



## News Release

# **Pine Cliff Energy Ltd. Announces Record Revenue and Funds Flow, Fourth Quarter and Annual 2016 Results**

CALGARY, Alberta (Marketwire – March 14, 2017) - Pine Cliff Energy Ltd. (“**Pine Cliff**” or the “**Company**”) (TSX: PNE) is pleased to announce its fourth quarter and year-end financial and operating results and the filing of its 2016 disclosure documents. Included in the filings are 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, 2016 (the “**Annual Report**”). Selected highlights are shown below and should be read in conjunction with the Annual Report and the AIF.

### **Fourth Quarter 2016 Highlights**

Significant highlights from the fourth quarter of 2016 were as follows:

- achieved record quarterly funds flow from operations of \$15.0 million (\$0.05 per basic share), 129% higher than the \$6.6 million (\$0.03 per basic share) in the fourth quarter of 2015;
- achieved record revenue of \$35.2 million, 73% higher than the \$20.3 million in the fourth quarter of 2015;
- achieved earnings of \$3.2 million (\$0.01 per basic share) compared to a loss of \$3.3 million ((\$0.01) per basic share) in the fourth quarter of 2015;
- increased production by 43% to 21,525 Boe/d (93% natural gas) from 15,051 Boe/d (94% natural gas) in the fourth quarter of 2015 (a 12% increase on a per basic share basis);
- closed the disposition of a non-core oil asset for total proceeds of \$31.7 million;
- continued to strengthen its balance sheet, paying down \$40.9 million of bank debt, ending the year with \$30.9 million in bank debt; and
- reduced net debt by \$46.1 million, ending the year with \$64.2 million in net debt.

Pine Cliff’s primary focus in 2016 was to strengthen its balance sheet and integrate the largest asset acquisition the Company has ever undertaken. Pine Cliff reduced its bank debt by \$125.0 million in 2016 without issuing equity to dilute shareholders, and at the same time continued to improve margins. Throughout 2016, Pine Cliff stayed focused on reducing costs, prudently spending capital and lowering the production decline rate. As natural gas prices recovered in the fourth quarter, Pine Cliff saw the benefits of these efforts with record funds flow. As a result of the lowest AECO prices in Alberta in 18 years, 2016 realized natural gas prices were only \$2.13 per Mcf and Pine Cliff still achieved funds flow from operations of \$19.7 million (\$0.06 per share) with minimal production decline (net of dispositions), while only spending \$8.4 million in net capital.

### **Outlook**

Over the last five years, Pine Cliff has built a portfolio of assets that it estimates will generate positive funds flow in 2017 at natural gas prices above \$1.70 per Mcf and generate positive funds flow while keeping production flat in 2017 at natural gas prices above \$2.15 per Mcf. These numbers speak to the sustainability of the business model that has been built. If natural gas prices rise, Pine Cliff is well positioned with every \$0.10 per Mcf move in AECO prices equating to almost \$4.2 million of annual funds flow or \$0.014 per outstanding share. Exiting 2016 with a strong balance sheet allows the Company to withstand the volatility in natural gas prices as well as provide flexibility for possible future acquisitions.

## Financial and Operating Results<sup>1</sup>

(\$000s, unless otherwise indicated)	Three months ended December 31		Year ended December 31	
	2016	2015	2016	2015
Oil and gas sales (before royalties)	<b>38,316</b>	21,548	<b>118,642</b>	78,593
Cash flow from operating activities	<b>12,632</b>	973	<b>22,489</b>	20,768
Funds flow from operations <sup>2</sup>	<b>15,026</b>	6,550	<b>19,741</b>	25,818
Per share - Basic and Diluted (\$/share)	<b>0.05</b>	0.03	<b>0.06</b>	0.11
Earnings (Loss)	<b>3,210</b>	(3,300)	<b>(50,387)</b>	(24,257)
Per share - Basic and Diluted (\$/share)	<b>0.01</b>	(0.01)	<b>(0.16)</b>	(0.10)
Capital expenditures	<b>3,356</b>	1,875	<b>9,159</b>	7,259
Acquisitions, after adjustments	<b>(1,029)</b>	179,540	<b>(807)</b>	193,065
Capital dispositions	<b>(33,032)</b>	-	<b>(63,112)</b>	-
Net debt <sup>3</sup>	<b>64,224</b>	141,770	<b>64,224</b>	141,770
Production (Boe/d)	<b>21,525</b>	15,051	<b>22,465</b>	12,854
Percent natural gas	<b>93</b>	94	<b>93</b>	95
Combined sales price (\$/Boe)	<b>19.35</b>	15.56	<b>14.41</b>	16.75
Operating netback (\$/Boe) <sup>4</sup>	<b>8.81</b>	6.16	<b>4.08</b>	7.08
Operating netback (\$ per Mcfe)	<b>1.47</b>	1.03	<b>0.68</b>	1.18
Corporate netback (\$/Boe) <sup>5</sup>	<b>7.59</b>	4.74	<b>2.39</b>	5.51
Corporate netback (\$ per Mcfe)	<b>1.27</b>	0.79	<b>0.40</b>	0.92

<sup>1</sup> Includes results for acquisitions and excludes results for dispositions from the closing dates.

<sup>2</sup> 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.

<sup>3</sup> Net debt is a non-IFRS 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.

<sup>4</sup> Operating netback is a non-IFRS measure calculated as the Company's total revenue, less operating expenses, divided by the Boe production of the Company for the period.

<sup>5</sup> 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, divided by the Boe production of the Company.

### About Pine Cliff

Pine Cliff is an Alberta based natural gas company that is focused on acquiring and developing long life assets that are cash flow positive even in a low commodity price environment. Further information relating to Pine Cliff, including the Annual Report and the AIF, 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). To request a printed copy, free of charge, please send an email to [info@pinecliffenergy.com](mailto: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, forward-looking information in 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; ability to generate positive funds flow in 2017 at natural gas prices above \$1.70 per Mcf; ability to keep production flat; ability to withstand the volatility in natural gas prices; the ability of a strong balance sheet to provide flexibility for possible acquisitions; 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.

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

Where amounts are expressed in a BOE, natural gas volumes have been converted to barrels of oil equivalent on the basis that six Mcf of natural gas is equal to one bbl 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.

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.

This press release uses the terms "funds flow from operations", "operating netbacks", "corporate netbacks" and "net debt" which are not recognized under IFRS and may not be comparable to similar measures presented by other companies. The Company uses these measures to evaluate its performance, leverage and liquidity. 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. Net debt is a non-IFRS 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-IFRS measure calculated as the Company's total revenue, less operating expenses, divided by the Boe production of the Company. 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, divided by the Boe production of the Company.

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