Pine Cliff Energy Ltd. Announces Third Quarter 2018 Results and Updates Guidance

CALGARY, Alberta, Nov. 06, 2018 (GLOBE NEWSWIRE) -- Pine Cliff Energy Ltd. ("**Pine Cliff**" or the "**Company**") (**TSX: PNE**) is pleased to announce the filing of its third quarter financial and operating results. Included in the filings were Pine Cliff's unaudited interim condensed consolidated financial statements and related management's discussion and analysis for the three and nine months ended September 30, 2018 (the "**Q3-Report**"). Selected highlights are shown below and should be read in conjunction with the Q3-Report.

Third Quarter 2018 Highlights

Highlights from the third quarter of 2018 are as follows:

- realized adjusted funds flow of $1.9 million during the quarter with realized gas prices of $1.88 per Mcf, despite AECO daily 5A natural gas pricing only being $1.19 per Mcf;
- achieved average production for the nine months ended September 30, 2018 of 19,721 Boe/d (118,326 Mcfe/d), down from 21,387 Boe/d (128,322 Mcfe/d) for the nine months ended September 30, 2017, despite only incurring $3.2 million of drilling and recompletion capital in the nine months ended September 30, 2018;
- entered into an amended and restated credit agreement with its banking syndicate for an $11.0 million revolving credit facility; and
- completed a private placement for gross proceeds of $19.0 million from Alberta Investment Management Corporation to pay down bank indebtedness and provide additional working capital.

Impact of Pine Cliff's Diversification Strategy

The success of Pine Cliff's 2018 marketing diversification strategy was highlighted this past quarter. Despite the AECO daily 5A reference price being 18% lower in the three months ended September 30, 2018 compared to the same period in 2017, realized natural gas pricing for Pine Cliff in the third quarter of 2018 was 1% higher at $1.88 per Mcf. This realized natural gas price was an increase of $0.69 per Mcf, or 58% above the average daily AECO price.

Balance Sheet Flexibility

This past quarter Pine Cliff better aligned its balance sheet with its business model by converting shorter term focused bank debt to longer-term focused term debt. Pine Cliff exited this past quarter with no bank debt and a positive cash balance of $4.6 million.

Revised Guidance

Pine Cliff has historically grown by acquisitions and through these acquisitions, Pine Cliff now owns the mineral rights on close to two million acres of land. Pine Cliff's board of directors has approved an increase in its 2018 capital budget from $10.4 million to $13.4 million, including abandonments and reclamation and excluding acquisitions and dispositions. The increase in the capital budget will be used to drill an oil well in the fourth quarter of 2018.

Pine Cliff is also adjusting its 2018 production guidance from 20,000 – 20,500 Boe/d (120,000 – 123,000 Mcfe/d) to 19,500 – 20,000 Boe/d (117,000 – 120,000 Mcfe/d), weighted approximately 94% towards natural gas. The decrease is a result of short term voluntary shut-ins as a result of lower natural gas prices and delaying capital expenditures to the fourth quarter of 2018.

Financial and Operating Results

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	**2018**	2017
($000s, unless otherwise indicated)				
Oil and gas sales (before royalty expense)	**25,625**	25,646	**77,275**	96,355
Cash flow from operating activities	**(309)**	5,517	**7,201**	29,359
Adjusted funds flow[1]	**1,920**	2,879	**6,080**	24,946
Per share – Basic and Diluted ($/share)[1]	**0.01**	0.01	**0.02**	0.08
Loss	**(10,710)**	(30,214)	**(44,199)**	(34,868)
Per share – Basic and Diluted ($/share)	**(0.03)**	(0.10)	**(0.14)**	(0.11)
Capital expenditures	**1,910**	3,318	**6,363**	10,386
Net Debt[1]	**56,325**	53,377	**56,325**	53,377
Production (Boe/d)	**19,603**	21,863	**19,721**	21,387
Weighted-average common shares outstanding (000s)				
Basic and diluted	**307,076**	307,076	**307,076**	307,076
Combined sales price ($/Boe)	**14.21**	12.75	**14.35**	16.50
Operating netback ($/Boe)[1]	**2.34**	2.30	**2.37**	5.56

Corporate netback ($/Boe)[1]	**1.06**	1.44	**1.13**	4.27
Operating netback ($ per Mcfe)[1]	**0.39**	0.38	**0.40**	0.93
Corporate netback ($ per Mcfe)[1]	**0.18**	0.24	**0.19**	0.71

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

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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 earnings (loss), cash flow from 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 Q3-Report for additional details regarding non-GAAP measures and their calculation.

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; 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; maintenance of existing customer, supplier and partner relationships; supply channels; accounting policies; risks; Pine Cliff's ability to generate cash flow from operating activities and adjusted funds 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.

Natural gas liquids and oil volumes are recorded in barrels of oil ("**Bbl**") and are converted to a thousand cubic feet equivalent ("**Mcfe**") 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.

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