



News Release

Pine Cliff Energy Ltd. Announces Record Revenue and Third Quarter 2016 Results

CALGARY, Alberta (Marketwire – November 9, 2016) - Pine Cliff Energy Ltd. (“**Pine Cliff**” or the “**Company**”) (TSX: PNE) is pleased to announce its third quarter financial and operating results. Included in the filings were Pine Cliff’s condensed consolidated interim financial statements and related management’s discussion and analysis for the period ended September 30, 2016 (the “**Q3-Report**”). Selected highlights are shown below and should be read in conjunction with the Q3-Report.

Third Quarter 2016 Highlights

Pine Cliff is pleased to report that it:

- Achieved record quarterly revenue of \$32.4 million;
- Generated \$7.0 million of funds flow from operations (\$0.02 per share) compared to \$7.5 million in the third quarter of 2015 (\$0.03 per share), despite realized natural gas prices being \$2.33 per Mcf compared to \$2.94 per Mcf a year ago;
- Continued to be one of the lowest cost operators in the industry by maintaining low operating costs of \$9.43 per Boe (\$1.57 per Mcf) and reducing G&A expenses to \$0.74 per Boe (\$0.12 per Mcf), a 31% decrease from the same quarter in the previous year;
- Increased production by 80% to 22,521 Boe/d (93% natural gas) from 12,504 Boe/d (94% natural gas) in the third quarter of 2015, representing a 40% increase on a per share basis;
- Restructured the bank debt by issuing \$41 million in subordinated debt and entering into an agreement with the banking syndicate for an \$85 million credit facility;
- Continued to strengthen the balance sheet, paying down \$8.7 million of bank debt with funds flow from operations and the sale of a non-core oil asset; and
- Reduced net debt by \$11.7 million from the second quarter of 2016.

This quarter had considerable significance to Pine Cliff as it was the first full quarter since closing the December acquisition that realized natural gas prices were above \$2.00 per Mcf. Pine Cliff has been busy integrating that acquisition in 2016 and is now seeing the benefits of those efforts in reduced operating costs to complement the record revenue.

With a predictable asset base and one of the highest sensitivities to natural gas prices in the industry, Pine Cliff is well positioned to provide shareholders with exposure to potentially rising natural gas prices. As an illustration of the material impact that natural gas pricing has on our corporate netback, in the first nine months of this year Pine Cliff’s netback was \$0.13 per Mcf at an average realized natural gas price of \$1.87 per Mcf, but in 2015 the corporate netback was \$0.97 per Mcf at an average realized natural gas price of \$2.74 per Mcf. Every \$0.10 per Mcf move in AECO prices equates to almost \$4.4 million of annual cash flow or \$0.014 per outstanding share.

Notwithstanding all the market turbulence of the past four and 3/4 years, Pine Cliff’s strategy has never changed. Pine Cliff has built up both a quality portfolio of assets and a specialized team of employees that is capable of generating true free cash flow at gas prices above \$2.50 per Mcf while keeping production flat. Pine Cliff currently estimates that it has over 800 drilling and recompletion locations that can deliver at least a 10% rate of return at \$3.00 per Mcf or less. The Company will continue to look at adding quality assets, but acquisitions will only be made if the incremental value on a per share basis justifies the addition.

Financial and Operating Results¹

(\$000s, unless otherwise indicated)	Three months ended September 30		Nine months ended September 30	
	2016	2015	2016	2015
Oil and gas sales (before royalties)	32,401	20,933	80,326	57,045
Cash flow from operating activities	4,606	6,617	9,857	19,795
Funds flow from operations ²	6,972	7,507	4,715	19,268
Per share - Basic and Diluted (\$/share)	0.02	0.03	0.02	0.08
Loss	(11,558)	(10,697)	(53,597)	(20,957)
Per share - Basic and Diluted (\$/share)	(0.04)	(0.05)	(0.18)	(0.09)
Capital expenditures, excluding acquisitions	1,437	2,051	5,803	5,384
Acquisitions, after adjustments	(603)	(166)	222	13,525
Net debt ³	110,312	35,208	110,312	35,208
Production (Boe/d)	22,521	12,504	22,820	12,115
Percent natural gas (%)	93	94	92	95
Combined sales price (\$/Boe)	15.64	18.19	12.85	17.25
Operating netback (\$/Boe) ⁴	5.08	7.92	2.59	7.46
Operating netback (\$ per Mcfe)	0.85	1.32	0.43	1.24
Corporate netback (\$/Boe) ⁵	3.36	6.52	0.77	5.83
Corporate netback (\$ per Mcfe)	0.56	1.09	0.13	0.97

¹ Includes results for acquisitions and excludes results for dispositions from the closing dates.

² Funds flow from operations is a non-IFRS measure that represents the total of funds provided by operating activities, before adjusting for changes in non-cash working capital, and decommissioning obligations settled.

³ Net debt is a non-IFRS measure calculated as the sum of bank debt, subordinated promissory notes at the principal amount, due to related party, and trade and other payables less trade and other receivables, cash, prepaid expenses and deposits and investments.

⁴ Operating netback is a non-IFRS measure calculated as the Company's oil and gas sales, less royalties and operating expenses, averaged over the Boe production of the Company.

⁵ Corporate netback is a non-IFRS measure calculated as the Company's operating netback, less general and administrative expenses, interest and bank charges plus finance and dividend income, averaged over the Boe production of the Company.

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, including the Q3 Report, may be found on www.sedar.com as well as on Pine Cliff's website at www.pinecliffenergy.com. To request a hard copy, free of charge, please send an email to info@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”, “potential” 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 includes, but is not limited to: oil and natural gas prices; oil and gas supply and demand; expansion and other development trends of the oil and natural gas industry; business strategy and outlook; expansion and growth of our business and operations; maintenance of existing customer, supplier and partner relationships; supply channels; accounting policies; credit risks; break-even point; decline rate and sensitivity to natural gas prices. 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.

All such forward-looking information is based on certain assumptions and analyses made by us in light of management's experience and perception of historical trends, current conditions and expected future developments, as well as other factors believed to be 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 Pine Cliff; and other factors, many of which are beyond the Company's 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 11, 2016 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.

Certain information contained herein is based on Pine Cliff internal estimates. 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.

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