets. Pine Cliff will undergo its mid-year banking review in November and expects to see a significant increase in its borrowing base to reflect the Acquisition and details will be subsequently announced.

Operations Update

In the third quarter of 2015, Pine Cliff increased sales volumes to 12,504 Boe per day (94% natural gas) from 11,814 Boe per day (95% natural gas) in the second quarter of 2015. In the three and nine months ended September 30, 2015, Pine Cliff spent \$2.0 million and \$5.4 million, respectively, on exploration and development expenses (excluding acquisitions). In the nine months ended September 30, 2015, Pine Cliff drilled one gross (0.4 net) liquids rich gas well and recompleted an existing wellbore in the Carrot Creek/Edson core area and reactivated approximately 80 wells in the Southern Assets core area. Complete third quarter results are expected to be released on November 12, 2015, after markets close.

Pine Cliff is on track to meet its 2015 production guidance of 11,800-12,300 Boe per day while lowering its planned capital spending from \$10 million to \$7.5 million, prior to acquisitions. Current production is approximately 12,800 Boe per day (94% natural gas), based on field estimates.

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 as well as on Pine Cliff's website at www.pinecliffenergy.com.

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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 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, ability to reduce operating costs on the Assets, change in Pine Cliff's LLR, the potential growth opportunities on the Assets, future consolidation opportunities around the Assets, including the timing and nature thereof, reserve life index, statements regarding the syndication of the Offering, future capital spending, timing of the release of the third quarter 2015 results, anticipated use of the net proceeds of the Offering and the Private Placement, the anticipated closing date of the Offering and the Private Placement, the manner in which the purchase price of the Acquisition will be financed by Pine Cliff, the increase to the borrowing base on Pine Cliff's syndicated credit facility, maintenance capital on the Assets, success of the recompletion and drilling opportunities on the Assets and the timing and nature thereof, other anticipated benefits to Pine Cliff of the Acquisition, current and future production, the closing date of the Acquisition and information regarding Pine Cliff on a *pro forma* basis assuming completion of the Acquisition. The foregoing statements assume all the conditions to completion of the Acquisition will be satisfied, regulatory approvals will be received, that there will be no changes to the assets and liabilities of Pine Cliff following the Acquisition and that the anticipated benefits of and rationale for the Acquisition will be achieved. There is no assurance that all of the conditions to the Acquisition will be met and therefore there is a risk that the Acquisition will not be completed in the form described above or at all. In the event the Acquisition does not close as presently anticipated, Pine Cliff will not realize the anticipated benefits of the Acquisition. 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.

In addition, statements relating to “reserves” are by their nature forward-looking information, as they involve the implied assessment, based on certain estimates and assumptions that the reserves described can be profitably produced in the future. The recovery and reserves estimates provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Pine Cliff cautions that its future oil, natural gas and natural gas liquids production, revenues, cash flows, liquidity, plans for future operations, expenses, outlook for oil and natural gas prices, timing and amount of future capital expenditures, and other forward-looking information are subject to all of the risks and uncertainties normally incident to the exploration for and development and production and sale of oil and gas.

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.

Certain information contained herein is based on information and internal estimates provided to Pine Cliff by the vendor of the Assets. 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.

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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