



Long-term Value Focus  
Q3 2025 Quarterly Report

## PRESIDENT'S MESSAGE TO SHAREHOLDERS

Summer 2025 AECO prices were challenged with high storage levels and frequent pipeline maintenance projects that curtailed production. Pine Cliff's significant hedge position and operational flexibility minimized the impact of these low prices on our company. From a financial standpoint, highlights included:

### Third Quarter 2025 Highlights

- Reduced net debt<sup>1</sup> by \$3.7 million or 6% to \$58.6 million on September 30, 2025 down from \$62.3 million on December 31, 2024;
- Generated \$5.7 million (\$0.02 per basic and fully diluted share) and \$22.1 million (\$0.06 per basic and fully diluted share) of adjusted funds flow<sup>1</sup> for the three and nine months ended September 30, 2025;
- Production averaged 20,376 Boe/d<sup>2</sup> and 20,962 Boe/d<sup>3</sup> for the three and nine months ended September 30, 2025;
- Paid dividends of \$1.3 million (\$0.004 per basic and fully diluted share) and \$8.1 million (\$0.023 per basic and fully diluted share) during the three and nine months ended September 30, 2025, raising the cumulative dividend total since 2022 inception to \$103.2 million; and
- Capital expenditures totaled \$2.5 million and \$6.1 million for the three and nine months ended September 30, 2025.

### Disposition of Assets in Central Area

Earlier today we announced an agreement to sell properties in our Central area for gross proceeds of \$15 million. This disposition is expected to close before year-end. The production impact is limited, with these properties accounting for approximately 485 Boe/d<sup>4</sup> or 2.3% of total production in the first nine months of the year.

The properties sold will include a portion of our land that is prospective for Basal Quartz (BQ) drilling, a play that we have been monitoring closely. This area has seen increased drilling activity in the past few years and as a result, interest in the undeveloped potential on our land base has risen. While we understand the economics of the drilling in this area is attractive, we did not rank the lands that we have agreed to sell ahead of our Sundre area drilling locations on a total risk/return basis. As a result, we did not expect to drill the BQ locations within the next few years, and therefore it made sense for us to monetize these assets to support the exploitation of our higher ranked drilling locations. We also believe that continued industry activity could help confirm other Pine Cliff BQ locations on land that we have retained in this area.

### Disciplined Capital Spending

While Pine Cliff waited for the improvement of gas prices, we remained disciplined with our 2025 capital program, with total capital spending of \$6.1 million in the first nine months of the year, mostly related to maintenance. We also spent \$3.7 million on abandonment and reclamation activities.

With the improved forward strip natural gas prices, and after an over two-year pause, we are planning to resume our development activity with commencement of our glauconite drilling program. Pine Cliff has over 18 net glauconite well locations, and our team has prepared to commence a program that will bring these locations on production over the coming years. Due to the expected timing of the initial drill, we are reducing our 2025 capex budget to \$20 million from \$23.5 million, with a portion of that reduced capital spending now expected to occur in 2026.

### Production Profile

Third quarter production averaged 20,376 Boe/d<sup>2</sup>, which is down slightly from the second quarter, due to natural declines and voluntary shut-in production arising from low AECO gas prices. All our properties are now back in production, and we have resumed swabbing specific properties ahead of the winter heating season to increase production.

### Dividend

We continue to monitor our total payout ratio, and at current commodity prices, we are maintaining our monthly dividend at \$0.00125 per share.

## Hedging and Diversification Update

During this past summer's natural gas price environment, Pine Cliff's hedging and internal market diversification strategies have again proven effective. Pine Cliff realized an average natural gas price of C\$2.21/Mcf, representing a 245% premium to the AECO Daily 5A average price of C\$0.64/Mcf in the third quarter. Over the first nine months of 2025, Pine Cliff's realized price of C\$2.53/Mcf represents a 70% premium to the AECO Daily 5A price of C\$1.49/Mcf.

We continue to strengthen our hedge position with approximately 50% of our gross natural gas production<sup>5</sup> now hedged at an average price of \$2.88/Mcf for the fourth quarter of 2025. Similarly, approximately 51% of our gross crude oil production<sup>6</sup> has been hedged at US\$63.16/Bbl over the same period.

We have taken advantage of favorable forward pricing by securing additional hedges for 2026, locking in an average price of just over C\$3.00/Mcf on roughly 33% of natural gas production<sup>5</sup> and US\$63.43/bbl on 23% of crude oil production<sup>6</sup>. We remain committed to opportunistically expanding our hedge positions where they align with our business strategy, capital program and dividend sustainability, while still leaving material exposure to what we believe will be a strong pricing environment.

## Webcast

Pine Cliff will host a webcast at 9:00 AM MDT (11:00 PM EDT) on Thursday November 6th, 2025. Participants can access the live webcast via <https://www.gowebcasting.com/14376> or through the link provided on our website at [www.pinecliffenergy.com](http://www.pinecliffenergy.com). A recorded archive of the webcast will also be made available on the website.

## Outlook

Structural improvements in natural gas demand in North America are now being reflected in the near-term natural gas price markets, although we are optimistic that even those elevated prices may be conservative. As we enter the winter withdrawal season, AECO forward prices for 2026 have risen to \$3.52 Mcf for Q1 2026. The first train at LNG Canada continues to ramp up throughput and the second train of Phase 1 is now in the final stages of start-up. LNG Canada is expected to be exporting approximately 2 Bcf/d in early 2026, which will constitute over 10% of the entire current natural gas production in Canada. United States LNG exports set a record of 18 Bcf/d this fall, a 4 Bcf/d annual growth, with an additional 3 Bcf/d of US LNG growth expected in 2026.

In addition to these impressive North American LNG export numbers, technology companies are accelerating their announcements of data center capital spend to keep up with artificial intelligence use growth, which provides a further tailwind for natural gas demand in 2026.

I have been travelling for the past few months speaking to investors and there is a growing recognition of these natural gas demand growth indicators. Our management team is excited about where we have positioned Pine Cliff to take advantage of these trends. We are pleased to see that the patience and timing of our drilling plans have coincided with the rise in natural gas pricing. We continue to work with our data center partner on the project we announced earlier this year. It is rewarding to see that the hard work and effort of our team during a difficult natural gas environment is starting to show meaningful results.

We remain steadfast in our commitment to making operational and capital allocation decisions that enhance long-term shareholder value as the macro fundamentals of rising global and North American demand for natural gas remain intact.

Thank you for your continued support.

Yours truly,



Phil Hodge  
President and Chief Executive Officer  
November 5, 2025

<sup>1</sup> Disclosure Note: Please refer to Pine Cliff's Website for Reader Advisories regarding forward looking information, non-GAAP measures, oil and gas measurements, definitions as this Presidents message is subject to the same cautionary statements as set out therein.

<sup>2</sup> Comprised of 99,473 Mcf/d natural gas, 2,514 Bbl/d NGLs and 1,283 Bbl/d light and medium oil.

<sup>3</sup> Comprised of 100,974 Mcf/d natural gas, 2,781 Bbl/d NGLs and 1,352 Bbl/d light and medium oil.

<sup>4</sup> Comprised of 2,010 Mcf/d natural gas, 40 Bbl/d NGLs and 110 Bbl/d light and medium oil.

<sup>5</sup> Based on Q3 2025 sales volumes of 99,473 Mcf/d natural gas.

<sup>6</sup> Based on Q3 2025 sales volumes of 1,283 Bbl/d of light and medium oil.

## INTRODUCTION

This Management's Discussion and Analysis ("MD&A") is a review of the operations and current financial position of Pine Cliff Energy Ltd. ("Pine Cliff" or the "Company") for the period ended September 30, 2025. This MD&A is dated and based on information available as at November 5, 2025 and should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2025 ("Financial Statements"), the audited annual consolidated financial statements for the year ended December 31, 2024 ("Annual Financial Statements") and the annual management's discussion and analysis for the year ended December 31, 2024 ("Annual MD&A"). The Financial Statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" using accounting principles consistent with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board using Generally Accepted Accounting Principles ("GAAP"). Additional information relating to the Company, including the Company's annual information form ("AIF"), may be found on [www.sedarplus.ca](http://www.sedarplus.ca) and by visiting Pine Cliff's website at [www.pinecliffenergy.com](http://www.pinecliffenergy.com).

Pine Cliff's head office is based in Calgary, Alberta, Canada. Common shares of the Company ("Common Shares") are listed for trading on the Toronto Stock Exchange ("TSX") under the symbol "PNE" and trades on the OTC markets Group Inc. ("OTCQX") under the symbol "PIFYF".

## READER ADVISORIES

This MD&A contains financial measures that are not defined under IFRS and forward-looking statements. Please refer to the sections titled "NON-GAAP MEASURES" and "FORWARD LOOKING INFORMATION".

### *Other Measurements*

All amounts herein are presented in Canadian dollars unless otherwise specified. All references to \$CAD or \$ are to Canadian dollars and monetary references to \$US are to United States dollars.

Please refer to the section titled "GLOSSARY" for measurements and abbreviations that may be used in the MD&A.

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

## Q3 2025 RESULTS

Results for the third quarter of 2025 are as follows:

- Generated \$5.7 million (\$0.02 per basic and fully diluted share) and \$22.1 million (\$0.06 per basic and fully diluted share) of adjusted funds flow for the three and nine months ended September 30, 2025, compared to \$8.1 million (\$0.02 per basic and fully diluted share) and \$29.4 million (\$0.08 per basic and fully diluted share) for the same periods in 2024;
- Production averaged 20,376 Boe/d and 20,962 Boe/d for the three and nine months ended September 30, 2025, compared to 22,546 Boe/d and 23,363 Boe/d for the same periods in 2024;
- Paid dividends of \$1.3 million (\$0.004 per basic and fully diluted share) and \$8.1 million (\$0.022 per basic and fully diluted share) during the three and nine months ended September 30, 2025, compared to \$5.4 million (\$0.015 per basic and fully diluted share) and \$20.2 million (\$0.057 per basic and fully diluted share) during the comparable periods in 2024;
- Capital expenditures totaled \$2.5 million and \$6.1 million for the three and nine months ended September 30, 2025, compared to \$0.9 million and \$2.5 million for the same periods in 2024;
- Reduced net debt by \$3.7 million or 6% to \$58.6 million on September 30, 2025 down from \$62.3 million on December 31, 2024; and
- Generated a net loss of \$6.0 million (\$0.02 per share basic and fully diluted) and \$15.9 million (\$0.04 per share basic and fully diluted) for the three and nine months ended September 30, 2025, compared to net loss of \$6.9 and \$15.8 million for the same periods in 2024.

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
(\$000s, unless otherwise indicated)				
<b>FINANCIAL</b>				
<b>Commodity sales (before royalty expense)</b>	<b>38,204</b>	43,413	<b>129,532</b>	143,035
<b>Cash provided by operating activities</b>	<b>6,764</b>	8,058	<b>25,967</b>	23,277
<b>Adjusted funds flow<sup>1</sup></b>	<b>5,716</b>	8,131	<b>22,098</b>	29,409
Per share – Basic and diluted (\$/share) <sup>1</sup>	<b>0.02</b>	0.02	<b>0.06</b>	0.08
<b>Net loss</b>	<b>(5,998)</b>	(6,886)	<b>(15,871)</b>	(15,839)
Per share – Basic and diluted (\$/share)	<b>(0.02)</b>	(0.02)	<b>(0.04)</b>	(0.04)
<b>Capital expenditures</b>	<b>2,505</b>	901	<b>6,058</b>	2,497
<b>Dividends</b>	<b>1,346</b>	5,370	<b>8,063</b>	20,226
Per share – Basic and diluted (\$/share)	<b>0.00</b>	0.02	<b>0.02</b>	0.06
<b>Net debt<sup>1</sup></b>	<b>58,609</b>	67,281	<b>58,609</b>	67,281
Weighted-average common shares outstanding (000s)				
Basic and diluted	<b>358,511</b>	357,965	<b>358,511</b>	357,136
<b>OPERATIONS</b>				
<b>Production</b>				
Natural gas (Mcf/d)	<b>99,473</b>	107,985	<b>100,974</b>	111,373
NGLs (Bbl/d)	<b>2,514</b>	3,105	<b>2,781</b>	3,263
Crude oil (Bbl/d)	<b>1,283</b>	1,443	<b>1,352</b>	1,538
Total (Boe/d)	<b>20,376</b>	22,546	<b>20,962</b>	23,363
<b>Realized commodity sales prices</b>				
Natural gas (\$/Mcf)	<b>2.21</b>	2.00	<b>2.53</b>	2.22
NGLs (\$/Bbl)	<b>37.54</b>	40.69	<b>38.94</b>	42.03
Crude oil (\$/Bbl)	<b>78.78</b>	90.11	<b>81.79</b>	89.34
Combined (\$/Boe)	<b>20.38</b>	20.93	<b>22.64</b>	22.34
<b>Netback (\$/Boe)</b>				
Commodity sales	<b>20.38</b>	20.93	<b>22.64</b>	22.34
Processing and gathering	<b>0.74</b>	0.66	<b>0.75</b>	0.65
Royalty expense	<b>(1.25)</b>	(1.32)	<b>(1.92)</b>	(1.69)
Transportation expenses	<b>(1.57)</b>	(1.40)	<b>(1.57)</b>	(1.39)
Operating expenses	<b>(14.21)</b>	(12.98)	<b>(14.06)</b>	(13.12)
Realized gain on risk management contracts	<b>0.45</b>	-	<b>0.15</b>	-
Operating netback (\$/Boe) <sup>1</sup>	<b>4.54</b>	5.89	<b>5.99</b>	6.79
General and administrative expenses	<b>(0.83)</b>	(1.07)	<b>(1.24)</b>	(1.25)
Interest and bank charges	<b>(0.66)</b>	(0.91)	<b>(0.89)</b>	(0.95)
Corporate netback (\$/Boe) <sup>1</sup>	<b>3.05</b>	3.91	<b>3.86</b>	4.59
Operating netback (\$ per Mcfe) <sup>1</sup>	<b>0.76</b>	0.98	<b>1.00</b>	1.13
Corporate netback (\$ per Mcfe) <sup>1</sup>	<b>0.51</b>	0.65	<b>0.64</b>	0.77

<sup>1</sup>This is a non-GAAP measure, see NON-GAAP MEASURES for additional information.

**SENSITIVITIES**

Pine Cliff's results are sensitive to changes in the business environment in which it operates. The following chart shows the Company's sensitivity to key commodity price variables. The sensitivity calculations are performed independently showing the effect of the change of one variable; all other variables are held constant.

Business environment sensitivities	Impact on annual adjusted funds flow <sup>1,2</sup>		
	Change	\$000s	\$ per share <sup>4</sup>
Realized natural gas price (C\$/Mcf) <sup>3</sup>	\$ 0.10	3,391	0.010
Realized NGLs price (C\$/Bbl) <sup>3</sup>	\$ 1.00	934	0.003
Realized crude oil price (C\$/Bbl) <sup>3</sup>	\$ 1.00	454	0.001

<sup>1</sup> This is a non-GAAP measure, see NON-GAAP MEASURES for additional information.

<sup>2</sup> This analysis does not adjust for changes in working capital and uses corporate royalty rates from the nine months ended September 30, 2025.

<sup>3</sup> Pine Cliff has prepared this analysis using its nine months ended September 30, 2025 production volumes annualized for twelve months.

<sup>4</sup> Based on the Q3 2025 basic weighted average shares outstanding.

**BENCHMARK PRICES**

	Three months ended September 30,			Nine months ended September 30,		
	2025	2024	% Change	2025	2024	% Change
<b>Natural gas</b>						
NYMEX (US\$/Mmbtu) <sup>1</sup>	<b>3.07</b>	2.16	42	<b>3.39</b>	2.10	61
AECO Daily 5A (C\$/Mcf) <sup>2</sup>	<b>0.64</b>	0.68	(6)	<b>1.49</b>	1.44	3
<b>Crude oil</b>						
WTI (US\$/Bbl)	<b>64.93</b>	75.09	(14)	<b>66.70</b>	77.54	(14)
Edmonton Light (C\$/Bbl)	<b>86.19</b>	97.92	(12)	<b>88.53</b>	98.50	(10)
<b>Foreign exchange</b>						
US\$/C\$	<b>1.377</b>	1.360	1	<b>1.399</b>	1.359	3

<sup>1</sup> Mmbtu is the abbreviation for millions of British thermal units. One Mcf of natural gas is approximately 1.02 Mmbtu.

<sup>2</sup> AECO prices are quoted in \$/Gigajoule. Price has been converted from \$/GJ to \$/Mcf by multiplying by 1.05.

**Quarterly Benchmark Prices**

Pine Cliff's financial results are influenced by fluctuations in commodity prices, dollar exchange rates and price differentials. The following table shows select market benchmark average prices and foreign exchange rates in the last eight quarters to assist in understanding the volatility in prices and foreign exchange rates that have impacted Pine Cliff's business.

	Q3-2025	Q2-2025	Q1-2025	Q4-2024	Q3-2024	Q2-2024	Q1-2024	Q4-2023
<b>Natural gas</b>								
NYMEX (US\$/MMBtu) <sup>1</sup>	<b>3.07</b>	3.44	3.65	2.79	2.16	1.89	2.24	2.88
AECO Daily 5A (C\$/Mcf) <sup>2</sup>	<b>0.64</b>	1.68	2.16	1.51	0.68	1.17	2.48	2.30
Pine Cliff realized natural gas price (C\$/Mcf)	<b>2.21</b>	2.48	2.90	2.30	2.00	2.10	2.56	2.59
<b>Crude oil</b>								
WTI (US\$/Bbl)	<b>64.93</b>	63.74	71.42	70.27	75.09	80.57	76.96	78.32
Edmonton Light (C\$/Bbl)	<b>86.19</b>	84.14	95.27	94.97	97.92	105.33	92.24	99.79
Pine Cliff realized NGLs price (C\$/Bbl)	<b>37.54</b>	35.94	43.03	40.33	40.69	43.10	42.22	48.51
Pine Cliff realized Oil price (C\$/Bbl)	<b>78.78</b>	79.13	86.83	88.27	90.11	94.66	83.22	93.15
<b>Foreign exchange</b>								
US\$/C\$	<b>1.377</b>	1.384	1.435	1.399	1.360	1.370	1.348	1.362

<sup>1</sup> Mmbtu is the abbreviation for millions of British thermal units. One Mcf of natural gas is approximately 1.02 Mmbtu.

<sup>2</sup> AECO prices are quoted in \$/Gigajoule. Price has been converted from \$/GJ to \$/Mcf by multiplying by 1.05.

In the three and nine months ended September 30, 2025, the AECO daily benchmark was 6% lower and 3% higher, respectively, compared to the same period of 2024. Price fluctuations from quarter to quarter are mainly due to supply and demand factors including North American industrial and residential demand, liquefied natural gas (“LNG”) exports, weather, and economic conditions in producing and consuming regions throughout North America. The price realized by the Company for natural gas production in Western Canada is primarily influenced by the Alberta price hub AECO, while hedging contracts and diversification projects to delivery points such as Dawn in Ontario and TransGas into Saskatchewan have created optionality to complement AECO pricing.

The average benchmarks for WTI crude were 14% lower, for the three and nine months ended September 30, 2025, as compared to the same periods in 2024.

Agreements made between the Organization of Petroleum Exporting Countries (“OPEC”) and other crude oil producing countries globally continue to influence global supply dynamics, with shifting strategies contributing to market uncertainty. While crude oil prices reflect current supply and demand dynamics, future crude oil prices remain volatile given the uncertainty associated with the impact that global economic conditions and geopolitical factors will have on crude oil demand.

Canadian crude prices are based upon refinery postings at Edmonton, Alberta and are linked to WTI through transportation tariffs to common markets and the foreign exchange rate.

The supply and demand dynamics for certain NGLs components such as ethane, propane, butane, and condensate in the recent past has impacted the relationship between the price of NGLs and the price of crude oil. The fluctuations in NGLs price normally correlate with changes in the Edmonton light oil price, considering changes to the Company’s various NGL components.

## SALES VOLUMES

Total sales volumes by product	Three months ended September 30,			Nine months ended September 30,		
	2025	2024	% Change	2025	2024	% Change
Natural gas (Mcf)	9,151,551	9,935,185	(8)	27,564,202	30,516,144	(10)
NGLs (Bbl)	231,284	285,630	(19)	759,338	894,017	(15)
Crude oil (Bbl)	118,047	132,780	(11)	369,136	421,538	(12)
Total Boe	1,874,590	2,074,274	(10)	5,722,508	6,401,579	(11)
Total Mcfe	11,247,537	12,445,645	(10)	34,335,046	38,409,474	(11)
Natural gas weighting	81%	80%	1	80%	79%	1

Average daily sales volumes by product	Three months ended September 30,			Nine months ended September 30,		
	2025	2024	% Change	2025	2024	% Change
Natural gas (Mcf/d)	99,473	107,985	(8)	100,974	111,373	(10)
NGLs (Bbl/d)	2,514	3,105	(19)	2,781	3,263	(15)
Crude oil (Bbl/d)	1,283	1,443	(11)	1,352	1,538	(12)
Total (Boe/d)	20,376	22,546	(10)	20,962	23,363	(11)
Total (Mcf/d)	122,256	135,276	(10)	125,772	140,178	(11)

Average daily sales volumes by area	Three months ended September 30,			Nine months ended September 30,		
	2025	2024	% Change	2025	2024	% Change
Central (Boe/d)	13,826	15,430	(10)	14,206	15,822	(10)
Southern (Boe/d)	5,251	5,590	(6)	5,454	5,919	(8)
Edson (Boe/d)	1,299	1,526	(15)	1,302	1,622	(20)
Total (Boe/d)	20,376	22,546	(10)	20,962	23,363	(10)

Pine Cliff’s sales volumes decreased by 10% to 20,376 Boe/d (122,256 Mcfe/d) and 20,962 Boe/d (125,772 Mcfe/d) in the three and nine months ended September 30, 2025 as compared to the same periods in 2024, which include the impact of natural production declines, third party outages and temporary shut-ins due to weak AECO gas prices in 2025.

**COMMODITY SALES**

(\$000s)	Three months ended September 30,			Nine months ended September 30,		
	2025	2024	% Change	2025	2024	% Change
Natural gas	20,223	19,827	2	69,775	67,803	3
NGLs	8,682	11,621	(25)	29,566	37,572	(21)
Crude oil	9,299	11,965	(22)	30,191	37,660	(20)
Total commodity sales	38,204	43,413	(12)	129,532	143,035	(9)
% of revenue from natural gas sales	53%	46%	7	54%	47%	7

**Realized Prices**

\$ per unit	Three months ended September 30,			Nine months ended September 30,		
	2025	2024	% Change	2025	2024	% Change
Natural gas (\$/Mcf)	2.21	2.00	11	2.53	2.22	14
NGLs (\$/Bbl)	37.54	40.69	(8)	38.94	42.03	(7)
Crude oil (\$/Bbl)	78.78	90.11	(13)	81.79	89.34	(8)
Total (\$/Boe)	20.38	20.93	(3)	22.64	22.34	1
Total (\$/Mcf)	3.40	3.49	(3)	3.77	3.72	1

Commodity sales in the three months ended September 30, 2025 of \$38.2 million decreased 12% from \$43.4 million in the corresponding period in the prior year. The quarterly decrease of \$5.2 million consists of \$4.2 million attributed to lower production volumes and \$1.0 million attributed to lower realized commodity prices. The year to date decrease of 9% or \$13.5 million consists of \$15.2 million attributed to lower production volumes offset by an increase of \$1.7 million attributed to higher realized commodity prices.

Pine Cliff's realized natural gas price was \$2.21 per Mcf and \$2.53 per Mcf in the three and nine months ended September 30, 2025, 11% and 14% higher than the \$2.00 per Mcf and \$2.22 per Mcf in the corresponding periods of the prior year. This increase at a time when AECO 5A benchmark prices were down 6% and up 3%, respectively, are a result of Pine Cliff's marketing diversification programs and fixed price physical natural gas sales contracts.

For the three and nine months ended September 30, 2025, Pine Cliff's realized NGL price was \$37.54 per Bbl and \$38.94 per Bbl, down from \$40.69 per Bbl and \$42.03 per Bbl in the corresponding periods of the prior year. Pine Cliff's realized NGL prices in the three and nine months ended September 30, 2025, were 44% of Edmonton Light compared to 42% and 43% in the corresponding periods of the prior year.

For the three and nine months ended September 30, 2025, Pine Cliff's realized oil price was \$78.78 per Bbl and \$81.79 per Bbl, down from \$90.11 per Bbl and \$89.34 per Bbl in the corresponding periods of the prior year. Pine Cliff's realized crude oil prices in the three and nine months ended September 30, 2025 were 91% and 92% of Edmonton Light compared to 92% and 91% in the corresponding periods of the prior year.

This decrease in crude oil pricing in the three and nine months ended September 30, 2025, compared to the corresponding period of 2024, reflects lower WTI benchmarks slightly offset by narrower Canadian crude oil price differentials and a weaker Canadian dollar.

Canadian crude prices are based upon refinery postings at Edmonton, Alberta and are linked to WTI through transportation tariffs to common markets and the foreign exchange rate.

**ROYALTY EXPENSE**

(\$000s)	Three months ended September 30,			Nine months ended September 30,		
	2025	2024	% Change	2025	2024	% Change
Total royalty expense	2,347	2,732	(14)	10,977	10,825	1
\$ per Boe	1.25	1.32	(5)	1.92	1.69	14
\$ per Mcfe	0.21	0.22	(5)	0.32	0.28	14
Royalty expense as a % of commodity sales	6%	6%	-	8%	8%	-



For the three and nine months ended September 30, 2025, total royalty expense decreased by 14% and increased 1% to \$2.3 million and \$11.0 million from \$2.7 million and \$10.8 million respectively, in the corresponding periods of the prior year. Royalty expense as a percentage of commodity sales remained consistent at 6% and 8% in the three and nine months ended September 30, 2025, compared to the corresponding periods of the prior year.

On a per Boe basis, royalty expenses for the three and nine months ended September 30, 2025 decreased by 5% and increased 14%, respectively, to \$1.25 per Boe and \$1.92 per Boe, compared to the corresponding periods of 2024.

#### TRANSPORTATION COSTS

(\$000s)	Three months ended September 30,			Nine months ended September 30,		
	2025	2024	% Change	2025	2024	% Change
Total transportation costs	<b>2,934</b>	2,903	1	<b>8,969</b>	8,898	1
\$ per Boe	<b>1.57</b>	1.40	12	<b>1.57</b>	1.39	13
\$ per Mcfe	<b>0.26</b>	0.23	12	<b>0.26</b>	0.23	13

For the three and nine months ended September 30, 2025, total transportation costs of \$2.9 million and \$9.0 million were 1% higher than the \$2.9 million and \$8.9 million in the corresponding periods of the prior year.

On a per Boe basis, transportation expenses for the three and nine months ended September 30, 2025 increased by 12% and 13% to \$1.57 per Boe, compared to the corresponding periods of 2024 due to lower production volumes.

#### NET OPERATING EXPENSES

(\$000s)	Three months ended September 30,			Nine months ended September 30,		
	2025	2024	% Change	2025	2024	% Change
Operating expenses	<b>26,635</b>	26,929	(1)	<b>80,456</b>	83,977	(4)
Less: processing and gathering income	<b>(1,392)</b>	(1,377)	1	<b>(4,289)</b>	(4,131)	4
Net operating expenses	<b>25,243</b>	25,552	(1)	<b>76,167</b>	79,846	(5)
\$ per Boe	<b>13.47</b>	12.32	9	<b>13.31</b>	12.47	7
\$ per Mcfe	<b>2.25</b>	2.05	9	<b>2.22</b>	2.08	7

Net operating expenses decreased by 1% to \$25.2 million and 5% to \$76.2 million for the three and nine months ended September 30, 2025, as compared to \$25.6 million and \$79.8 million in the corresponding periods of the prior year. The decrease from the comparable quarter is primarily due to lower production volumes.

On a per Boe basis, net operating costs increased to \$13.47 per Boe and \$13.31 per Boe for the three and nine months ended September 30, 2025, an increase of 9% and 7% from \$12.32 per Boe and \$12.47 per Boe in the corresponding periods of 2024 due to lower production volumes.

#### GENERAL AND ADMINISTRATIVE EXPENSES ("G&A")

(\$000s)	Three months ended September 30,			Nine months ended September 30,		
	2025	2024	% Change	2025	2024	% Change
Gross G&A	<b>2,949</b>	3,134	(6)	<b>9,652</b>	10,299	(6)
Less: overhead recoveries	<b>(1,391)</b>	(922)	(51)	<b>(2,578)</b>	(2,315)	(11)
Total G&A expenses	<b>1,558</b>	2,212	(30)	<b>7,074</b>	7,984	(11)
\$ per Boe	<b>0.83</b>	1.07	(22)	<b>1.24</b>	1.25	(1)
\$ per Mcfe	<b>0.14</b>	0.18	(22)	<b>0.21</b>	0.21	(1)

General and administrative expenses decreased by 30% to \$1.6 million and 11% to \$7.1 million in the three and nine months ended September 30, 2025, as compared to \$2.2 million and \$8.0 million in the corresponding periods of the prior year, primarily due to higher overhead recoveries and lower personnel and integration costs following the December 2023 acquisition.

On a per Boe basis, G&A for the three and nine months ended September 30, 2025, decreased 22% to \$0.83 per Boe and 1% to \$1.24 per Boe from \$1.07 per Boe and \$1.25 per Boe in the corresponding periods of the prior year.

### SHARE-BASED COMPENSATION

(\$000s)	Three months ended September 30,			Nine months ended September 30,		
	2025	2024	% Change	2025	2024	% Change
Total share-based compensation	815	696	17	2,479	2,026	22
\$ per Boe	0.43	0.34	26	0.43	0.32	34
\$ per Mcfe	0.07	0.06	26	0.07	0.05	34

For the three and nine months ended September 30, 2025, share-based compensation increased by 17% and 22% for the three and nine months ended September 30, 2025 compared to the corresponding period of 2024. The increase primarily reflects the change in the fair value of stock options granted in Q2 2025 compared to Q2 2024 and the approval of the Company's share unit plan ("Share Unit Plan") in Q2 2025.

As at September 30, 2025, the Company had 27,736,370 stock options outstanding, representing 7.7% of Common Shares outstanding (September 30, 2024 - 27,338,078 representing 7.6% of Common Shares outstanding).

As at September 30, 2025, the Company had 3,443,330 awards outstanding (restricted share units and deferred share units), representing 1.0% of Common Shares outstanding (September 30, 2024 - nil awards outstanding).

### DEPLETION AND DEPRECIATION

(\$000s)	Three months ended September 30,			Nine months ended September 30,		
	2025	2024	% Change	2025	2024	% Change
Total depletion and depreciation	11,093	13,565	(18)	34,024	40,737	(16)
\$ per Boe	5.92	6.54	(9)	5.95	6.36	(6)
\$ per Mcfe	0.99	1.09	(9)	0.99	1.06	(6)

Depletion and depreciation expense for the three and nine months ended September 30, 2025, totaled \$11.1 million and \$34.0 million compared to \$13.6 million and \$40.7 million in the corresponding periods of the prior year. The decrease for the period is primarily a result of lower production volumes in the three and nine months ended September 30, 2025 compared to the corresponding period of the prior year. Depletion and depreciation per Boe will fluctuate from one period to the next depending on changes in reserves, the amount and success of capital expenditures and the amount of future development costs. Depletion is calculated using total proved and probable reserves estimates, which are subject to revision.

### Property, Plant and Equipment ("PP&E") Impairment Assessment

As at September 30, 2025, the Company had three cash generating units ("CGU's") being the Southern CGU, Central CGU and Edson CGU. In accordance with IFRS, an impairment test is performed if the Company identifies indicators of impairment at the end of a reporting period. At September 30, 2025, there were no indicators of impairment or impairment reversals for PP&E assets and therefore an impairment test was not required.

### FINANCE EXPENSES

(\$000s)	Three months ended September 30,			Nine months ended September 30,		
	2025	2024	%Change	2025	2024	% Change
Interest expense and bank charges	1,240	1,883	(34)	5,081	6,073	(16)
\$ per Boe	0.66	0.91	(27)	0.89	0.95	(6)
\$ per Mcfe	0.11	0.15	(27)	0.15	0.16	(6)
Non-cash:						
Accretion on decommissioning provision	1,963	2,207	(11)	5,769	6,440	(10)
Accretion on promissory notes	62	113	(45)	238	343	(31)
Total finance expenses	3,265	4,203	(22)	11,088	12,856	(14)
\$ per Boe	1.74	2.03	(14)	1.94	2.01	(3)
\$ per Mcfe	0.29	0.34	(14)	0.32	0.33	(3)

Finance expenses decreased by 22% and 14% to \$3.3 million and \$11.1 million for the three and nine months ended September 30, 2025, as compared to \$4.2 million and \$12.9 million for the corresponding periods of the prior year. Please refer to the “**DEBT, LIQUIDITY AND CAPITAL RESOURCES**” section for additional information.

#### DEFERRED INCOME TAX

For the three and nine months ended September 30, 2025, Pine Cliff recorded a deferred income tax recovery of \$1.6 million and \$3.9 million (three and nine months ended September 30, 2024 - \$1.6 million and \$4.0 million deferred income tax expense). The deferred income tax recovery/expense reflects the change in temporary timing differences arising from the book basis of Pine Cliff's assets and liabilities relative to the tax basis.

#### CAPITAL EXPENDITURES, ACQUISITIONS AND DISPOSITIONS

(\$000s)	Nine months ended September 30, 2025	Year ended December 31, 2024
Capital expenditures	6,058	2,529
Acquisitions	431	645
Dispositions	(1,338)	(10,519)
<b>Total</b>	<b>5,151</b>	<b>(7,345)</b>

Capital expenditures on PP&E totaled \$6.1 million, including wellsite development in anticipation of Q4 2025 drilling, facilities, optimization and maintenance capital.

#### DECOMMISSIONING PROVISION

The total current and long-term decommissioning provision of \$220.1 million was estimated by management based on the Company's working interest and estimated costs to remediate, reclaim and abandon its wells, pipelines, and facilities and estimated timing of the costs to be incurred in future periods.

At September 30, 2025, the estimated total undiscounted and uninflated amount required to settle the decommissioning liabilities was \$320.2 million (December 31, 2024 - \$323.8 million). The discounted and inflated amount required to settle the decommissioning liabilities of \$220.1 million (December 31, 2024 - \$231.9 million) has been calculated assuming a 2.00% inflation rate (December 31, 2024 - 2.00%) and discounted using an average risk-free interest rate of 3.33% (December 31, 2024 - 3.24%). These obligations are currently expected to be settled based on the useful lives of the underlying assets, some of which extend beyond 50 years into the future.

#### DEBT, LIQUIDITY AND CAPITAL RESOURCES

##### Term Loan

On June 2, 2025, the Company amended its non-revolving term loan facility (the “**Term Loan**”). The amounts borrowed under the Term Loan bear interest at an annual interest rate equal to Canadian Prime Lending Rate (the “**Prime Rate**”) plus 3.65%, where Prime Rate cannot be less than 6.95%. The Company is now required to make mandatory principal quarterly repayments equal to \$1.0 million, payable on the first banking day of January, April, July and October of each calendar year, commencing June 30, 2025. The Term Loan maturity date has been extended to January 3, 2028 on which date the remaining outstanding principal balance is to be paid.

The amount drawn under the Term Loan at September 30, 2025 was \$42.3 million (December 31, 2024 - \$49.9 million). Based on the calculated fair value of the Term Loan as at September 30, 2025, the effective interest rate was determined to be 11.3% using the effective interest method. The value of the loan will be accreted up to the principal balance at maturity. Interest accrued at September 30, 2025 was \$nil (December 31, 2024 - \$nil).

Security for the Term Loan consists of demand debentures totaling \$110.0 million (December 31, 2024 - \$110.0 million) over all of the Company's assets and a general security agreement with first priority ranking over all personal and real property other than the general security agreement with the Demand Loan.

The Company is subject to certain financial covenants under its Term Loan as follows:

- Consolidated Debt, as defined herein, to EBITDA, as defined herein, ratio shall not exceed 1.5:1.0; and
- Asset Coverage ratio, as defined herein, of not less than 1.5:1.0.

The Company has the option to make voluntary prepayments throughout the term of the loan under the following conditions:

- at any time from and after June 12, 2025 until but excluding September 12, 2025, make a prepayment of all or any portion of the outstanding principal balance plus an amount of 3% of the principal amount prepaid.
- at any time from and after September 12, 2025 until and including September 12, 2026, an amount equal to the sum of a prepayment of the outstanding principal balance plus an amount of 1.5% of the principal amount prepaid plus remaining interest payments and annual renewal fees on the prepayment amount.
- at any time from and after September 12, 2026, make a prepayment of all or any portion of the outstanding principal balance plus an amount of 1.5% of the principal amount prepaid.

Consolidated Debt is defined as all indebtedness for borrowed money, including issued and drawn letters of credit or letters of guarantee other than letters of credit supported by a performance guarantee from Export Development Canada. EBITDA is defined as net income (loss) for the trailing twelve-month period excluding finance costs, provision for current and deferred income tax, depletion and depreciation, share-based compensation and gain or loss on sale of assets and impairment of assets, less cash taxes paid and decommissioning expenses incurred during the period.

Asset Coverage ratio is defined as the proved developed producing reserves of the Company (before income tax, discounted at 10%), as evaluated by an independent third-party engineering report and evaluated on strip commodity pricing, divided by the consolidated borrowings of the Company at December 31 of the calendar year. The ratio is calculated and re-evaluated for strip pricing at June 30 period end, based on an internally prepared engineering report.

The Company was in compliance with its Term Loan covenants at September 30, 2025.

### **Demand Loan**

On June 2, 2025, the Company amended its demand loan (the “**Demand Loan**”) of \$15.0 million with a Canadian chartered bank, of which \$3.7 million was drawn at September 30, 2025 (December 31, 2024 - \$7.4 million). Borrowings bear interest at the bank’s prime rate plus 2.0%. Letters of credit issued under the Demand Loan are supported by a performance guarantee from Export Development Canada for an amount up to \$8.8 million and incur an issuance fee of 2.38%. At September 30, 2025, the Company had issued \$8.8 million in letters of credit (December 31, 2024 - \$6.6 million).

The Demand Loan is secured by a general security agreement over certain tangible field facilities of the Company and second priority demand debentures totaling \$50.0 million (December 31, 2024 - \$nil) over all of the Company’s assets.

The Company is subject to the following financial covenant under its Demand Loan:

- Senior Debt to EBITDA, as defined herein, ratio shall not exceed 3.0:1.0 at the end of each quarter-end.

Senior Debt is defined as any secured indebtedness for borrowed money. EBITDA shall mean net income excluding finance costs, provision for current and deferred income tax, depletion and depreciation, share-based compensation and gain or loss on sale of assets and impairment of assets, less cash taxes and dividends paid, on a trailing twelve-month basis.

The Company was in compliance with its Demand Loan covenant at September 30, 2025.

### **Capital Resources**

Pine Cliff’s 2025 capital budget, which includes maintenance and asset retirement obligations, has been reduced to \$20.0 million from \$23.5 million.

### **Liquidity**

As at September 30, 2025, the Company’s capital is comprised of shareholders’ equity, the Term Loan and working capital, including the Demand Loan. Pine Cliff manages the capital structure and adjusts considering economic conditions and the risks of the underlying assets. The Company currently has a working capital deficiency of \$29.6 million. Pine Cliff has and will continue to manage

its working capital needs through its physical diversification program, adjusting timing of capital expenditures, executing asset dispositions, managing dividend levels and issuing equity when practical.

The Company defines and computes its net debt as follows:

(\$000s)	September 30, 2025	December 31, 2024	\$ Change
Trade and other receivables	(17,663)	(23,702)	6,039
Prepaid expenses and deposits	(5,908)	(5,722)	(186)
Trade and other payables	36,270	35,236	1,034
Term loan	42,255	49,153	(6,898)
Demand loan	3,655	7,358	(3,703)
Net debt <sup>1</sup>	58,609	62,323	(3,714)

<sup>1</sup> This is a non-GAAP measure, see NON-GAAP MEASURES for additional information.

### Share Capital

Share capital	November 5, 2025	September 30, 2025	December 31, 2024
Common Shares	358,791,562	358,791,562	358,067,145
Stock options	27,716,370	27,736,370	27,334,078
Restricted share units	2,926,090	2,926,090	-
Deferred share units	517,240	517,240	-

### COMMITMENTS AND CONTINGENCIES

As at September 30, 2025, the Company has the following commitments and other contractual obligations:

(\$000s)	2025	2026	2027	2028	2029	Thereafter
Accounts payable and accrued liabilities	36,270	-	-	-	-	-
Demand loan	3,655	-	-	-	-	-
Term loan <sup>1</sup>	2,520	8,766	7,232	34,391	-	-
Share awards liability	-	224	115	78	-	26
Risk management contracts <sup>2</sup>	85	292	101	-	-	-
Lease obligations <sup>1</sup>	356	1,431	830	484	185	-
Transportation <sup>3</sup>	2,436	8,448	6,292	2,112	1,407	563
Total commitments and contingencies	45,322	19,161	14,570	37,065	1,592	589

<sup>1</sup> These amounts include the notional principal and interest and payments.

<sup>2</sup> Risk management contracts represent the fair value of all outstanding financial derivative instruments and are comprised of net risk management liabilities.

<sup>3</sup> Firm transportation agreements.

### SUBSEQUENT EVENTS

#### Dividends

On October 31, 2025, the Company paid a monthly dividend of \$0.00125 per Common Share.

On November 5, 2025, the Company declared a monthly dividend of \$0.00125 per Common Share. The dividend is payable November 28, 2025, to all shareholders of record on November 14, 2025.

## Disposition

On November 5, 2025, the Company announced it has entered into a definitive agreement to sell certain Central area assets for gross cash proceeds of \$15.0 million before closing adjustments (the “Disposition”). The Disposition is expected to close in the fourth quarter of 2025. A copy of the Company’s press release disclosing the Disposition may be accessed through the SEDAR+ website ([www.sedarplus.ca](http://www.sedarplus.ca)).

## QUARTERLY TRENDS AND SELECTED FINANCIAL INFORMATION

(\$000s, unless otherwise indicated)	Q3-2025	Q2-2025	Q1-2025	Q4-2024	Q3-2024	Q2-2024	Q1-2024	Q4-2023
<b>FINANCIAL</b>								
Total revenue	37,605	39,605	45,990	43,860	42,058	46,611	47,672	42,073
Cash provided by operating activities	6,764	7,715	11,488	518	8,058	5,692	9,527	16,559
Adjusted funds flow <sup>1</sup>	5,716	4,876	11,506	8,608	8,131	10,780	10,498	9,700
Per share – Basic and diluted (\$/share)	0.02	0.01	0.03	0.02	0.02	0.03	0.03	0.03
Net income (loss)	(5,998)	(7,136)	(2,737)	(5,607)	(6,886)	(4,095)	(4,858)	841
Per share – Basic and diluted (\$/share)	(0.02)	(0.02)	(0.01)	(0.02)	(0.02)	(0.01)	(0.01)	0.00
Capital expenditures	2,505	2,310	1,243	32	901	1,037	559	3,616
Dividends	1,346	1,344	5,373	5,371	5,370	5,357	9,499	11,567
Per share – Basic and diluted (\$/share)	0.00	0.00	0.02	0.01	0.02	0.02	0.03	0.03
Acquisitions	431	-	-	86	243	225	91	109,014
Net debt <sup>1</sup>	58,609	58,890	58,775	62,323	67,281	68,647	72,687	71,679
Weighted average common shares outstanding (000s):								
Basic	358,511	358,556	358,178	358,086	357,965	357,114	356,319	355,969
Diluted	358,511	358,556	358,178	358,086	357,965	357,114	356,319	359,262
<b>PRODUCTION VOLUMES</b>								
Natural gas (Mcf/d)	99,473	102,528	100,918	108,212	107,985	112,531	113,633	110,499
NGLs (Bbl/d)	2,514	2,849	2,986	3,170	3,105	3,334	3,352	1,690
Crude oil (Bbl/d)	1,283	1,299	1,477	1,533	1,443	1,599	1,574	1,347
Average sales volumes (Boe/d)	20,376	21,236	21,283	22,738	22,546	23,688	23,865	21,454
Average sales volumes (Mcf/d)	122,256	127,416	127,698	136,428	135,276	142,128	143,190	128,724
<b>PRICES AND NETBACKS</b>								
Total commodity sales (\$/Boe)	20.38	21.66	25.83	22.51	20.93	22.42	23.62	23.03
Operating netback (\$/Boe) <sup>1</sup>	4.54	5.01	8.38	6.31	5.89	7.14	7.30	6.04
Corporate netback (\$/Boe) <sup>1</sup>	3.05	2.52	6.00	4.11	3.91	5.01	4.84	4.91
Total commodity sales (\$/Mcf)	3.40	3.61	4.31	3.75	3.49	3.74	3.94	3.84
Operating netback (\$/Mcf) <sup>1</sup>	0.76	0.84	1.40	1.05	0.98	1.19	1.22	1.01
Corporate netback (\$/Mcf) <sup>1</sup>	0.51	0.42	1.00	0.69	0.65	0.84	0.81	0.82

<sup>1</sup>This is a non-GAAP measure, see NON-GAAP MEASURES for additional information.

Over the past eight quarters, Pine Cliff’s revenues, cash provided by operating activities, adjusted funds flow, and net income (loss) have fluctuated primarily due to changes in commodity prices and sales volumes. Net income (loss) also fluctuate with non-cash expenditures, including depletion, depreciation and impairments. Selected highlights for the past eight quarters are consistent with those disclosed in the Annual MD&A, except as described below.

- Average production volumes decreased in the first quarter of 2025 compared to the fourth quarter of 2024 due primarily to natural production declines and weather-related factors. Average production volumes in the second quarter of 2025 were consistent with the first quarter of 2025. Average production volumes in the third quarter of 2025 decreased from the second quarter of 2025, primarily due to shut-ins during periods of weak AECO pricing.

- Adjusted funds flow increased in the first quarter of 2025 compared to the fourth quarter of 2024 due primarily to higher realized commodity prices and lower net operating expenses, partially offset by lower sales volumes. Adjusted funds flow decreased in the second quarter of 2025 compared to the first quarter of 2025 due primarily to lower realized commodity prices, partially offset by lower net operating expenses. Adjusted funds flow increased in the third quarter of 2025 compared to the second quarter of 2025, reflecting realized gains on risk management contracts and lower G&A expenses.
- Net loss decreased in the first quarter of 2025 compared to the fourth quarter of 2024 due primarily to higher realized commodity prices and lower finance and depletion expenses, partially offset by lower sales volumes. Net loss increased in the second quarter of 2025 compared to the first quarter of 2025 due primarily to lower realized commodity prices. Net loss decreased in the third quarter of 2025 compared to the second quarter of 2025, primarily due to realized gains on risk management contracts and lower G&A expenses.
- Total revenue increased in the first quarter of 2025 compared to the fourth quarter of 2024 due primarily to higher realized commodity partially offset by lower sales volumes. Total revenue decreased in the second quarter of 2025 compared to the first quarter of 2025 due primarily to lower realized commodity prices. Total revenue decreased in the third quarter of 2025 compared to the second quarter of 2025, due to lower production volumes combined with weaker realized natural gas and crude oil pricing, partially offset by higher realized NGL prices.

#### **OFF BALANCE SHEET TRANSACTIONS**

Pine Cliff was not involved in any off-balance sheet transactions during the periods presented, nor has it entered into any such arrangements as of the effective date of this MD&A.

#### **FINANCIAL INSTRUMENTS**

##### **Financial instruments and fair value measurement**

Financial instruments of the Company consist of cash, accounts receivable, accounts payable and accrued liabilities, share awards liability, risk management contracts, Demand Loan, as defined herein and Term Loan, as defined herein. The carrying values of cash, accounts receivable, accounts payable and accrued liabilities approximate their fair values due to their short-term nature. The carrying value of the Demand Loan and Term Loan approximates fair value as their interest rates reflect current market conditions. The share awards liability approximates fair value as it is remeasured each reporting period based on the Company's common share price and dividends distributed. The fair value of the risk management contracts approximates carrying value and is determined based on forward benchmark commodity prices consistent with observable market data.

Assets and liabilities that are measured at fair value are classified into levels, reflecting the method used to make the measurements. Level 1 fair value measurements are based on quoted prices that are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 2 fair value measurements are based on pricing inputs other than quoted prices in active markets included in Level 1. Prices are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward benchmark commodity prices, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. The Company's risk management contracts are classified as Level 2 financial instruments. Level 3 valuations are those with inputs for the asset and liability that are not based on observable market data. Pine Cliff has no level 3 financial instruments. Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect the placement within the fair value hierarchy level.

#### **RISK MANAGEMENT**

The Company is exposed to both financial and non-financial risks inherent in the oil and gas business. Financial risks include: commodity prices, interest rates, foreign exchange, credit availability and liquidity. Financial risks can be managed, at least to a degree, through the utilization of financial instruments. Certain non-financial risks can be mitigated through the use of insurance and/or other risk transfer mechanisms, good business practices and process controls, while others must simply be borne.

The Company employs risk management strategies and policies to ensure any exposure to risk is consistent with the Company's business objectives and risk tolerance levels. Risk management is ultimately established by the Board of Directors and is implemented by management. All risks can have an impact upon the financial performance of the Company.

## Market Risk

Market risk is the risk that the fair value or future cash provided by operating activities of the Company's financial instruments will fluctuate because of changes in market prices. Components of market risk to which Pine Cliff is exposed are discussed below.

### Commodity Price Risk

The Company is exposed to commodity price risk since its revenues are dependent on the prices of crude oil, NGLs and natural gas. Commodity prices have fluctuated widely during recent years due to global and regional factors including, but not limited to, supply and demand, inventory levels, weather, economic changes and geopolitical factors and instability. Changes in natural gas, crude oil and NGL prices may have a significant effect on the ability of the Company to meet its obligations, capital spending targets and expected operational results. A material decline or extended period of low natural gas, crude oil or NGL prices will result in a reduction of net production revenue. The economics of producing from some wells may change because of lower prices, which could result in reduced production of natural gas, crude oil or NGL and an associated reduction in the volumes of Pine Cliff's reserves. Management may also elect not to produce from certain wells at lower prices.

### Sensitivity Analysis

Based on historic movements and volatility in natural gas prices and management's current assessment of the commodity markets, the Company believes that a 10% variation in natural gas prices is reasonably possible.

A 10% increase in natural gas prices would increase the unrealized loss on risk management contracts from \$0.5 million to \$1.2 million, resulting in an increase to the loss before income taxes of \$0.7 million, assuming the change in commodity prices occurred at September 30, 2025.

A 10% decrease in natural gas prices would result in an unrealized gain on risk management contracts of \$0.2 million, decreasing the loss before income taxes by \$0.7 million, assuming the change in commodity prices occurred at September 30, 2025.

### Physical Sales Contracts

Pine Cliff enters into physical delivery sales contracts to manage commodity price risk. These contracts are considered normal executory sales contracts and are not recorded at fair value in the financial statements.

At September 30, 2025, the Company had the following physical natural gas sales contracts in place:

Contractual Term	Delivery Point	Physical Delivery Quantity (GJ/day)	Contract Price (\$CAD/GJ) <sup>1</sup>	Contract Price (\$CAD/Mcf) <sup>1,2</sup>
October 1, 2025 to October 31, 2025	AECO	15,000	\$2.54	\$2.67
October 1, 2025 to December 31, 2025	AECO	16,123	\$3.11	\$3.27
October 1, 2025 to October 31, 2026	AECO	7,500	\$2.50	\$2.63
October 1, 2025 to December 31, 2026	AECO	2,500	\$2.92	\$3.06
October 1, 2025 to June 30, 2027	AECO	5,000	\$2.79	\$2.93
October 1, 2025 to March 31, 2026	AECO	2,500	\$2.15	\$2.26
January 1, 2026 to February 28, 2026	AECO	8,398	\$3.58	\$3.76
January 1, 2026 to December 31, 2026	AECO	7,500	\$3.03	\$3.19
April 1, 2026 to October 31, 2026	AECO	5,000	\$2.90	\$3.05
November 1, 2026 to March 31, 2027	AECO	5,000	\$3.45	\$3.62
July 1, 2026 to June 30, 2027	AECO	5,000	\$3.20	\$3.35
January 1, 2027 to December 31, 2027	AECO	5,000	\$2.90	\$3.05
October 1, 2025 to March 31, 2026	AECO	5,000	\$1.75 - \$3.11 <sup>3</sup>	\$1.84 - \$3.27 <sup>3</sup>
October 1, 2025 to October 31, 2025	TransGas <sup>4</sup>	14,000	AECO 5A + 0.39/GJ	AECO 5A + 0.41/Mcf
November 1, 2025 to October 31, 2026	TransGas <sup>4</sup>	13,500	AECO 5A + 0.36/GJ	AECO 5A + 0.38/Mcf
October 1, 2025 to October 31, 2025	DAWN <sup>5</sup>	5,000	\$3.74	\$3.92

<sup>1</sup> Prices reported are the weighted average prices of the periods.

<sup>2</sup> Price has been converted from \$/GJ to \$/Mcf by multiplying by 1.05.

<sup>3</sup> Price is a floor and ceiling for a fixed price costless collar.

<sup>4</sup> Subsidiary of SaskEnergy, Saskatchewan.

<sup>5</sup> Dawn Hub into Dawn Township, Ontario.



At September 30, 2025, the Company had the following AECO natural gas derivative contracts in place:

Contractual Term	Basis	Quantity (GJ/day)	Contract Price (\$CAD/GJ) <sup>1</sup>	Contract Price (\$CAD/Mcf) <sup>1,2</sup>
October 1, 2025 to March 31, 2026	AECO	5,000	\$2.10	\$2.20
October 1, 2025 to June 30, 2027	AECO	2,500	\$2.79	\$2.93

<sup>1</sup> Prices reported are the weighted average prices of the periods.

<sup>2</sup> Price has been converted from \$/GJ to \$/Mcf by multiplying by 1.05.

At September 30, 2025, the Company had the following physical crude oil sales contracts in place:

Contractual Term	Crude Oil	Physical Delivery Quantity (Bbl/day)	Contract Price (\$USD/Bbl) <sup>1</sup>
October 1, 2025 to December 31, 2025	WTI Fixed Price	458	\$67.83
October 1, 2025 to June 30, 2026	WTI Fixed Price	100	\$60.76
October 1, 2025 to September 30, 2026	WTI Fixed Price	100	\$65.51
January 1, 2026 to February 28, 2026	WTI Fixed Price	435	\$66.60
January 1, 2026 to December 31, 2026	WTI Fixed Price	100	\$64.25

<sup>1</sup> Prices reported are the weighted average prices of the periods.

### Derivatives

The fair value of financial derivative instruments is measured on a recurring basis using observable market data when available. In the absence of quoted market prices, Pine Cliff uses third-party valuation models that incorporate forward benchmark commodity prices to estimate the fair value of financial derivatives.

### Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument or funds flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that the Company uses. The principal exposure of the Company is on its borrowings which have a variable interest rate which gives rise to a funds flow interest rate risk.

At September 30, 2025, the Company's debt facilities consist of a \$42.3 million Term Loan and a \$15.0 million Demand Loan, of which \$3.7 million was drawn. The borrowings under the Term Loan are at the Canadian prime rate (the "Prime Rate") plus 3.65%, (whereby the Prime Rate cannot be less than 6.95%) and the Demand Loan is at the banks' prime lending rate plus 2.2%.

Pine Cliff has not entered into any derivative financial instruments to manage this risk at this time.

### Foreign Currency Exchange Risk

The Company is exposed to risk on foreign exchange rates because the commodity prices it receives are indirectly determined in reference to United States dollar denominated commodity prices. The Company manages this risk by monitoring the foreign exchange rate and evaluating its effect on cash provided by operating activities. Pine Cliff has not entered into any derivative financial instruments to manage this risk at this time.

### Sensitivity Analysis

Based on historic movements and volatilities in the interest rate markets and management's current assessment of the financial markets, the Company believes that a 1.0% variation in the Canadian prime interest rate is reasonably possible.

A 1.0% increase in the Prime Rate would increase the loss before income taxes by \$nil, assuming the change in interest rate is effective from the beginning of the year and the amount of the Term Loan and the Demand Loan as at September 30, 2025.

A 1.0% decrease in the Prime Rate would decrease the loss before income taxes by \$nil, assuming the change in interest rate is effective from the beginning of the year and the amount of the Term Loan and the Demand Loan as at September 30, 2025.

### Credit Risk

Credit risk is the risk that a third party will not complete its contractual obligations under a financial instrument and cause the Company to incur a financial loss. Pine Cliff's maximum exposure to credit risk is the sum of the carrying values of its accounts receivable and cash, which reflect management's assessment of the associated maximum exposure to such credit risk.

To mitigate the credit risk on its cash, the Company maintains its cash balances with a Canadian chartered bank. To mitigate the credit risk on accounts receivable, Pine Cliff assesses the financial strength of its counterparties through internal evaluation and limiting exposure to any one counterparty.

The Company's accounts receivable balance at September 30, 2025 of \$17.7 million (December 31, 2024 – \$23.7 million), is primarily with oil and gas marketers and joint venture partners. Amounts due from these parties have generally been received within 30 to 90 days. When determining whether amounts that are past due are collectible, management assesses the creditworthiness and past payment history of the counterparty, as well as the nature of the past due amount. The Company generally considers amounts greater than 90 days to be past due. As at September 30, 2025, there was \$1.6 million (December 31, 2024 - \$2.4 million) of accounts receivable over 90 days. Pine Cliff assesses its accounts receivable quarterly to determine if there has been any impairment. During the nine months ended September 30, 2025, the Company recorded a bad debt expense of \$0.1 million (September 30, 2024 – \$0.3 million recovery) against accounts receivable.

### Liquidity Risk

Liquidity risk is the risk that Pine Cliff will not be able to meet its financial obligations as they become due. Pine Cliff manages its liquidity risk through actively managing its capital, which it defines as cash, debt and equity. Capital management strategies include continuously monitoring forecasted and actual cash provided by (used in) operating, financing and investing activities and opportunities to issue additional equity. Pine Cliff actively monitors its credit and working capital to ensure that it has sufficient available funds to meet its financial requirements at a reasonable cost. Management believes that funds generated from these sources currently will be adequate to settle Pine Cliff's financial liabilities. A significant decline in commodity prices would hamper the Company's ability to settle its working capital deficit and potentially require the Company to seek other sources of funding. If required, Pine Cliff will also consider reducing its dividend, additional short-term financing or issuing equity in order to meet its future liabilities. Any of these events could affect Pine Cliff's ability to fund ongoing operations.

The following table details the contractual maturities of Pine Cliff's financial liabilities as at September 30, 2025:

	2025	2026	2027	2028	2029	Thereafter
(\$000s)						
Accounts payable and accrued liabilities	36,270	-	-	-	-	-
Demand loan	3,655	-	-	-	-	-
Term loan <sup>1</sup>	2,520	8,766	7,232	34,391	-	-
Share awards liability	-	224	115	78	-	26
Risk management contracts <sup>2</sup>	85	292	101	-	-	-
Lease obligations <sup>1</sup>	356	1,431	830	484	185	-
<b>Total financial liabilities</b>	<b>42,886</b>	<b>10,713</b>	<b>8,278</b>	<b>34,953</b>	<b>185</b>	<b>26</b>

<sup>1</sup> These amounts include the notional principal and interest payments.

<sup>2</sup> Risk management contracts represent the fair value of all outstanding financial derivative instruments and are comprised of net risk management liabilities.

### New Accounting Pronouncements

#### IFRS 18 – Presentation and Disclosure in Financial Statements

In January 2024, the International Accounting Standards Board (“IASB”) issued amendments to IFRS 18 – Presentation and Disclosure in Financial Statements, which introduce new presentation requirements for specified categories and defined subtotals in the statements of comprehensive loss, as well as enhanced disclosure requirements for management-defined performance measures. The amendments aim to improve comparability and transparency in financial reporting by requiring more structured and consistent presentation of financial performance across entities.

The amendments to IFRS 18 will be effective for annual periods beginning on or after January 1, 2027, with earlier adoption permitted.

The Company is currently assessing the potential impact of these amendments on its Financial Statements.

## INTERNAL CONTROLS

### Disclosure controls and procedures

Pine Cliff is required to comply with National Instrument 52-109 Certification of Disclosure on Issuers' Annual and Interim Filings ("NI 52-109"). NI 52-109 requires that Pine Cliff disclose in its interim MD&A any material weaknesses relating to design existing at the end of the period in Pine Cliff's internal control over financial reporting and/or any changes in Pine Cliff's internal control over financial reporting that occurred during the period that have materially affected, or are reasonably likely to materially affect, Pine Cliff's internal controls over financial reporting. Pine Cliff confirms that no material weaknesses or such changes were identified in Pine Cliff's internal controls over financial reporting at the end of or during the third quarter of 2025. The Chief Executive Officer and Chief Financial Officer have signed form 52-109F2, Certification of Interim Filings, which can be found on SEDAR+ at www.sedar.ca.

## NON-GAAP MEASURES

This MD&A uses the terms "adjusted funds flow", "operating netbacks", "corporate netbacks" and "net debt" which are not recognized measures 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. These measures should not be considered as an alternative to, or more meaningful than, IFRS measures including earnings, cash provided by operating activities, or total liabilities.

### Adjusted Funds Flow

The Company considers adjusted funds flow a key performance measure as it demonstrates the Company's ability to generate the funds necessary to fund future growth through capital investment, repay debt and fund shareholder returns. Adjusted funds flow and adjusted funds flow per Common Share and per Boe or Mcfe should not be considered as an alternative to, or more meaningful than, cash flow provided by operating activities presented on the statement of cash flow which is considered the most directly comparable measure under IFRS. Adjusted funds flow is calculated as cash provided by operating activities before changes in non-cash working capital and decommissioning obligations settled. Adjusted funds flow per Common Share is calculated using the same weighted average number of Common Shares outstanding as in the case of the earnings per Common Share calculation for a reporting period. Adjusted funds flow per Boe or Mcfe is calculated using the sales volumes reported for a reporting period. Pine Cliff's method of calculating this measure may differ from other companies, and accordingly, it may not be comparable to measures used by other companies.

(\$000s)	Three months ended September 30,			Nine months ended September 30,		
	2025	2024	% Change	2025	2024	% Change
Cash provided by operating activities	6,764	8,058	(16)	25,967	23,277	12
Adjusted by:						
Change in non-cash working capital	(2,508)	(1,537)	63	(7,530)	3,127	(341)
Decommissioning obligations settled	1,460	1,610	(9)	3,661	3,005	22
Adjusted funds flow	5,716	8,131	(30)	22,098	29,409	(25)
Adjusted funds flow (\$/Boe)	3.05	3.91	(22)	3.86	4.59	(16)
Adjusted funds flow (\$/Mcfe)	0.51	0.65	(22)	0.64	0.77	(16)
Adjusted funds flow – basic and diluted (\$/share)	0.02	0.02	-	0.06	0.08	(25)

### Operating and Corporate Netback

The Company considers operating netback to be a key indicator of profitability relative to current commodity prices. Operating netback and operating netback per Boe and per Mcfe are calculated as the sum of commodity sales, processing and gathering income and realized gain (loss) on risk management contracts, less royalties, transportation and operating expenses on an absolute and a per Boe or per Mcfe basis, respectively. Company management uses operating netback on a per Boe basis in operational and capital allocation decisions.

The Company considers corporate netback to be a key indicator of overall results. Corporate netback on an absolute dollar and corporate netback per Boe and per Mcfe are calculated as operating netback less G&A and interest expense.

Pine Cliff uses these measures to assist in understanding the Company's ability to generate cash provided by operating activities at current commodity prices and it provides an analytical tool to benchmark changes in operational performance against prior periods.

Readers are cautioned, however, that these measures should not be construed as an alternative to other terms such as income (loss) determined in accordance with IFRS as a measure of performance. Pine Cliff's method of calculating these measures may differ from other companies, and accordingly, it may not be comparable to measures used by other companies.

(\$ per Boe, unless otherwise indicated)	Three months ended September 30,			Nine months ended September 30,		
	2025	2024	Change	2025	2024	Change
Commodity sales	<b>20.38</b>	20.93	(0.55)	<b>22.64</b>	22.34	0.30
Processing and gathering	<b>0.74</b>	0.66	0.08	<b>0.75</b>	0.65	0.10
Royalty expense	<b>(1.25)</b>	(1.32)	0.07	<b>(1.92)</b>	(1.69)	(0.23)
Transportation costs	<b>(1.57)</b>	(1.40)	(0.17)	<b>(1.57)</b>	(1.39)	(0.18)
Operating expenses	<b>(14.21)</b>	(12.98)	(1.23)	<b>(14.06)</b>	(13.12)	(0.94)
Realized gain on risk management contracts	<b>0.45</b>	-	0.45	<b>0.15</b>	-	0.15
Operating netback	<b>4.54</b>	5.89	(1.35)	<b>5.99</b>	6.79	(0.80)
General and administrative	<b>(0.83)</b>	(1.07)	0.24	<b>(1.24)</b>	(1.25)	0.01
Interest and bank charges	<b>(0.66)</b>	(0.91)	0.25	<b>(0.89)</b>	(0.95)	0.06
Corporate netback	<b>3.05</b>	3.91	(0.86)	<b>3.86</b>	4.59	(0.73)
Operating netback (\$ per Mcfe)	<b>0.76</b>	0.98	(0.22)	<b>1.00</b>	1.13	(0.13)
Corporate netback (\$ per Mcfe)	<b>0.51</b>	0.65	(0.14)	<b>0.64</b>	0.77	(0.12)

#### Net Debt

The Company considers net debt to be a key indicator of leverage. Net debt is calculated as the sum of accounts receivable, cash and prepaid expenses and deposits, less Demand Loan, Term Loan and accounts payable and accrued liabilities. See "DEBT, LIQUIDITY AND CAPITAL RESOURCES" section for the table.

Net debt is not a recognized measure under IFRS and Pine Cliff's method of calculating this measure may differ from other companies, and accordingly, it may not be comparable to measures used by other companies.

## FORWARD-LOOKING INFORMATION

Certain statements contained in this MD&A 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 the MD&A and Annual MD&A includes, but is not limited to: expected production levels, expected processing and gathering income, expected realized gain(loss) on commodity contracts, expected operating costs, expected transportation costs, expected interest costs, royalty and G&A levels; expected current and deferred income taxes, future capital expenditures, including the amount and nature thereof; 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; amounts due pursuant to Term Loan, Demand Loan and repayment thereof; maintenance of existing customer, supplier and partner relationships; supply channels; accounting policies; risks; Pine Cliff’s ability to generate cash provided by operating activities and adjusted funds flow; dividends payments; 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 provided by operating activities 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.

Undrilled locations consist of drilling and recompletion locations booked in the independent reserve report dated March 5, 2025 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.

NGLs 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 MD&A is expressly qualified by this cautionary statement.

## GLOSSARY

The following is a list of abbreviations that may be used in the MD&A:

### *Measurement*

Bbl/d<sup>1</sup> – barrels per day

Boe/d<sup>1</sup> – barrels of oil equivalent per day

Mcf/d<sup>1</sup> – thousand cubic feet per day

Mcfe/d<sup>1</sup> – thousand cubic feet equivalent per day

MBoe – thousands of barrels of oil equivalent

<sup>1</sup>Pine cliff has adopted the standard natural gas liquids (“**NGLs**”) and crude 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 MBoe, 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.

### *Financial and Business Environment*

AECO – Alberta Energy Company

CGU – Cash Generating Unit

GJ - Gigajoule

NGTL – Nova Gas Transmission Line

WTI – West Texas Intermediate

MMBtu – One million British Thermal Units

MBbl – Thousands of barrels of oil

MBoe – Thousands of barrels of oil equivalent

MMBbl – Millions of barrels of oil

MMcf – Millions of cubic feet

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF  
FINANCIAL POSITION**  
(Canadian dollars, 000s)  
(unaudited)

	Note	As at September 30, 2025	As at December 31, 2024
<b>ASSETS</b>			
Current assets			
Accounts receivable	5	17,663	23,702
Prepaid expenses and deposits		5,908	5,722
Risk management asset		340	-
<b>Total current assets</b>		<b>23,911</b>	29,424
Property, plant and equipment	7	261,453	302,452
Deferred income taxes	9	53,316	49,375
<b>Total assets</b>		<b>338,680</b>	381,251
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities	5	36,270	35,236
Term loan	10	4,220	11,357
Demand loan	11	3,655	7,358
Lease liabilities	8	1,365	1,287
Decommissioning provision	12	7,500	7,500
Share awards liability		224	-
Risk management liability		231	-
<b>Total current liabilities</b>		<b>53,465</b>	62,738
Lease liabilities	8	1,648	2,026
Term loan	10	38,035	37,796
Decommissioning provision	12	212,550	224,367
Share awards liability		219	-
Risk management liability		247	-
<b>Total liabilities</b>		<b>306,164</b>	326,927
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	13	279,265	278,982
Contributed surplus		23,265	21,422
Accumulated other comprehensive loss		(249)	(249)
Deficit		(269,765)	(245,831)
<b>Total shareholders' equity</b>		<b>32,516</b>	54,324
<b>Total liabilities and shareholders' equity</b>		<b>338,680</b>	381,251

Commitments (Note 16)

Subsequent events (Note 17)

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

(Canadian dollars, 000s except per share data)

(unaudited)

		Three months ended September 30,		Nine months ended September 30,	
	Note	2025	2024	2025	2024
<b>REVENUE</b>					
Commodity sales	14	38,204	43,413	129,532	143,035
Royalty expense		(2,347)	(2,732)	(10,977)	(10,825)
Commodity sales, net of royalties		35,857	40,681	118,555	132,210
Processing and gathering		1,392	1,377	4,289	4,131
Gain on commodity contracts		356	-	356	-
Total revenue		37,605	42,058	123,200	136,341
<b>EXPENSES</b>					
Operating		26,635	26,929	80,456	83,977
Transportation		2,934	2,903	8,969	8,898
Depletion and depreciation	7	11,093	13,565	34,024	40,737
Share-based compensation		815	696	2,479	2,026
Finance	15	3,265	4,203	11,088	12,856
General and administrative		1,558	2,212	7,074	7,984
Gain on disposition		(1,078)	-	(1,078)	(300)
Total expenses		45,222	50,508	143,012	156,178
Loss before income taxes		(7,617)	(8,450)	(19,812)	(19,837)
Deferred income taxes	9	1,619	1,564	3,941	3,998
<b>NET LOSS FOR THE PERIOD</b>		<b>(5,998)</b>	<b>(6,886)</b>	<b>(15,871)</b>	<b>(15,839)</b>
<b>OTHER COMPREHENSIVE LOSS</b>					
Realized loss on investments		-	-	-	(25)
<b>OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(25)</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>(5,998)</b>	<b>(6,886)</b>	<b>(15,871)</b>	<b>(15,864)</b>
<b>Net loss per share (\$)</b>					
Basic and diluted	13	(0.02)	(0.02)	(0.04)	(0.04)

The accompanying notes are an integral part of these interim condensed consolidated financial statements.



**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)**

(Canadian dollars, 000s)

(unaudited)

	Note	Share capital	Contributed surplus <sup>1</sup>	Accumulated other comprehensive loss <sup>2</sup>	Deficit	Total Shareholders' equity
<b>BALANCE AT JANUARY 1, 2024</b>		<b>278,623</b>	<b>18,746</b>	<b>(224)</b>	<b>(197,217)</b>	<b>99,928</b>
Net loss for the period		-	-	-	(15,839)	(15,839)
Dividends	13	-	-	-	(20,226)	(20,226)
Tax on excessive eligible dividends		-	-	-	(1,571)	(1,571)
Share-based compensation		-	2,026	-	-	2,026
Other comprehensive loss, net of tax		-	-	(25)	-	(25)
Exercise of stock options		347	(184)	-	-	163
<b>BALANCE AT SEPTEMBER 30, 2024</b>		<b>278,970</b>	<b>20,588</b>	<b>(249)</b>	<b>(234,853)</b>	<b>64,456</b>
Net loss for the period		-	-	-	(5,607)	(5,607)
Dividends	13	-	-	-	(5,371)	(5,371)
Share-based compensation		-	956	-	-	956
Exercise of stock options		12	(122)	-	-	(110)
<b>BALANCE AT DECEMBER 31, 2024</b>		<b>278,982</b>	<b>21,422</b>	<b>(249)</b>	<b>(245,831)</b>	<b>54,324</b>
Net loss for the period		-	-	-	(15,871)	(15,871)
Dividends	13	-	-	-	(8,063)	(8,063)
Share-based compensation		-	2,036	-	-	2,036
Exercise of stock options		283	(193)	-	-	90
<b>BALANCE AT SEPTEMBER 30, 2025</b>		<b>279,265</b>	<b>23,265</b>	<b>(249)</b>	<b>(269,765)</b>	<b>32,516</b>

<sup>1</sup>Contributed surplus is comprised of share-based compensation.

<sup>2</sup>Accumulated other comprehensive loss is comprised of realized and unrealized gains (losses) on financial assets held at fair value through other comprehensive loss.

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Canadian dollars, 000s)

(unaudited)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2025	2024	2025	2024
<b>CASH PROVIDED BY (USED IN):</b>					
<b>OPERATING ACTIVITIES</b>					
Net loss for the period		<b>(5,998)</b>	(6,886)	<b>(15,871)</b>	(15,839)
Items not affecting cash:					
Depletion and depreciation	7	<b>11,093</b>	13,565	<b>34,024</b>	40,737
Share-based compensation		<b>815</b>	696	<b>2,479</b>	2,026
Finance expenses	15	<b>3,265</b>	4,203	<b>11,088</b>	12,856
Deferred income taxes	9	<b>(1,619)</b>	(1,564)	<b>(3,941)</b>	(3,998)
Gain on disposition		<b>(1,078)</b>	-	<b>(1,078)</b>	(300)
Unrealized loss on commodity contracts		<b>478</b>	-	<b>478</b>	-
Interest and bank charges		<b>(1,240)</b>	(1,883)	<b>(5,081)</b>	(6,073)
Decommissioning obligations settled	12	<b>(1,460)</b>	(1,610)	<b>(3,661)</b>	(3,005)
Changes in non-cash working capital accounts	15	<b>2,508</b>	1,537	<b>7,530</b>	(3,127)
Cash provided by operating activities		<b>6,764</b>	8,058	<b>25,967</b>	23,277
<b>FINANCING ACTIVITIES</b>					
Exercise of stock options		-	-	<b>90</b>	163
Term loan	10	<b>(1,056)</b>	(2,110)	<b>(7,136)</b>	(4,220)
Demand loan	11	<b>(1,874)</b>	(7)	<b>(3,703)</b>	1,354
Dividends	13	<b>(1,346)</b>	(5,370)	<b>(8,063)</b>	(20,226)
Tax on excessive eligible dividends		-	-	-	(1,571)
Payments on lease obligations		<b>(332)</b>	(31)	<b>(1,021)</b>	(874)
Changes in non-cash working capital accounts	15	-	-	<b>(1,571)</b>	1,571
Cash used in financing activities		<b>(4,608)</b>	(7,518)	<b>(21,404)</b>	(23,803)
<b>INVESTING ACTIVITIES</b>					
Property, plant and equipment	7	<b>(2,505)</b>	(901)	<b>(6,058)</b>	(2,497)
Dispositions		<b>1,042</b>	1,503	<b>1,338</b>	3,618
Acquisitions		<b>(431)</b>	(243)	<b>(431)</b>	(559)
Proceeds on disposition of exploration and evaluation assets		-	-	-	300
Proceeds on sale of investments		-	-	-	191
Changes in non-cash working capital accounts	15	<b>(262)</b>	(899)	<b>588</b>	(527)
Cash (used in) provided by investing activities		<b>(2,156)</b>	(540)	<b>(4,563)</b>	526
Changes in cash		-	-	-	-
Cash - beginning of period		-	-	-	-
<b>CASH - END OF PERIOD</b>		-	-	-	-

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

As at September 30, 2025 and December 31, 2024 and for the three and nine month periods ended September 30, 2025 and 2024 (unaudited). All tabular amounts in Canadian dollars 000s, unless otherwise indicated.

**1. NATURE OF BUSINESS**

Pine Cliff Energy Ltd. ("**Pine Cliff**" or the "**Company**") is a public company listed on the Toronto Stock Exchange ("**TSX**") and incorporated under the *Business Corporations Act (Alberta)*. The address of the Company's registered office is Suite 850, 1015 - 4th Street SW, Calgary, Alberta, T2R 1J4.

Pine Cliff is engaged in the acquisition, exploration, development and production of natural gas and oil in the Western Canadian Sedimentary Basin and conducts many of its activities jointly with others; these interim condensed consolidated financial statements (the "**Financial Statements**") reflect only the Company's proportionate interest in such activities.

**2. BASIS OF PREPARATION**

The Financial Statements have been prepared in accordance with IAS 34 – Interim Financial Reporting using IFRS® Accounting Standards as issued by the International Accounting Standards Board ("**IASB**").

The Financial Statements do not include all the information required for annual financial statements and should be read in conjunction with the Company's annual audited consolidated financial statements for the year ended December 31, 2024 ("**Annual Financial Statements**").

The accounting policies, basis of measurement, critical accounting judgments and significant estimates to prepare the Annual Financial Statements as at and for the year ended December 31, 2024 have been applied in the preparation of these Financial Statements.

The Financial Statements were authorized for issue by the Company's board of directors (the "**Board**") on November 5, 2025.

**3. MATERIAL ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in the Financial Statements.

**4. FUTURE ACCOUNTING CHANGES**

IFRS 18 – Presentation and Disclosure in Financial Statements

In January 2024, the International Accounting Standards Board ("**IASB**") issued amendments to IFRS 18 – Presentation and Disclosure in Financial Statements, which introduce new presentation requirements for specified categories and defined subtotals in the statements of comprehensive loss, as well as enhanced disclosure requirements for management-defined performance measures. The amendments aim to improve comparability and transparency in financial reporting by requiring more structured and consistent presentation of financial performance across entities.

The amendments to IFRS 18 will be effective for annual periods beginning on or after January 1, 2027, with earlier adoption permitted.

The Company is currently assessing the potential impact of these amendments on its Financial Statements.

## 5. FINANCIAL INSTRUMENTS

### Financial instruments and fair value measurement

Financial instruments of the Company consist of cash, accounts receivable, accounts payable and accrued liabilities, share awards liability, risk management contracts, Demand Loan, as defined herein and Term Loan, as defined herein. The carrying values of cash, accounts receivable, accounts payable and accrued liabilities approximate their fair values due to their short-term nature. The carrying value of the Demand Loan and Term Loan approximates fair value as their interest rates reflect current market conditions. The share awards liability approximates fair value as it is remeasured each reporting period based on the Company's common share price and dividends distributed (see note 13). The fair value of the risk management contracts approximates carrying value and is determined based on forward benchmark commodity prices consistent with observable market data.

Assets and liabilities that are measured at fair value are classified into levels, reflecting the method used to make the measurements. Level 1 fair value measurements are based on quoted prices that are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 2 fair value measurements are based on pricing inputs other than quoted prices in active markets included in Level 1. Prices are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward benchmark commodity prices, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. The Company's risk management contracts are classified as Level 2 financial instruments. Level 3 valuations are those with inputs for the asset and liability that are not based on observable market data. Pine Cliff has no level 3 financial instruments. Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect the placement within the fair value hierarchy level.

The following table sets out the Company's classification, carrying value and fair value of financial assets and liabilities as at September 30, 2025 and December 31, 2024:

(\$000s) Description	September 30, 2025		December 31, 2024	
	Carrying value	Fair value	Carrying value	Fair value
Accounts receivable	17,663	17,663	23,702	23,702
Accounts payable and accrued liabilities	(36,270)	(36,270)	(35,236)	(35,236)
Share awards liability	(443)	(443)	-	-
Risk management contracts <sup>1</sup>	(138)	(138)	-	-
Demand loan	(3,655)	(3,655)	(7,358)	(7,358)
Term loan	(42,255)	(42,255)	(49,153)	(49,153)

<sup>1</sup>Risk management contracts represent the fair value of all outstanding financial derivative instruments and are comprised of current and non-current risk management assets and liabilities.

## 6. RISK MANAGEMENT

The Company is exposed to both financial and non-financial risks inherent in the oil and gas business. Financial risks include: commodity prices, interest rates, foreign exchange, credit availability and liquidity. Financial risks can be managed, at least to a degree, through the utilization of financial instruments. Certain non-financial risks can be mitigated through the use of insurance and/or other risk transfer mechanisms, good business practices and process controls, while others must simply be borne.

The Company employs risk management strategies and policies to ensure any exposure to risk is consistent with the Company's business objectives and risk tolerance levels. Risk management is ultimately established by the Board and is implemented by management. All risks can have an impact upon the financial performance of the Company.

### Market Risk

Market risk is the risk that the fair value or future cash provided by operating activities of the Company's financial instruments will fluctuate because of changes in market prices. Components of market risk to which Pine Cliff is exposed are discussed below.

*Commodity Price Risk*

The Company is exposed to commodity price risk since its revenues are dependent on the prices of crude oil, natural gas liquids (“NGLs”) and natural gas. Commodity prices have fluctuated widely during recent years due to global and regional factors including, but not limited to, supply and demand, inventory levels, weather, economic changes and geopolitical factors. Changes in natural gas, crude oil and NGL prices may have a significant effect on the ability of the Company to meet its obligations, capital spending targets and expected operational results. A material decline or extended period of low natural gas, crude oil or NGL prices will result in a reduction of net production revenue. The economics of producing from some wells may change because of lower prices, which could result in reduced production of natural gas, crude oil or NGL and an associated reduction in the volumes of Pine Cliff’s reserves. Management may also elect not to produce from certain wells at lower prices.

*Sensitivity Analysis*

Based on historic movements and volatilities in natural gas prices and management’s current assessment of the commodity markets, the Company believes that a 10% variation in natural gas prices is reasonably possible.

A 10% increase in natural gas prices would increase the unrealized loss on risk management contracts from \$0.5 million to \$1.2 million, resulting in an increase to the loss before income taxes of \$0.7 million, assuming the change in commodity prices occurred at September 30, 2025.

A 10% decrease in natural gas prices would result in an unrealized gain on risk management contracts of \$0.2 million, decreasing the loss before income taxes by \$0.7 million, assuming the change in commodity prices occurred at September 30, 2025.

*Physical Sales Contracts*

Pine Cliff enters into physical delivery sales contracts to manage commodity price risk. These contracts are considered normal executory sales contracts and are not recorded at fair value in the financial statements.

At September 30, 2025, the Company had the following physical natural gas sales contracts in place:

Contractual Term	Delivery Point	Physical Delivery Quantity (Gj/day)	Contract Price (\$CAD/GJ) <sup>1</sup>	Contract Price (\$CAD/Mcf) <sup>1,2</sup>
October 1, 2025 to October 31, 2025	AECO	15,000	\$2.54	\$2.67
October 1, 2025 to December 31, 2025	AECO	16,123	\$3.11	\$3.27
October 1, 2025 to October 31, 2026	AECO	7,500	\$2.50	\$2.63
October 1, 2025 to December 31, 2026	AECO	2,500	\$2.92	\$3.06
October 1, 2025 to June 30, 2027	AECO	5,000	\$2.79	\$2.93
October 1, 2025 to March 31, 2026	AECO	2,500	\$2.15	\$2.26
January 1, 2026 to February 28, 2026	AECO	8,398	\$3.58	\$3.76
January 1, 2026 to December 31, 2026	AECO	7,500	\$3.03	\$3.19
April 1, 2026 to October 31, 2026	AECO	5,000	\$2.90	\$3.05
November 1, 2026 to March 31, 2027	AECO	5,000	\$3.45	\$3.62
July 1, 2026 to June 30, 2027	AECO	5,000	\$3.20	\$3.35
January 1, 2027 to December 31, 2027	AECO	5,000	\$2.90	\$3.05
October 1, 2025 to March 31, 2026	AECO	5,000	\$1.75 - \$3.11 <sup>3</sup>	\$1.84 - \$3.27 <sup>3</sup>
October 1, 2025 to October 31, 2025	TransGas <sup>4</sup>	14,000	AECO 5A + 0.39/GJ	AECO 5A + 0.41/Mcf
November 1, 2025 to October 31, 2026	TransGas <sup>4</sup>	13,500	AECO 5A + 0.36/GJ	AECO 5A + 0.38/Mcf
October 1, 2025 to October 31, 2025	DAWN <sup>5</sup>	5,000	\$3.74	\$3.92

<sup>1</sup> Prices reported are the weighted average prices of the periods.

<sup>2</sup> Price has been converted from \$/GJ to \$/Mcf by multiplying by 1.05.

<sup>3</sup> Price is a floor and ceiling for a fixed price costless collar.

<sup>4</sup> Subsidiary of SaskEnergy, Saskatchewan.

<sup>5</sup> Dawn Hub into Dawn Township, Ontario.

At September 30, 2025, the Company had the following AECO natural gas derivative contracts in place:

Contractual Term	Basis	Quantity (GJ/day)	Contract Price (\$CAD/GJ) <sup>1</sup>	Contract Price (\$CAD/Mcf) <sup>1,2</sup>
October 1, 2025 to March 31, 2026	AECO	5,000	\$2.10	\$2.20
October 1, 2025 to June 30, 2027	AECO	2,500	\$2.79	\$2.93

<sup>1</sup> Prices reported are the weighted average prices of the periods.

<sup>2</sup> Price has been converted from \$/GJ to \$/Mcf by multiplying by 1.05.

At September 30, 2025, the Company had the following physical crude oil sales contracts in place:

Contractual Term	Crude Oil	Physical Delivery Quantity (Bbl/day)	Contract Price (\$USD/Bbl) <sup>1</sup>
October 1, 2025 to December 31, 2025	WTI Fixed Price	458	\$67.83
October 1, 2025 to June 30, 2026	WTI Fixed Price	100	\$60.76
October 1, 2025 to September 30, 2026	WTI Fixed Price	100	\$65.51
January 1, 2026 to February 28, 2026	WTI Fixed Price	435	\$66.60
January 1, 2026 to December 31, 2026	WTI Fixed Price	100	\$64.25

<sup>1</sup> Prices reported are the weighted average prices of the periods.

### Derivatives

The fair value of financial derivative instruments is measured on a recurring basis using observable market data when available. In the absence of quoted market prices, Pine Cliff uses third-party valuation models that incorporate forward benchmark commodity prices to estimate the fair value of financial derivatives.

### Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument or funds flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that the Company uses. The principal exposure of the Company is on its borrowings which have a variable interest rate which gives rise to a funds flow interest rate risk.

At September 30, 2025, the Company's debt facilities consist of a \$42.3 million term loan (the "**Term Loan**", see note 10) and a \$15.0 million demand operating loan (the "**Demand Loan**", see note 11), of which \$3.7 million was drawn. The borrowings under the Term Loan are at the Canadian prime rate (the "**Prime Rate**") plus 3.65%, (whereby the Prime Rate cannot be less than 6.95%) and the Demand Loan is at the banks' prime lending rate plus 2.2%.

Pine Cliff has not entered into any derivative financial instruments to manage this risk at this time.

### Foreign Currency Exchange Risk

The Company is exposed to risk on foreign exchange rates because the commodity prices it receives are indirectly determined in reference to United States dollar denominated commodity prices. The Company manages this risk by monitoring the foreign exchange rate and evaluating its effect on cash provided by operating activities. Pine Cliff has not entered into any derivative financial instruments to manage this risk at this time.

### Sensitivity Analysis

Based on historic movements and volatility in the interest rate markets and management's current assessment of the financial markets, the Company believes that a 1.0% variation in the Canadian prime interest rate is reasonably possible.

A 1.0% increase in the Prime Rate would increase the loss before income taxes by \$nil, assuming the change in interest rate is effective from the beginning of the year and the amount of the Term Loan and the Demand Loan as at September 30, 2025.

A 1.0% decrease in the Prime Rate would decrease the loss before income taxes by \$nil, assuming the change in interest rate is effective from the beginning of the year and the amount of the Term Loan and the Demand Loan as at September 30, 2025.

**Credit Risk**

Credit risk is the risk that a third party will not complete its contractual obligations under a financial instrument and cause the Company to incur a financial loss. Pine Cliff's maximum exposure to credit risk is the sum of the carrying values of its accounts receivable and cash, which reflect management's assessment of the associated maximum exposure to such credit risk.

To mitigate the credit risk on its cash, the Company maintains its cash balances with a Canadian chartered bank. To mitigate the credit risk on accounts receivable, Pine Cliff assesses the financial strength of its counterparties through internal evaluation and limiting exposure to any one counterparty.

The Company's accounts receivable balance at September 30, 2025 of \$17.7 million (December 31, 2024 - \$23.7 million), is primarily with oil and gas marketers and joint venture partners. Amounts due from these parties have generally been received within 30 to 90 days. When determining whether amounts that are past due are collectible, management assesses the creditworthiness and past payment history of the counterparty, as well as the nature of the past due amount. The Company generally considers amounts greater than 90 days to be past due. As at September 30, 2025, there was \$1.6 million (December 31, 2024 - \$2.4 million) of accounts receivable over 90 days. Pine Cliff assesses its accounts receivable quarterly to determine if there has been any impairment. During the nine months ended September 30, 2025, the Company recorded a bad debt expense of \$0.1 million (September 30, 2024 - \$0.3 million recovery) against accounts receivable.

**Liquidity Risk**

Liquidity risk is the risk that Pine Cliff will not be able to meet its financial obligations as they become due. Pine Cliff manages its liquidity risk through actively managing its capital, which it defines as cash, debt and equity. Capital management strategies include continuously monitoring forecasted and actual cash provided by (used in) operating, financing and investing activities and opportunities to issue additional equity. Pine Cliff actively monitors its credit and working capital to ensure that it has sufficient available funds to meet its financial requirements at a reasonable cost. Management believes that funds generated from these sources currently will be adequate to settle Pine Cliff's financial liabilities. A significant decline in commodity prices would hamper the Company's ability to settle its working capital deficit and potentially require the Company to seek other sources of funding. If required, Pine Cliff will also consider reducing its dividend, additional short-term financing or issuing equity in order to meet its future liabilities. Any of these events could affect Pine Cliff's ability to fund ongoing operations.

The following table details the contractual maturities of Pine Cliff's financial liabilities as at September 30, 2025:

	2025	2026	2027	2028	2029	Thereafter
(\$000s)						
Accounts payable and accrued liabilities	36,270	-	-	-	-	-
Demand loan	3,655	-	-	-	-	-
Term loan <sup>1</sup>	2,520	8,766	7,232	34,391	-	-
Share awards liability	-	224	115	78	-	26
Risk management contracts <sup>2</sup>	85	292	101	-	-	-
Lease obligations <sup>1</sup>	356	1,431	830	484	185	-
<b>Total financial liabilities</b>	<b>42,886</b>	<b>10,713</b>	<b>8,278</b>	<b>34,953</b>	<b>185</b>	<b>26</b>

<sup>1</sup> These amounts include the notional principal and interest payments.

<sup>2</sup> Risk management contracts represent the fair value of all outstanding financial derivative instruments and are comprised of net risk management liabilities.

**7. PROPERTY, PLANT AND EQUIPMENT**

Cost:	(\$000s)
<b>Balance at December 31, 2024</b>	<b>850,177</b>
Additions	6,058
Right-of-use assets	721
Acquisitions	431
Dispositions	(1,536)
Decommissioning provision	(14,141)
<b>Balance at September 30, 2025</b>	<b>841,710</b>
Accumulated depletion and depreciation:	(\$000s)
<b>Balance at December 31, 2024</b>	<b>(547,725)</b>
Depletion and depreciation	(34,024)
Dispositions	1,492
<b>Balance at September 30, 2025</b>	<b>(580,257)</b>
Carrying value at:	(\$000s)
December 31, 2024	302,452
<b>September 30, 2025</b>	<b>261,453</b>

**PP&E Impairment Assessment**

As at September 30, 2025, the Company had three cash generating units ("CGU's") being Southern CGU, Central CGU and Edson CGU. In accordance with IFRS, an impairment test is performed if the Company identifies indicators of impairment or impairment reversal at the end of a reporting period. At September 30, 2025, there were no indicators of impairment for PP&E assets and therefore an impairment test was not required.

**8. LEASE LIABILITIES**

Pine Cliff had the following future commitments associated with its lease liabilities:

	(\$000s)
2025	356
2026	1,431
2027	830
2028	484
2029	185
<b>Total lease payments as at September 30, 2025</b>	<b>3,286</b>
Amounts representing interest	(273)
<b>Present value of lease payments</b>	<b>3,013</b>
Current portion of lease obligations	(1,365)
<b>Non-current portion of lease obligations</b>	<b>1,648</b>

For the three and nine months ended September 30, 2025, interest expense of \$0.05 million and \$0.1 million (three and nine months ended September 30, 2024 - \$0.05 million and \$0.1 million) and a total cash outflow of \$0.3 million and \$1.0 million (three and nine months ended September 30, 2024 - \$0.03 million and \$0.9 million) was recognized relating to lease obligations.

The right-of-use assets and lease obligation relate to the Company's leases for vehicles and the head office in Calgary. Right-of-use assets of \$10.4 million and \$7.6 million in accumulated depreciation on the right-of-use-assets are included in PP&E. Refer to note 7.



## 9. DEFERRED INCOME TAX

For the three and nine months ended September 30, 2025, Pine Cliff recorded a deferred income tax recovery of \$1.6 million and \$3.9 million (three and nine months ended September 30, 2024 - \$1.6 million and \$4.0 million deferred income tax recovery). The deferred income tax recovery/expense reflects the change in temporary timing differences arising from the book basis of Pine Cliff's assets and liabilities relative to the tax basis.

## 10. TERM LOAN

On June 2, 2025, the Company amended its non-revolving Term Loan facility. The amounts borrowed under the Term Loan bear interest at an annual interest rate equal to Canadian Prime Lending Rate (the "**Prime Rate**") plus 3.65%, where Prime Rate cannot be less than 6.95%. The Company is now required to make mandatory principal quarterly repayments equal to \$1.0 million, payable on the first banking day of January, April, July and October of each calendar year, commencing June 30, 2025. The Term Loan maturity date has been extended to January 3, 2028 on which date the remaining outstanding principal balance is to be paid.

The amount drawn under the Term Loan at September 30, 2025 was \$42.3 million (December 31, 2024 - \$49.9 million). Based on the calculated fair value of the Term Loan as at September 30, 2025, the effective interest rate was determined to be 11.3% using the effective interest method. The value of the loan will be accreted up to the principal balance at maturity. Interest accrued at September 30, 2025 was \$nil (December 31, 2024 - \$nil).

Security for the Term Loan consists of demand debentures totaling \$110.0 million (December 31, 2024 - \$110.0 million) over all of the Company's assets and a general security agreement with first priority ranking over all personal and real property other than the general security agreement with the Demand Loan.

The Company is subject to certain financial covenants under its Term Loan as follows:

- Consolidated Debt, as defined herein, to EBITDA, as defined herein, ratio shall not exceed 1.5:1.0; and
- Asset Coverage ratio, as defined herein, of not less than 1.5:1.0.

The Company has the option to make voluntary prepayments throughout the term of the loan under the following conditions:

- (i) at any time from and after June 12, 2025 until but excluding September 12, 2025, make a prepayment of all or any portion of the outstanding principal balance plus an amount of 3% of the principal amount prepaid.
- (ii) at any time from and after September 12, 2025 until and including September 12, 2026, an amount equal to the sum of a prepayment of the outstanding principal balance plus an amount of 1.5% of the principal amount prepaid plus remaining interest payments and annual renewal fees on the prepayment amount.
- (iii) at any time from and after September 12, 2026, make a prepayment of all or any portion of the outstanding principal balance plus an amount of 1.5% of the principal amount prepaid.

Consolidated Debt is defined as all indebtedness for borrowed money, including issued and drawn letters of credit or letters of guarantee other than letters of credit supported by a performance guarantee from Export Development Canada. EBITDA is defined as net income (loss) for the trailing twelve-month period excluding finance costs, provision for current and deferred income tax, depletion and depreciation, share-based compensation and gain or loss on sale of assets and impairment of assets, less cash taxes paid and decommissioning expenses incurred during the period.

Asset Coverage ratio is defined as the proved developed producing reserves of the Company (before income tax, discounted at 10%), as evaluated by an independent third-party engineering report and evaluated on strip commodity pricing, divided by the consolidated borrowings of the Company at December 31 of the calendar year. The ratio is calculated and re-evaluated for strip pricing at June 30 period end, based on an internally prepared engineering report.

The Company was in compliance with its Term Loan covenants at September 30, 2025.

## 11. DEMAND LOAN

On June 2, 2025, the Company amended its Demand Loan of \$15.0 million with a Canadian chartered bank, of which \$3.7 million was drawn at September 30, 2025 (December 31, 2024 - \$7.4 million). Borrowings bear interest at the bank's prime rate plus 2.0%. Letters of credit issued under the Demand Loan are supported by a performance guarantee from Export Development Canada for an amount up to \$8.8 million and incur an issuance fee of 2.38%. At September 30, 2025, the Company had issued \$8.8 million in letters of credit (December 31, 2024 - \$6.6 million).

The Demand Loan is secured by a general security agreement over certain tangible field facilities of the Company and second priority demand debentures totaling \$50.0 million (December 31, 2024 - \$nil) over all of the Company's assets.

The Company is subject to the following financial covenant under its Demand Loan:

- Senior Debt to EBITDA, as defined herein, ratio shall not exceed 3.0:1.0 at the end of each quarter-end.

Senior Debt is defined as any secured indebtedness for borrowed money. EBITDA shall mean net income excluding finance costs, provision for current and deferred income tax, depletion and depreciation, share-based compensation and gain or loss on sale of assets and impairment of assets, less cash taxes and dividends paid, on a trailing twelve-month basis.

The Company was in compliance with its Demand Loan covenant at September 30, 2025.

## 12. DECOMMISSIONING PROVISION

The total current and long-term decommissioning provision of \$220.1 million was estimated by management based on the Company's working interest and estimated costs to remediate, reclaim and abandon its wells, pipelines, and facilities and estimated timing of the costs to be incurred in future periods.

At September 30, 2025, the estimated total undiscounted and uninflated amount required to settle the decommissioning liabilities was \$320.2 million (December 31, 2024 - \$323.8 million). The discounted and inflated amount required to settle the decommissioning liabilities of \$220.1 million (December 31, 2024 - \$231.9 million) has been calculated assuming a 2.00% inflation rate (December 31, 2024 - 2.00%) and discounted using an average risk-free interest rate of 3.33% (December 31, 2024 - 3.24%). These obligations are currently expected to be settled based on the useful lives of the underlying assets, some of which extend beyond 50 years into the future.

	(\$000s)
<b>Decommissioning provision, December 31, 2024</b>	<b>231,867</b>
Provisions related to acquisitions	216
Provisions related to dispositions	(1,379)
Decommissioning expenditures	(3,661)
Revisions (changes in estimates and discount rates)	(12,762)
Accretion	5,769
<b>Decommissioning provision, September 30, 2025</b>	<b>220,050</b>
Less current portion of decommissioning provision	(7,500)
<b>Non-current portion of decommissioning provision</b>	<b>212,550</b>

## 13. SHARE CAPITAL

### Authorized

The Company is authorized to issue an unlimited number of Common Shares without nominal or par value. Common Shares carry one vote per share and the right to any dividends declared. The Company is also authorized to issue, in one or more series, an unlimited number of Class B Preferred Shares without nominal or par value.

### Issued and outstanding

	Common Shares (000s)	Share capital (\$000s)
Issued and outstanding share capital continuity:		
<b>Balance, December 31, 2024</b>	<b>358,100</b>	<b>278,982</b>
Exercise of stock options	692	283
<b>Balance, September 30, 2025</b>	<b>358,792</b>	<b>279,265</b>

### Share Unit Plan

On May 20, 2025, Pine Cliff's share unit plan ("**Share Unit Plan**") was approved by its shareholders as set out in the Company's 2025 Information Circular. The Share Unit Plan enables the Company to grant restricted share units ("**RSUs**") and deferred share units ("**DSUs**" and together with RSUs, "**Awards**"). In accordance with the approved Share Unit Plan, Pine Cliff granted RSUs to officers and employees and DSUs to the Company's Board. RSUs vest equally over one to three years. DSUs vest immediately upon grant and are redeemable when the holder ceases to be a director.

The fair value of the Awards are equal to the underlying share price of the Common Shares immediately preceding the date of grant. The fair value of the Awards are subsequently adjusted to the underlying share price at each reporting date. Each Award may, in the Company's sole discretion, entitle the unit holder to be issued the number of common shares designated plus dividend equivalents or payment in cash. Awards granted are currently accounted for as cash-settled. A copy of the Share Unit Plan is available on SEDAR+ ([www.sedarplus.ca](http://www.sedarplus.ca)).

Awards issued and outstanding:	RSUs (000s)	DSUs (000s)	Total (000s)
<b>Balance, December 31, 2024</b>	-	-	-
Granted	2,926	517	3,443
Forfeited	(43)	-	(43)
Dividend reinvestment	23	4	27
<b>Balance, September 30, 2025</b>	<b>2,906</b>	<b>521</b>	<b>3,427</b>

A share awards liability of \$0.4 million was recognized as at September 30, 2025 (December 31, 2024 - \$nil).

### Stock Options

The Company provides an equity settled stock option plan (the "Option Plan") for its officers, employees and directors. The term and vesting period of the options granted are determined at the discretion of the Board. The exercise price of each option granted equals the market price of the Common Shares immediately preceding the date of grant and the option's maximum expiry is five years.

Stock options issued and outstanding:	Options (000s)	Weighted-average exercise price (\$ per Common Share)
<b>Outstanding, December 31, 2024</b>	<b>27,256</b>	<b>1.22</b>
Granted	6,878	0.56
Exercised	(1,098)	0.33
Expired	(4,802)	1.51
Forfeited	(498)	0.87
<b>Outstanding, September 30, 2025</b>	<b>27,736</b>	<b>1.04</b>
<b>Exercisable, September 30, 2025</b>	<b>9,162</b>	<b>1.29</b>

Exercise price:	Stock options outstanding (000s)	Weighted-average remaining term (years)	Stock options exercisable (000s)	Weighted-average remaining term (years)
\$0.55 - \$0.99	6,680	2.6	-	-
\$1.00 - \$1.25	11,966	1.6	3,989	0.6
\$1.26 - \$1.50	7,302	1.2	3,474	0.6
\$1.51 - \$1.92	1,788	0.7	1,699	0.6
	<b>27,736</b>	<b>1.7</b>	<b>9,162</b>	<b>0.6</b>

The Company may grant stock options and Awards to a combined maximum of 10% of outstanding Common Shares on the grant date.

The Company records share-based compensation expense over the vesting period, based on the fair value of the options granted. One third of the stock options granted vest annually on each of the first, second, and third anniversaries of the grant date and expire one year after each respective vesting date. During the nine months ended September 30, 2025, the Company granted 6,878,298 stock options (September 30, 2024 - 12,970,857) with a fair value of \$0.15 (September 30, 2024 - \$0.26) per option using the Black-Scholes option pricing model using the following key assumptions:

Assumptions (weighted average):	Nine months ended September 30,	
	2025	2024
Exercise price (\$)	0.56	1.04
Estimated volatility of underlying common shares (%)	43.0	48.3
Expected life (years)	3.0	3.0
Risk-free rate (%)	2.7	4.0
Forfeiture rate (%)	8.0	8.7
Expected dividend yield (%)	2.7	6.1

Estimated volatility is measured as the standard deviation of expected share price returns based on statistical analysis of historical daily share prices for a representative period.

### Per Share Calculations

The average market value of the Common Shares for the purposes of calculating the dilutive effect of stock options and warrants was based on quoted market prices for the period that the options were outstanding.

Net loss per share calculation (\$000s):	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
<b>Numerator</b>				
Net loss for the period	<b>(5,998)</b>	(6,886)	<b>(15,871)</b>	(15,839)
<b>Denominator (000s)</b>				
Weighted-average Common Shares outstanding – basic	<b>358,511</b>	357,965	<b>358,511</b>	357,136
Dilutive effect of options outstanding	-	-	-	-
Weighted-average Common Shares outstanding – diluted	<b>358,511</b>	357,965	<b>358,511</b>	357,136
Net loss per Common Share – basic and diluted (\$)	<b>(0.02)</b>	(0.02)	<b>(0.04)</b>	(0.04)

Dividends declared and paid for the three and nine months ended September 30, 2025, was \$1.3 million and \$8.1 million (three and nine months ended September 30, 2024 - \$5.4 million and \$20.2 million). Dividends declared and paid for the three and nine months ended September 30, 2025, was \$0.004 and \$0.022 per Common Share (\$0.015 and \$0.057 per Common Share for the three and nine months ended September 30, 2024).

### 14. COMMODITY SALES

The Company's commodity sales revenue is determined pursuant to the terms of the marketing agreements. The revenue for natural gas, crude oil and NGLs is based on the commodity price in the month of production, adjusted for quality, location, allowable deductions, if any, or other factors. Commodity sales revenues are based on marketed indices that are determined on a monthly or daily basis.

(\$000s)	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Natural gas	<b>20,223</b>	19,827	<b>69,775</b>	67,803
NGLs	<b>8,682</b>	11,621	<b>29,566</b>	37,572
Crude oil	<b>9,299</b>	11,965	<b>30,191</b>	37,660
Total commodity sales	<b>38,204</b>	43,413	<b>129,532</b>	143,035

### 15. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Changes in non-cash working capital:				
Accounts receivable	<b>826</b>	2,099	<b>6,039</b>	682
Prepaid expenses and deposits	<b>1,551</b>	1,464	<b>(186)</b>	(658)
Risk management contracts	<b>(340)</b>	-	<b>(340)</b>	-
Accounts payable and accrued liabilities	<b>209</b>	(2,925)	<b>1,034</b>	(2,107)
	<b>2,246</b>	638	<b>6,547</b>	(2,083)
Change related to:				
Operating activities	<b>2,508</b>	1,537	<b>7,530</b>	(3,127)
Financing activities	-	-	<b>(1,571)</b>	1,571
Investing activities	<b>(262)</b>	(899)	<b>588</b>	(527)
	<b>2,246</b>	638	<b>6,547</b>	(2,083)

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Finance expenses:				
Interest expense and bank charges	1,240	1,883	5,081	6,073
Non-cash:				
Accretion on decommissioning provision	1,963	2,207	5,769	6,440
Accretion on term loan	62	113	238	343
Total finance expenses	3,265	4,203	11,088	12,856

Cash interest paid in the three months and nine months ended September 30, 2025, was \$1.4 million and \$4.9 million (three and nine months ended September 30, 2024 - \$1.8 million and \$5.7 million).

## 16. COMMITMENTS

As at September 30, 2025, the Company has the following commitments and other contractual obligations:

	2025	2026	2027	2028	2029	Thereafter
(\$000s)						
Accounts payable and accrued liabilities	36,270	-	-	-	-	-
Demand loan	3,655	-	-	-	-	-
Term loan <sup>1</sup>	2,520	8,766	7,232	34,391	-	-
Share awards liability	-	224	115	78	-	26
Risk management contracts <sup>2</sup>	85	292	101	-	-	-
Lease obligations <sup>1</sup>	356	1,431	830	484	185	-
Transportation <sup>3</sup>	2,436	8,448	6,292	2,112	1,407	563
Total commitments and contingencies	45,322	19,161	14,570	37,065	1,592	589

<sup>1</sup> These amounts include the notional principal and interest and payments.

<sup>2</sup> Risk management contracts represent the fair value of all outstanding financial derivative instruments and are comprised of net risk management liabilities.

<sup>3</sup> Firm transportation agreements.

## 17. SUBSEQUENT EVENTS

### Dividends

On October 31, 2025, the Company paid a monthly dividend of \$0.00125 per Common Share.

On November 5, 2025, the Company declared a monthly dividend of \$0.00125 per Common Share. The dividend is payable November 28, 2025, to all shareholders of record on November 14, 2025.

### Disposition

On November 5, 2025, the Company announced it has entered into a definitive agreement to sell certain Central area assets for gross cash proceeds of \$15.0 million before closing adjustments (the "**Disposition**"). The Disposition is expected to close in the fourth quarter of 2025. A copy of the Company's press release disclosing the Disposition may be accessed through the SEDAR+ website ([www.sedarplus.ca](http://www.sedarplus.ca)).

**BOARD OF DIRECTORS**

William S. Rice – Chair  
Hilary A. Foulkes  
Robert B. Fryk  
Philip B. Hodge  
Calvin B. Jacober  
Jacqueline R. Ricci

**OFFICERS**

Philip B. Hodge  
President and Chief Executive Officer  
Terry L. McNeill  
Chief Operating Officer  
Kristopher B. Zack  
Chief Financial Officer and Corporate Secretary  
Daniel C. Keenan  
Vice President Exploitation  
Austin W. Nieuwdorp  
Vice President Finance and Controller

**HEAD OFFICE**

850, 1015 – 4<sup>th</sup> Street SW  
Calgary, Alberta T2R 1J4  
Phone: (403) 269-2289  
Fax: (403) 265-7488

**REGISTRAR AND TRANSFER AGENT**

Odyssey Trust Company of Canada

**AUDITORS**

Deloitte LLP

**STOCK LISTINGS**

Toronto Stock Exchange (“TSX”)  
Trading Symbol: PNE

OTC Markets Group Inc. (“OTCQX”)

Trading Symbol: PIFYF

**WEBSITE**

[www.pinecliffenergy.com](http://www.pinecliffenergy.com)

**INVESTOR CONTACT**

[info@pinecliffenergy.com](mailto:info@pinecliffenergy.com)

