

Long-term Value Focus

Q3 2026 Quarterly Report

Pine Cliff Energy Ltd.

AECO gas prices improved significantly in the third quarter compared to the same period last year. Inconsistent demand from LNG Canada and concerns about the potential impact of an El Nino winter have softened the forward price curve in 2027. Oil prices remained volatile as geopolitical tensions and uncertainty dominated the headlines.

Our expanded fourth-quarter drilling program reflects a greater emphasis on developing Pine Cliff's internal drilling inventory. We remain disciplined in allocating capital among drilling opportunities, our monthly dividend and the balance sheet flexibility needed to generate returns for shareholders.

Third Quarter 2026 Highlights

- Generated $7.6 million of adjusted funds flow[1] compared to $5.7 million in Q3 2025, a 33% increase.
- Production averaged 20,000 Boe/d[2], with the 4-23 Glauconite well remaining above 1,000 Boe/d since coming on-line in late February.
- Net debt[1] of $50.1 million as of September 30, 2026, down 14% from $58.6 million from the same time last year.
- Paid dividends of $1.3 million, raising the cumulative dividend total since June 2022 to $108.6 million, or approximately $0.30 per share, in cumulative dividends.

Capex Update

In early October, we announced an expanded Q4 drilling program which included two gross Glauconite wells in our Central Alberta Caroline area and one gross Pekisko oil well in our Central Alberta Three Hills area. We finished drilling the first Glauconite well in October and are now drilling the horizontal leg of the second Glauconite well. Both wells will be completed at the same time and are expected to be on stream before year-end.

With the increase in oil prices, the drilling economics of our Pekisko locations will compete with our Glauconite play for capital in 2027.

We have identified 59 gross (37 net)[3] Glauconite locations in the Caroline area and 44 gross (38 net)[4] Pekisko locations in the Three Hills/Rowley area. The range of values of the Glauconite and Pekisko locations at various commodity prices is highlighted in our most recent corporate presentation available at www.pinecliffenergy.com.

New Debt Agreement

We amended our syndicated credit facility in early October resulting in an extension to September 30, 2029. This extension will also provide us with an additional $15.0 million to support future drilling opportunities up to and including June 30, 2027, as required.

Dividend

Since the implementation of our dividend program in June 2022, our priorities have been to maintain a sustainable dividend supported by free cash flow, conduct prudent hedging and ensure a strong balance sheet. At current commodity prices, we are maintaining our monthly dividend at $0.00125 per share.

Our dividend is now back to being fully eligible, for tax purposes, beginning in October 2026.

Hedging and Diversification Update

Our hedging and internal marketing strategies continue to mitigate the impact of commodity price volatility. In the third quarter, Pine Cliff realized an average natural gas price of C$2.44/Mcf, representing a 56% premium to the AECO Daily 5A price of C$1.56/Mcf.

For the fourth quarter of 2026, we have approximately 37% of gross natural gas production[5] hedged at an average price of C$3.11/Mcf and approximately 55% of gross crude oil production[6] hedged at US$69.23/Bbl.

For 2027 we have approximately 30% of gross natural gas production[5] hedged at an average price of C$2.82/Mcf and 43% of gross crude oil production[6] at an average price of US$79.08/Bbl for 2027. NGL production is unhedged.

Webcast

Pine Cliff will host a webcast at 9:00 AM ADT (10:00 AM EST) on Friday, November 6, 2026. Participants can access the live webcast via Pine Cliff Q3 Conference Call or through the link provided on our website at **www.pinecliffenergy.com**. A recorded archive of the webcast will also be available on the website.

Outlook

There has been a significant improvement year-over-year in third quarter AECO natural gas prices. This indicates that the Western Canada supply of natural gas is now getting back to being in balance with demand. We have witnessed natural gas storage withdrawals in the past couple weeks, even though we are still in the injection season. Natural gas storage levels are lower in both Canada and the United States compared to this time last year. LNG Canada Phase 1 appears to be preparing for its first winter season running at or near its capacity of 2 bcf/day, which will consume over 10% of the entire Canadian natural gas supply.

The announcement that LNG Canada Phase 2 is moving forward was another positive piece of news to accompany the multiple Canadian energy infrastructure press releases we saw this summer. With the two Phases of LNG Canada, in addition to the Ksi Lisims, Cedar and Woodfibre projects, LNG exports from the Canadian West Coast are expected to reach 6 bcf/d by the end of the decade and could be more than 8 bcf/d by 2033 with other announced projects. This represents a significant draw on current Canadian gas production of around 19 bcf/d today.

Pine Cliff is entering a new phase of development, deploying capital to an internal drilling inventory that has never been stronger. Over the past 15 years, we have focused on growth through acquisitions, and we continue to seek accretive assets to add to our portfolio. Our business model was built to generate above industry average free cash flow in stronger natural gas price environments. By focusing on low production decline assets, we built a business model that is resilient in the face of volatile commodity prices.

We are optimistic that investors will increasingly recognize and value Pine Cliff's exposure to rising Western Canadian natural gas prices this winter and into 2027. We believe that prudent capital allocation through uncertain times remains central to creating long-term shareholder value. Our management team is aligned with our shareholders, and we will direct capital to opportunities we believe can generate the highest returns and free cash flow for them. We look forward to 2027.

Thank you for your continued support.

Yours truly,



Phil Hodge
President and Chief Executive Officer
November 5, 2026

[1] Disclosure Note: Please refer to Pine Cliff's website for reader advisories regarding forward-looking information, non-GAAP measures, oil and gas measurements and definitions, as this President's message is subject to the same cautionary statements as set out therein.
[2] Comprised of 96,927 Mcf/d natural gas, 2,750 Bbl/d NGLs and 1,095 Bbl/d light and medium oil.
[3] 29 gross (22.0 net) booked locations in the McDaniel & Associate reserve report effective December 31, 2025.
[4] 20 gross (18.3 net) booked locations in the McDaniel & Associate reserve report effective December 31, 2025.
[5] Based on Q3 2026 sales volumes of 96,927 Mcf/d natural gas.
[6] Based on Q3 2026 sales volumes of 1,095 Bbl/d of light and medium oil.

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, 2026. This MD&A is dated and based on information available as at November 5, 2026 and should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2026 ("**Financial Statements**"), the audited annual consolidated financial statements for the year ended December 31, 2025 ("**Annual Financial Statements**") and the annual management's discussion and analysis for the year ended December 31, 2025 ("**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 ("**IASB**") 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 and by visiting Pine Cliff's website at www.pinecliffenergy.com.

Pine Cliff is a dividend-paying company headquartered in Calgary, Alberta, Canada. The common shares of the Company ("**Common Shares**") are listed on the Toronto Stock Exchange ("**TSX**") under the symbol "**PNE**" and trade on the OTC Markets Group ("**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 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 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.

Q3 2026 RESULTS

Results for the third quarter of 2026 are as follows:

- Generated $7.6 million ($0.02 per basic and fully diluted share) and $23.1 million ($0.06 per basic and fully diluted share) of adjusted funds flow for the three and nine months ended September 30, 2026, compared to $5.7 million ($0.02 per basic and fully diluted share) and $22.1 million ($0.06 per basic and fully diluted share) for the same periods in 2025;
- Production averaged 20,000 Boe/d and 19,937 Boe/d for the three and nine months ended September 30, 2026, compared to 20,376 Boe/d and 20,962 Boe/d for the same periods in 2025;
- Paid dividends of $1.3 million ($0.004 per basic and fully diluted share) and $4.0 million ($0.011 per basic and fully diluted share) during the three and nine months ended September 30, 2026, compared to $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 same periods in 2025;
- Capital expenditures of $3.5 million in three months ended September 30, 2026 include the start of the drilling costs associated with the first of two gross Glauconite wells; and
- Net debt decreased 14% to $50.1 million as at September 30, 2026 from $58.6 million at the same point last year.

($000s, unless otherwise indicated)	Three months ended September 30, **2026**	2025	Nine months ended September 30, **2026**	2025
FINANCIAL				
Commodity sales (before royalties)	**43,452**	38,204	**129,989**	129,532
Cash provided by operating activities	**6,128**	6,764	**21,301**	25,967
Adjusted funds flow[1]	**7,603**	5,716	**23,118**	22,098
Per share – Basic and diluted ($/share)[1]	**0.02**	0.02	**0.06**	0.06
Net loss	**(3,569)**	(5,998)	**(10,127)**	(15,871)
Per share – Basic and diluted ($/share)	**(0.01)**	(0.02)	**(0.03)**	(0.04)
Capital expenditures	**3,546**	2,505	**13,913**	6,058
Dividends	**1,345**	1,346	**4,036**	8,063
Per share – Basic and diluted ($/share)	**0.004**	0.004	**0.011**	0.022
Net debt[1]	**50,117**	58,609	**50,117**	58,609
Weighted average common shares outstanding (000s) – Basic and diluted	**358,795**	358,511	**358,793**	358,511
OPERATIONS				
Production				
Natural gas (Mcf/d)	**96,927**	99,473	**95,983**	100,974
NGLs (Bbl/d)	**2,750**	2,514	**2,804**	2,781
Crude oil (Bbl/d)	**1,095**	1,283	**1,136**	1,352
Total (Boe/d)	**20,000**	20,376	**19,937**	20,962
Realized commodity sales prices				
Natural gas ($/Mcf)	**2.44**	2.21	**2.59**	2.53
NGLs ($/Bbl)	**47.02**	37.54	**43.96**	38.94
Crude oil ($/Bbl)	**97.22**	78.78	**92.06**	81.79
Combined ($/Boe)	**23.62**	20.38	**23.88**	22.64
Netback ($/Boe)				
Commodity sales	**23.62**	20.38	**23.88**	22.64
Processing and gathering	**0.68**	0.74	**0.73**	0.75
Royalty expense	**(2.39)**	(1.25)	**(2.49)**	(1.92)
Transportation expenses	**(1.50)**	(1.57)	**(1.51)**	(1.57)
Operating expenses	**(14.97)**	(14.21)	**(14.82)**	(14.06)
Realized gain on risk management contracts	**0.38**	0.45	**0.25**	0.15
Operating netback ($/Boe)[1]	**5.82**	4.54	**6.04**	5.99
General and administrative expenses	**(0.87)**	(0.83)	**(1.07)**	(1.24)
Interest and bank charges	**(0.80)**	(0.66)	**(0.73)**	(0.89)
Corporate netback ($/Boe)[1]	**4.15**	3.05	**4.24**	3.86
Operating netback ($ per Mcfe)[1]	**0.97**	0.76	**1.01**	1.00
Corporate netback ($ per Mcfe)[1]	**0.69**	0.51	**0.71**	0.64

[1] 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[1,2]		
	$ Change	$000s	$ per share[4]
Realized natural gas price[3]	0.10	3,153	0.01
Realized NGLs price[3]	1.00	921	0.00
Realized crude oil price[3]	1.00	373	0.00

[1] This is a non-GAAP measure, see NON-GAAP MEASURES for additional information.
[2] This analysis does not adjust for changes in working capital and uses corporate royalty rates from the nine months ended September 30, 2026.
[3] Pine Cliff has prepared this analysis using its nine months ended September 30, 2026 production volumes annualized for twelve months.
[4] Based on the Q3 2026 basic weighted average shares outstanding.

BENCHMARK PRICES

	Three months ended September 30,			Nine months ended September 30,		
	2026	2025	% Change	**2026**	2025	% Change
Natural gas						
NYMEX (US$/Mmbtu)[1]	**2.95**	3.07	(4)	**3.63**	3.39	7
AECO Daily 5A (C$/Mcf)[2]	**1.56**	0.64	144	**1.73**	1.49	16
Crude oil						
WTI (US$/Bbl)	**85.79**	64.93	32	**83.50**	66.70	25
Edmonton Light (C$/Bbl)	**119.06**	86.19	38	**114.73**	88.53	30
Foreign exchange						
US$/C$	**1.399**	1.377	2	**1.385**	1.399	(1)

[1] Mmbtu is the abbreviation for millions of British thermal units. One Mcf of natural gas is approximately 1.02 Mmbtu.
[2] 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, foreign 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.

	Q3-2026	Q2-2026	Q1-2026	Q4-2025	Q3-2025	Q2-2025	Q1-2025	Q4-2024
Natural gas								
NYMEX (US$/MMBtu)[1]	**2.95**	2.90	5.04	3.55	3.07	3.44	3.65	2.79
AECO Daily 5A (C$/Mcf) [2]	**1.56**	1.62	2.00	2.22	0.64	1.68	2.16	1.51
Pine Cliff realized natural gas price (C$/Mcf)	**2.44**	2.38	2.94	2.97	2.21	2.48	2.90	2.30
Crude oil								
WTI (US$/Bbl)	**85.79**	92.79	71.93	59.14	64.93	63.74	71.42	70.27
Edmonton Light (C$/Bbl)	**119.06**	131.72	93.40	76.39	86.19	84.14	95.27	94.97
Pine Cliff realized NGLs price (C$/Bbl)	**47.02**	46.78	38.29	30.87	37.54	35.94	43.03	40.33
Pine Cliff realized oil price (C$/Bbl)	**97.22**	98.41	80.66	73.06	78.78	79.13	86.83	88.27
Foreign exchange								
US$/C$	**1.399**	1.384	1.372	1.395	1.377	1.384	1.435	1.399

[1] MMBtu is the abbreviation for millions of British thermal units. One Mcf of natural gas is approximately 1.02 MMBtu.
[2] 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, 2026, the AECO daily benchmark was 144% and 15% higher compared to the same period of 2025. Price fluctuations from quarter to quarter are mainly due to supply and demand factors including North American industrial and residential demand, pipeline restrictions, 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 increased by 32% and 25%, for the three and nine months ended September 30, 2026, as compared to the same period in 2025, primarily due to supply and demand dynamics including global economic conditions and geopolitical factors.

Agreements made between the Organization of Petroleum Exporting Countries ("**OPEC**") and other crude oil producing countries 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 of global economic conditions and geopolitical factors.

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 NGLs components such as ethane, propane, butane, and condensate impact the relationship between the price of NGLs and the price of crude oil. The fluctuations in NGLs price normally correlate with the Edmonton Light oil price.

SALES VOLUMES

	Three months ended September 30,			Nine months ended September 30,		
Total sales volumes by product	**2026**	2025	% Change	**2026**	2025	% Change
Natural gas (Mcf)	**8,917,198**	9,151,551	(3)	**26,203,671**	27,564,202	(5)
NGLs (Bbl)	**253,032**	231,284	9	**765,486**	759,338	1
Crude oil (Bbl)	**100,756**	118,047	(15)	**310,100**	369,136	(16)
Total Boe	**1,839,988**	1,874,590	(2)	**5,442,865**	5,722,508	(5)
Total Mcfe	**11,039,926**	11,247,537	(2)	**32,657,187**	34,335,046	(5)
Natural gas weighting	**81%**	81%	-	**80%**	80%	-

	Three months ended September 30,			Nine months ended September 30,		
Average daily sales volumes by product	**2026**	2025	% Change	**2026**	2025	% Change
Natural gas (Mcf/d)	**96,927**	99,473	(3)	**95,983**	100,974	(5)
NGLs (Bbl/d)	**2,750**	2,514	9	**2,804**	2,781	1
Crude oil (Bbl/d)	**1,095**	1,283	(15)	**1,136**	1,352	(16)
Total (Boe/d)	**20,000**	20,376	(2)	**19,937**	20,962	(5)
Total (Mcfe/d)	**120,000**	122,256	(2)	**119,622**	125,772	(5)

	Three months ended September 30,			Nine months ended September 30,		
Average daily sales volumes by area	**2026**	2025	% Change	**2026**	2025	% Change
Central (Boe/d)	**13,498**	13,826	(2)	**13,408**	14,206	(6)
Southern (Boe/d)	**5,392**	5,251	3	**5,367**	5,454	(2)
Edson (Boe/d)	**1,110**	1,299	(15)	**1,162**	1,302	(11)
Total (Boe/d)	**20,000**	20,376	(2)	**19,937**	20,962	(5)

Pine Cliff sales volumes decreased by 2% and 5% to 20,000 Boe/d (120,000 Mcfe/d) and 19,937 Boe/d (119,622 Mcfe/d) in the three and nine months ended September 30, 2026, compared to the same period in 2025.

COMMODITY SALES

	Three months ended September 30,			Nine months ended September 30,		
($000s)	**2026**	2025	% Change	**2026**	2025	% Change
Natural gas	**21,760**	20,223	8	**67,787**	69,775	(3)
NGLs	**11,896**	8,682	37	**33,654**	29,566	14
Crude oil	**9,796**	9,299	5	**28,548**	30,191	(5)
Total commodity sales	**43,452**	38,204	14	**129,989**	129,532	-
% of revenue from natural gas sales	**50%**	53%	(3)	**52%**	54%	(2)

Realized Prices

	Three months ended September 30,			Nine months ended September 30,		
$ per unit	**2026**	2025	% Change	**2026**	2025	% Change
Natural gas ($/Mcf)	**2.44**	2.21	10	**2.59**	2.53	2
NGLs ($/Bbl)	**47.02**	37.54	25	**43.96**	38.94	13
Crude oil ($/Bbl)	**97.22**	78.78	23	**92.06**	81.79	13
Total ($/Boe)	**23.62**	20.38	16	**23.88**	22.64	5
Total ($/Mcfe)	**3.94**	3.40	16	**3.98**	3.77	5

Commodity sales in the three months ended September 30, 2026 of $43.5 million increased 14% from $38.2 million in the corresponding period in the prior year. The quarterly increase of $5.3 million consists of $6.0 million attributed to higher realized commodity prices offset by $0.7 million attributed to lower production volumes. Commodity sales in the nine months ended September 30, 2026 of $130.0 million increased from $129.5 million in the nine months ended September 30, 2025. The year to date increase of $0.5 million consists of $6.8 million attributed to higher realized commodity prices offset by $6.3 million attributed to lower production volumes.

Pine Cliff's realized natural gas price was $2.44 per Mcf and $2.59 per Mcf in the three and nine months ended September 30, 2026, 10% and 2% higher than the $2.21 per Mcf and $2.53 per Mcf realized in the corresponding periods of the prior year. Pine Cliff's realized natural gas price remained at a premium to the AECO 5A benchmark price as a result of Pine Cliff's marketing diversification and hedging programs.

For the three and nine months ended September 30, 2026, Pine Cliff's realized NGLs price was $47.02 per Bbl and $43.96 per Bbl, compared to $37.54 per Bbl and $38.94 per Bbl in the corresponding periods of the prior year. Pine Cliff's realized NGLs prices in the three and nine months ended September 30, 2026, were 39% and 38% of Edmonton Light compared to 44% and 43% in the corresponding periods of the prior year.

For the three and nine months ended September 30, 2026, Pine Cliff's realized crude oil price was $97.22 per Bbl and $92.06 per Bbl, compared to $78.78 per Bbl and $81.79 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, 2026 were 82% and 80% respectively of Edmonton Light compared to 91% and 92% in the corresponding periods of the prior year, primarily as a result of crude oil hedge volumes at fixed prices below the higher benchmark prices in 2026.

ROYALTY EXPENSE

	Three months ended September 30,			Nine months ended September 30,		
($000s)	**2026**	2025	% Change	**2026**	2025	% Change
Total royalty expense	**4,398**	2,347	87	**13,534**	10,977	23
$ per Boe	**2.39**	1.25	91	**2.49**	1.92	30
$ per Mcfe	**0.40**	0.21	91	**0.41**	0.32	30
Royalty expense as a % of commodity sales	**10%**	6%	67	**10%**	8%	25

Royalty expense as a percentage of commodity sales increased to 10% in the three and nine months ended September 30, 2026, compared to 6% and 8% in the three and nine months ended September 30, 2025. The increase in royalty expenses for the three and nine months ended September 30, 2026 is primarily due to higher realized crude oil and NGLs prices.

TRANSPORTATION COSTS

	Three months ended September 30,			Nine months ended September 30,		
($000s)	**2026**	2025	% Change	**2026**	2025	% Change
Total transportation costs	**2,766**	2,934	(6)	**8,242**	8,969	(8)
$ per Boe	**1.50**	1.57	(4)	**1.51**	1.57	(4)
$ per Mcfe	**0.25**	0.26	(4)	**0.25**	0.26	(4)

For the three and nine months ended September 30, 2026, total transportation costs decreased to $2.8 million and $8.2 million from $2.9 million and $9.0 million in the corresponding periods, primarily due to lower production volumes. On a per Boe basis, transportation expenses decreased by 4% to $1.50 per Boe and $1.51 per Boe compared to the corresponding periods of 2025.

NET OPERATING EXPENSES

	Three months ended September 30,			Nine months ended September 30,		
($000s)	**2026**	2025	% Change	**2026**	2025	% Change
Operating expenses	**27,548**	26,635	3	**80,655**	80,456	-
Less: processing and gathering income	**(1,250)**	(1,392)	(10)	**(3,988)**	(4,289)	(7)
Net operating expenses	**26,298**	25,243	4	**76,667**	76,167	1
$ per Boe	**14.29**	13.47	6	**14.09**	13.31	6
$ per Mcfe	**2.38**	2.25	6	**2.35**	2.22	6

Net operating expenses increased by 4% to $26.3 million for the three months ended September 30, 2026, as compared to $25.2 million in the corresponding period of the prior year, primarily due to inflationary pressures. Net operating expenses for the nine months ended September 30, 2026 of $76.7 million increased by 1% from the $76.2 million in the corresponding period of the prior year. On a per Boe basis, net operating expenses increased 6% to $14.29 per Boe and $14.09 per Boe compared to the corresponding periods of 2025, primarily due to fixed costs being spread over lower sales volumes and inflationary pressures.

GENERAL AND ADMINISTRATIVE EXPENSES ("G&A")

	Three months ended September 30,			Nine months ended September 30,		
($000s)	**2026**	2025	% Change	**2026**	2025	% Change
Gross G&A	**2,789**	2,949	(5)	**9,279**	9,652	(4)
Less: overhead recoveries	**(1,194)**	(1,391)	14	**(3,444)**	(2,578)	(34)
Total G&A expenses	**1,595**	1,558	2	**5,835**	7,074	(18)
$ per Boe	**0.87**	0.83	5	**1.07**	1.24	(14)
$ per Mcfe	**0.15**	0.14	5	**0.18**	0.21	(14)

Total G&A expenses increased 2% and decreased 18% to $1.6 million and $5.8 million in the three and nine months ended September 30, 2026, as compared to $1.6 million and $7.1 million in the corresponding periods of the prior year, primarily due to higher overhead recoveries. On a per Boe basis, G&A expenses increased 5% and decreased 14% to $0.87 per Boe and $1.07 per Boe compared to the corresponding periods of 2025.

SHARE-BASED COMPENSATION

	Three months ended September 30,			Nine months ended September 30,		
($000s)	**2026**	2025	% Change	**2026**	2025	% Change
Total share-based compensation	**803**	815	(1)	**2,146**	2,479	(13)
$ per Boe	**0.44**	0.43	2	**0.39**	0.43	(9)
$ per Mcfe	**0.07**	0.07	2	**0.07**	0.07	(9)

For the three and nine months ended September 30, 2026, share-based compensation decreased by 1% and 13% when compared to the corresponding periods of 2025, primarily due to changes in the fair value of share-based compensation awards, including restricted share units ("**RSUs**") and deferred share units ("**DSUs**").

As at September 30, 2026, the Company had 25,691,457 stock options outstanding, representing 7.2% of Common Shares outstanding (September 30, 2025 – 28,571,370; 8.0% of Common Shares outstanding) and 6,181,085 awards outstanding (RSUs and DSUs), representing 1.7% of Common Shares outstanding (September 30, 2025 – 3,414,287; 1.0% of Common Shares outstanding).

DEPLETION AND DEPRECIATION

	Three months ended September 30,			Nine months ended September 30,		
($000s)	**2026**	2025	% Change	**2026**	2025	% Change
Total depletion and depreciation	**10,348**	11,093	(7)	**30,867**	34,024	(9)
$ per Boe	**5.62**	5.92	(5)	**5.67**	5.95	(5)
$ per Mcfe	**0.94**	0.99	(5)	**0.95**	0.99	(5)

Depletion and depreciation expense for the three and nine months ended September 30, 2026, totaled $10.3 million and $30.9 million compared to $11.1 million and $34.0 million in the corresponding periods of the prior year. The decrease for the period is primarily a result of lower production volumes. 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, which are subject to revision.

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

As at September 30, 2026, 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 or impairment reversal at the end of a reporting period. As at September 30, 2026, there were no indicators of impairment or impairment reversals for PP&E assets and therefore an impairment test was not required.

FINANCE EXPENSES

	Three months ended September 30,			Nine months ended September 30,		
($000s)	**2026**	2025	% Change	**2026**	2025	% Change
Interest and debt charges	**1,476**	1,240	19	**3,958**	5,081	(22)
$ per Boe	**0.80**	0.66	21	**0.73**	0.89	(18)
$ per Mcfe	**0.13**	0.11	21	**0.12**	0.15	(18)
Non-cash:						
Accretion on decommissioning provision	**1,992**	1,963	1	**5,887**	5,769	2
Accretion on term loan	**61**	62	(2)	**181**	238	(24)
Total finance expenses	**3,529**	3,265	8	**10,026**	11,088	(10)
$ per Boe	**1.92**	1.74	10	**1.84**	1.94	(5)
$ per Mcfe	**0.32**	0.29	10	**0.31**	0.32	(5)

Finance expenses increased 8% and decreased 10% to $3.5 million and $10.0 million for the three and nine months ended September 30, 2026, compared to the corresponding periods of the prior year. The increase in the three months ended September 30, 2026 was primarily due to the timing of letter of credit renewal fees, while the decrease in the nine months ended September 30, 2026 was primarily due to lower borrowings on the Term Loan, as defined herein. Please refer to the "DEBT, LIQUIDITY AND CAPITAL RESOURCES" section for additional information.

CAPITAL EXPENDITURES, ACQUISITIONS AND DISPOSITIONS

($000s)	**Nine months ended September 30, 2026**	Year ended December 31, 2025
Capital expenditures	**13,913**	14,785
Acquisitions	**12**	433
Dispositions	**(568)**	(16,249)
Total	**13,357**	(1,031)

Capital expenditures on PP&E have totaled $13.9 million in the nine months ended September 30, 2026, including drilling, completion and tie-in costs for one gross (1.0 net) well, associated Central Alberta Caroline area infrastructure, and facilities, optimization and maintenance capital.

DECOMMISSIONING PROVISION

The total current and long-term decommissioning provision of $195.0 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, 2026, the estimated total undiscounted and uninflated amount required to settle the decommissioning liabilities was $322.4 million (December 31, 2025 - $328.6 million). The discounted and inflated amount required to settle the decommissioning liabilities of $195.0 million (December 31, 2025 - $203.1 million) has been calculated assuming a 2.00% inflation rate (December 31, 2025 – 2.00%) and discounted using an average risk-free interest rate of 4.09% (December 31, 2025 – 3.59%). 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

The total current and long-term amount under the term loan (the "**Term Loan**") at September 30, 2026 was $38.3 million (December 31, 2025 – $41.3 million). Based on the calculated fair value of the Term Loan as at September 30, 2026, 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, 2026 was $nil (December 31, 2025 - $nil).

The amounts borrowed under the Term Loan bear interest at an annual interest rate equal to the prime rate ("**Prime Rate**") plus 3.65%, where Prime Rate cannot be less than 6.95%. The Company is 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. The Term Loan maturity date is January 3, 2028 on which date the remaining outstanding principal balance is to be paid.

Security for the Term Loan consists of demand debentures totaling $110.0 million (December 31, 2025 - $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 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 September 30 period end, based on an internally prepared engineering report.

The Company was in compliance with its Term Loan covenants at September 30, 2026.

Demand Loan

The Company has a demand loan (the "**Demand Loan**") of $15.0 million with a Canadian chartered bank, of which $0.6 million was drawn at September 30, 2026 (December 31, 2025 - $nil). 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 $10.8 million and incur an issuance fee of 2.38%. At September 30, 2026, the Company had issued $10.8 million in letters of credit (December 31, 2025 - $10.8 million) and had credit capacity on the Demand Loan of $14.4 million (December 31, 2025 - $15.0 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, 2025 - $50.0 million) 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. "**Senior Debt to 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, 2026.

Liquidity

As at September 30, 2026, the Company's capital comprises 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 $21.5 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, 2026**	December 31, 2025	$ Change
Cash	**-**	4,066	(4,066)
Accounts receivable	**21,703**	20,781	922
Prepaid expenses and deposits	**5,707**	4,484	1,223
Less:			
Accounts payable and accrued liabilities	**(38,689)**	(37,683)	(1,006)
Demand Loan	**(560)**	-	(560)
Term Loan	**(38,278)**	(41,262)	2,984
Net debt[1]	**(50,117)**	(49,614)	(503)

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

Share Capital

Share capital	**November 5, 2026**	September 30, 2026	December 31, 2025
Common Shares	**358,795,286**	358,795,286	358,791,562
Stock options	**25,671,457**	25,691,457	27,037,370
RSUs	**5,258,181**	5,258,181	2,883,914
DSUs	**922,904**	922,904	517,240

COMMITMENTS AND CONTINGENCIES

As at September 30, 2026, the Company has the following commitments and other contractual obligations:

($000s)	2026	2027	2028	2029	2030	Thereafter
Accounts payable and accrued liabilities	38,689	-	-	-	-	-
Demand Loan[1]	560	-	-	-	-	-
Term Loan[1]	3,775	7,232	34,391	-	-	-
Share awards liability	-	635	380	69	73	21
Risk management contracts[2]	-	19	452	-	-	-
Lease obligations[1]	350	1,201	1,076	797	471	2,393
Transportation[3]	2,140	7,570	5,851	1,560	665	141
Total commitments and contingencies	**45,514**	**16,657**	**42,150**	**2,426**	**1,209**	**2,555**

[1] These amounts include the notional principal and interest and payments.
[2] Risk management contracts represent the fair value of all outstanding financial derivative instruments and are comprised of net risk management liabilities.
[3] Firm transportation agreements.

SUBSEQUENT EVENTS

Dividends

On October 30, 2026, the Company paid a monthly dividend of $0.00125 per Common Share.

Credit Facility

On October 2, 2026, the Company entered into a new syndicated credit facility with a maturity of September 30, 2029. The credit facility provides access to $15.0 million of additional capital to support future drilling opportunities up to and including June 30, 2027 as required. The new syndicated credit facility replaces the Term Loan described in the "DEBT, LIQUIDITY AND CAPITAL RESOURCES" section.

Expanded 2026 Development Program

On October 7, 2026, the Company announced that it is expanding its 2026 development program in Central Alberta with the intent to drill two gross Glauconite wells in the Caroline area and one gross Pekisko oil well in the Three Hills area. The Company is partnering with a third party on the capital costs and production from the Glauconite wells. The Company's 2026 capital expenditure budget of $27.0 million is unchanged.

QUARTERLY TRENDS AND SELECTED FINANCIAL INFORMATION

($000s, unless otherwise indicated)	**Q3-2026**	Q2-2026	Q1-2026	Q4-2025	Q3-2025	Q2-2025	Q1-2025	Q4-2024
FINANCIAL								
Total revenue	**41,537**	39,456	42,889	41,352	37,605	39,605	45,990	43,860
Cash provided by operating activities	**6,128**	2,913	12,260	(909)	6,764	7,715	11,488	518
Adjusted funds flow[1]	**7,603**	5,913	9,602	7,795	5,716	4,876	11,506	8,608
Per share – Basic and diluted ($/share)[1]	**0.02**	0.02	0.03	0.02	0.02	0.01	0.03	0.02
Net income (loss)	**(3,569)**	(4,911)	(1,647)	3,797	(5,998)	(7,136)	(2,737)	(5,607)
Per share – Basic and diluted ($/share)	**(0.01)**	(0.01)	(0.00)	0.01	(0.02)	(0.02)	(0.01)	(0.02)
Capital expenditures	**3,546**	2,836	7,531	8,727	2,505	2,310	1,243	32
Dividends	**1,345**	1,346	1,345	1,345	1,346	1,344	5,373	5,371
Per share – Basic and diluted ($/share)	**0.004**	0.004	0.004	0.004	0.004	0.004	0.015	0.015
Acquisitions	**-**	(3)	15	2	431	-	-	86
Dispositions	**(118)**	(256)	(194)	(14,911)	(1,042)	(4)	(292)	(6,901)
Net debt[1]	**50,117**	50,786	50,537	49,614	58,609	58,890	58,775	62,323
Weighted average common shares outstanding (000s):								
Basic	**358,795**	358,793	358,792	358,792	358,511	358,556	358,178	358,086
Diluted	**358,795**	358,793	358,792	361,389	358,511	358,556	358,178	358,086
PRODUCTION VOLUMES								
Natural gas (Mcf/d)	**96,927**	94,969	96,048	97,025	99,473	102,528	100,918	108,212
NGLs (Bbl/d)	**2,750**	2,763	2,900	2,766	2,514	2,849	2,986	3,170
Crude oil (Bbl/d)	**1,095**	1,156	1,158	1,236	1,283	1,299	1,477	1,533
Average sales volumes (Boe/d)	**20,000**	19,747	20,066	20,173	20,376	21,236	21,283	22,738
Average sales volumes (Mcfe/d)	**120,000**	118,482	120,396	121,038	122,256	127,416	127,698	136,428
PRICES AND NETBACKS								
Total commodity sales ($/Boe)	**23.62**	23.76	24.28	23.00	20.38	21.66	25.83	22.51
Operating netback ($/Boe)[1]	**5.82**	4.92	7.43	6.44	4.54	5.01	8.38	6.31
Corporate netback ($/Boe)[1]	**4.15**	3.29	5.32	4.20	3.05	2.52	6.00	4.11
Total commodity sales ($/Mcfe)	**3.94**	3.96	4.05	3.83	3.40	3.61	4.31	3.75
Operating netback ($/Mcfe)[1]	**0.97**	0.82	1.24	1.07	0.76	0.84	1.40	1.05
Corporate netback ($/Mcfe)[1]	**0.69**	0.55	0.89	0.70	0.51	0.42	1.00	0.69

[1] 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 fluctuates 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 2026 compared to the fourth quarter of 2025 due primarily to natural production declines, partially offset by new production from the one gross (1.0 net) Glauconite well that came on production in the second half of February 2026. Average production volumes decreased in the second quarter of 2026 compared to the first quarter of 2026 primarily due to third-party facility downtime, natural production declines and minor natural gas shut-ins during periods of low natural gas prices, partially offset by incremental production from oil well workover activity in the Central area. Average production volumes increased in the third quarter of 2026 compared to the second quarter of 2026 primarily due to higher natural gas volumes following the third-party facility downtime and restoring natural gas shut-ins from the prior quarter.

- Adjusted funds flow increased in the first quarter of 2026 compared to the fourth quarter of 2025 primarily due to higher realized commodity prices and improved operating netbacks. Adjusted funds flow decreased in the second quarter of 2026 compared to the first quarter of 2026 primarily due to lower realized natural gas prices and higher royalty expense, partially offset by higher realized

crude oil and NGLs prices. Adjusted funds flow increased in the third quarter of 2026 compared to the second quarter of 2026 primarily due to lower royalty expense and higher realized natural gas prices, partially offset by lower realized crude oil prices.

- Net loss was recorded in the first quarter of 2026 compared to net income in the fourth quarter of 2025, primarily due to gains recognized on asset dispositions in the fourth quarter of 2025. Net loss increased in the second quarter of 2026 compared to the first quarter of 2026 primarily due to lower realized natural gas prices and higher royalty expense, partially offset by higher realized crude oil and NGLs prices. Net loss decreased in the third quarter of 2026 compared to the second quarter of 2026 primarily due to lower royalty expense and higher realized natural gas prices, partially offset by lower realized crude oil prices.

- Total revenue increased in the first quarter of 2026 compared to the fourth quarter of 2025 primarily due to higher realized commodity prices, partially offset by lower sales volumes. Total revenue decreased in the second quarter of 2026 compared to the first quarter of 2026 primarily due to lower realized natural gas prices and lower sales volumes, partially offset by higher realized crude oil and NGLs prices. Total revenue increased in the third quarter of 2026 compared to the second quarter of 2026 primarily due to lower royalty expense and higher sales volumes, partially offset by lower realized crude oil and NGLs 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 assets and liabilities, the Demand Loan, and the Term Loan. 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 the 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 Common Share price and dividends distributed. The fair value of the risk management contracts 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 and foreign exchange, 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 natural gas, NGLs and crude oil. Commodity prices have fluctuated widely during recent years due to global and regional factors including, but not limited to, supply and demand, inventory levels, pipeline restrictions, weather, economic changes and geopolitical factors. Changes in natural gas, NGLs and crude oil prices may have a significant effect, positively or negatively, 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, NGLs and crude oil prices will result in a reduction of net production revenue. The economics of producing from some wells may change because of lower prices, which will result in reduced production of natural gas, NGLs and crude oil and a reduction in the volumes of Pine Cliff's reserves. Management may also elect not to produce from certain wells at lower prices.

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, 2026, the Company had the following physical natural gas sales contracts in place:

Contractual Term	Delivery Point	Physical Delivery Quantity (GJ/day)	Contract Price ($CAD/GJ)[1]	Contract Price ($CAD/Mcf)[1,2]
October 1, 2026 to October 31, 2026	AECO	15,000	$2.50	$2.62
October 1, 2026 to December 31, 2026	AECO	10,000	$3.00	$3.15
October 1, 2026 to June 30, 2027	AECO	10,000	$2.99	$3.14
November 1, 2026 to March 31, 2027	AECO	5,000	$3.45	$3.62
January 1, 2027 to December 31, 2027	AECO	9,500	$2.80	$2.94
July 1, 2027 to October 31, 2028	AECO	2,500	$2.33	$2.45
October 1, 2027 to October 31, 2028	AECO	2,500	$2.37	$2.49
January 1, 2028 to December 31, 2028	AECO	2,500	$2.42	$2.54
October 1, 2026 to October 31, 2026	TransGas[3]	13,500	AECO 5A + 0.36/GJ	AECO 5A + 0.38/Mcf
October 1, 2026 to October 31, 2027	TransGas[3]	12,500	AECO 5A + 0.42/GJ	AECO 5A + 0.44/Mcf
October 1, 2026 to October 31, 2026	DAWN[4]	5,000	$4.86	$5.10

[1] Prices reported are the weighted average prices of the periods.
[2] Price has been converted from $/GJ to $/Mcf by multiplying by 1.05.
[3] Subsidiary of SaskEnergy, Saskatchewan.
[4] Dawn Hub into Dawn Township, Ontario.

At September 30, 2026, 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)[1]
October 1, 2026 to December 31, 2026	WTI Fixed Price	200	$65.90
October 1, 2026 to December 31, 2026	WTI Fixed Price	200	$60.00 - $66.00[2]
October 1, 2026 to June 30, 2027	WTI Fixed Price	200	$75.70
January 1, 2027 to December 31, 2027	WTI Fixed Price	250	$77.22

[1] Prices reported are the weighted average prices of the periods
[2] Price is a floor and ceiling for a fixed price costless collar.

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 forward benchmark commodity prices to estimate the fair value of financial derivatives.

At September 30, 2026, the Company had the following AECO natural gas derivative contracts in place:

Contractual Term	Basis	Quantity (GJ/day)	Contract Price ($CAD/GJ)[1]	Contract Price ($CAD/Mcf)[1,2]
October 1, 2026 to June 30, 2027	AECO	2,500	$2.79	$2.93
October 1, 2026 to March 31, 2028	AECO	5,000	$2.29	$2.40
January 1, 2027 to December 31, 2027	AECO	3,500	$2.80	$2.94
April 1, 2027 to June 30, 2028	AECO	5,000	$2.30	$2.42
January 1, 2028 – December 31, 2028	AECO	2,500	$2.40	$2.52

[1] Prices reported are the weighted average prices of the periods.
[2] Price has been converted from $/GJ to $/Mcf by multiplying by 1.05.

Subsequent to September 30, 2026, the Company entered into the following crude oil derivative sales contract:

Contractual Term	Crude Oil	Physical Delivery Quantity (Bbl/day)	Contract Price ($USD/Bbl)[1]
January 1, 2027 to December 31, 2027	WTI Fixed Price	125	$85.50

[1] Prices reported are the weighted average prices of the periods.

Sensitivity Analysis - Derivatives

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 within the range of reasonable volatility.

A 10% increase in natural gas prices would decrease the unrealized gain on financial derivative risk management contracts from $1.9 million to an unrealized gain of $0.2 million, resulting in an increase to the loss before income taxes of $1.7 million, assuming the change in commodity prices occurred at September 30, 2026.

A 10% decrease in natural gas prices would increase the unrealized gain on financial derivative risk management contracts from $1.9 million to $3.6 million, resulting in a decrease to the loss before income taxes of $1.7 million, assuming the change in commodity prices occurred at September 30, 2026.

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, 2026, the Company's debt facilities consist of the $38.3 million Term Loan and the $15.0 million Demand Loan, secured by specific equipment assets, of which $0.6 million was drawn. The borrowings under the Term Loan are at the Canadian Prime Rate plus 3.65%, (whereby Prime Rate cannot be less than 6.95%) and the Demand Loan is at the banks' prime lending rate plus 2.0%.

Sensitivity Analysis – Interest Rate

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 over a 12-month period.

A 1.0% increase in the Prime Rate would increase the loss before income taxes by $nil, as the Prime Rate at September 30, 2026 (4.45%) was below the 6.95% floor applicable to the Term Loan and the amount drawn on the Demand Loan was nominal, 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, 2026.

A 1.0% decrease in the Prime Rate would decrease the loss before income taxes by $nil, as the Prime Rate at September 30, 2026 (4.45%) was below the 6.95% floor applicable to the Term Loan and the amount drawn on the Demand Loan was nominal, 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, 2026.

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.

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, 2026 of $21.7 million (December 31, 2025 – $20.8 million), is primarily with oil and gas marketers and joint venture partners. Amounts due from these parties have generally been received within 25 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, 2026, there was $2.2 million (December 31, 2025 - $2.1 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, 2026, the Company recorded a bad debt recovery of $0.1 million (September 30, 2025 – bad debt expense of $0.1 million) 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. After examining the economic factors that are causing the liquidity risk facing the Company, the judgement applied to these factors, and the various initiatives that the Company has and will undertake to strengthen its financial position, the Company believes it will have sufficient liquidity to support its ongoing operations and meet its financial obligations as they come due for at least the next twelve months. A decline in commodity prices may challenge the Company's ability to resolve its working capital deficit and comply with EBITDA-based covenants disclosed in the Term Loan note herein and could ultimately require the Company to pursue alternative sources of funding. 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, 2026:

	2026	2027	2028	2029	2030	Thereafter
($000s)						
Accounts payable and accrued liabilities	38,689	-	-	-	-	-
Demand Loan[1]	560	-	-	-	-	-
Term Loan[1]	3,775	7,232	34,391	-	-	-
Share awards liability	-	635	380	69	73	21
Risk management contracts[2]	-	19	452	-	-	-
Lease obligations[1]	350	1,201	1,076	797	471	2,393
Total financial liabilities	**43,374**	**9,087**	**36,299**	**866**	**544**	**2,414**

[1] These amounts include the notional principal and interest payments.

[2] Risk management contracts represent the fair value of all outstanding financial derivative instruments and are comprised of net risk management liabilities.

Future Accounting Pronouncements

IFRS 18 *Presentation and Disclosure in Financial Statements* ("IFRS 18")

In April 2024, the IASB issued amendments to IFRS 18, which introduce new presentation requirements for specified categories and defined subtotals in the consolidated 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 2026. 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.sedarplus.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.

	Three months ended September 30,			Nine months ended September 30,		
($000s)	**2026**	2025	Change	2026	2025	Change
Cash provided by operating activities	**6,128**	6,764	(9)	**21,301**	25,967	(18)
Adjusted by:						
Change in non-cash working capital	**(210)**	(2,508)	(92)	**(2,043)**	(7,530)	(73)
Decommissioning obligations settled	**1,685**	1,460	15	**3,860**	3,661	5
Adjusted funds flow	**7,603**	5,716	33	**23,118**	22,098	5
Adjusted funds flow ($/Boe)	**4.15**	3.05	36	**4.24**	3.86	10
Adjusted funds flow ($/Mcfe)	**0.69**	0.51	36	**0.71**	0.64	10
Adjusted funds flow – Basic and diluted ($/Common Share)	**0.02**	0.02	-	**0.06**	0.06	-

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.

	Three months ended September 30,			Nine months ended September 30,		
($ per Boe, unless otherwise indicated)	**2026**	2025	$ Change	**2026**	2025	$ Change
Commodity sales	**23.62**	20.38	3.24	**23.88**	22.64	1.24
Processing and gathering	**0.68**	0.74	(0.06)	**0.73**	0.75	(0.02)
Royalty expense	**(2.39)**	(1.25)	(1.14)	**(2.49)**	(1.92)	(0.57)
Transportation costs	**(1.50)**	(1.57)	0.07	**(1.51)**	(1.57)	0.06
Operating expenses	**(14.97)**	(14.21)	(0.76)	**(14.82)**	(14.06)	(0.76)
Realized gain on commodity contracts	**0.38**	0.45	(0.07)	**0.25**	0.15	0.10
Operating netback	**5.82**	4.54	1.28	**6.04**	5.99	0.05
General and administrative	**(0.87)**	(0.83)	(0.04)	**(1.07)**	(1.24)	0.17
Interest and bank charges	**(0.80)**	(0.66)	(0.14)	**(0.73)**	(0.89)	0.16
Corporate netback	**4.15**	3.05	1.10	**4.24**	3.86	0.38
Operating netback ($ per Mcfe)	**0.97**	0.76	0.21	**1.01**	1.00	0.01
Corporate netback ($ per Mcfe)	**0.69**	0.51	0.18	**0.71**	0.64	0.07

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 4, 2026 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[1] – barrels per day
Boe/d[1] – barrels of oil equivalent per day
Mcf/d[1] – thousand cubic feet per day
Mcfe/d[1] – thousand cubic feet equivalent per day
MBoe – thousands of barrels of oil equivalent

[1]Pine cliff has adopted the standard natural gas liquids ("**NGL*s***") 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
Glauconite – a sandstone reservoir formation in Central Alberta
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
MMBoe – Millions 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, 2026**	As at December 31, 2025
ASSETS			
Current assets			
Cash		**-**	4,066
Accounts receivable	4	**21,703**	20,781
Prepaid expenses and deposits		**5,707**	4,484
Risk management asset		**2,655**	-
Total current assets		**30,065**	29,331
Property, plant and equipment	6	**215,674**	239,570
Deferred income taxes		**55,933**	52,528
Total assets		**301,672**	321,429
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	4	**38,689**	37,683
Term loan	8	**4,220**	4,220
Demand loan	9	**560**	-
Lease liabilities	7	**984**	1,352
Decommissioning provision	10	**6,500**	7,500
Share awards liability	11	**635**	476
Risk management liability		**-**	309
Total current liabilities		**51,588**	51,540
Lease liabilities	7	**3,979**	1,318
Term loan	8	**34,058**	37,042
Decommissioning provision	10	**188,463**	195,553
Share awards liability	11	**543**	472
Risk management liability		**471**	45
Total liabilities		**279,102**	285,970
SHAREHOLDERS' EQUITY			
Share capital	11	**279,265**	279,265
Contributed surplus		**25,030**	23,756
Deficit		**(281,725)**	(267,562)
Total shareholders' equity		**22,570**	35,459
Total liabilities and shareholders' equity		**301,672**	321,429

Commitments (Note 14)
Subsequent events (Note 15)

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	**2026**	2025	**2026**	2025
REVENUE					
Commodity sales	12	**43,452**	38,204	**129,989**	129,532
Royalty expense		**(4,398)**	(2,347)	**(13,534)**	(10,977)
Commodity sales, net of royalties		**39,054**	35,857	**116,455**	118,555
Processing and gathering		**1,250**	1,392	**3,988**	4,289
Gain on commodity contracts		**1,233**	356	**3,439**	356
Total revenue		**41,537**	37,605	**123,882**	123,200
EXPENSES					
Operating		**27,548**	26,635	**80,655**	80,456
Transportation		**2,766**	2,934	**8,242**	8,969
Depletion and depreciation	6	**10,348**	11,093	**30,867**	34,024
Share-based compensation	11	**803**	815	**2,146**	2,479
Finance	13	**3,529**	3,265	**10,026**	11,088
General and administrative		**1,595**	1,558	**5,835**	7,074
Gain on disposition		**(118)**	(1,078)	**(357)**	(1,078)
Total expenses		**46,471**	45,222	**137,414**	143,012
Loss before income taxes		**(4,934)**	(7,617)	**(13,532)**	(19,812)
Deferred income tax recovery		**1,365**	1,619	**3,405**	3,941
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(3,569)**	(5,998)	**(10,127)**	(15,871)
Net loss per share ($)					
Basic and diluted	11	**(0.01)**	(0.02)	**(0.03)**	(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[1]	Deficit	Total Shareholders' equity
BALANCE AT JANUARY 1, 2025		**278,982**	**21,422**	**(246,080)**	**54,324**
Net loss for the period		-	-	(15,871)	(15,871)
Dividends	11	-	-	(8,063)	(8,063)
Share-based compensation		-	2,036	-	2,036
Exercise of stock options		283	(193)	-	90
BALANCE AT SEPTEMBER 30, 2025		**279,265**	**23,265**	**(270,014)**	**32,516**
Net loss for the period		-	-	3,797	3,797
Dividends	11	-	-	(1,345)	(1,345)
Share-based compensation		-	491	-	491
BALANCE AT DECEMBER 31, 2025		**279,265**	**23,756**	**(267,562)**	**35,459**
Net loss for the period		-	-	(10,127)	(10,127)
Dividends	11	-	-	(4,036)	(4,036)
Share-based compensation		-	1,274	-	1,274
BALANCE AT SEPTEMBER 30, 2026		**279,265**	**25,030**	**(281,725)**	**22,570**

[1]Contributed surplus is comprised of share-based compensation.

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, 2026	2025	Nine months ended September 30, 2026	2025
CASH PROVIDED BY (USED IN):					
OPERATING ACTIVITIES					
Net loss for the period		**(3,569)**	(5,998)	**(10,127)**	(15,871)
Items not affecting cash:					
Depletion and depreciation	6	**10,348**	11,093	**30,867**	34,024
Share-based compensation	11	**803**	815	**2,146**	2,479
Finance expenses	13	**3,529**	3,265	**10,026**	11,088
Deferred income tax recovery		**(1,365)**	(1,619)	**(3,405)**	(3,941)
Gain on disposition		**(118)**	(1,078)	**(357)**	(1,078)
Unrealized (gain) loss on commodity contracts		**(549)**	478	**(2,074)**	478
Interest and debt charges	13	**(1,476)**	(1,240)	**(3,958)**	(5,081)
Decommissioning obligations settled	10	**(1,685)**	(1,460)	**(3,860)**	(3,661)
Changes in non-cash working capital accounts	13	**210**	2,508	**2,043**	7,530
Cash provided by operating activities		**6,128**	6,764	**21,301**	25,967
FINANCING ACTIVITIES					
Exercise of stock options		**-**	-	**-**	90
Term loan	8	**(1,055)**	(1,056)	**(3,165)**	(7,136)
Demand loan	9	**(210)**	(1,874)	**560**	(3,703)
Dividends	11	**(1,345)**	(1,346)	**(4,036)**	(8,063)
Payments on lease obligations	7	**(336)**	(332)	**(1,081)**	(1,021)
Changes in non-cash working capital accounts	13	**-**	-	**(628)**	(1,571)
Cash used in financing activities		**(2,946)**	(4,608)	**(8,350)**	(21,404)
INVESTING ACTIVITIES					
Property, plant and equipment		**(3,546)**	(2,505)	**(13,913)**	(6,058)
Proceeds from dispositions		**118**	1,042	**568**	1,338
Property acquisitions		**-**	(431)	**(12)**	(431)
Changes in non-cash working capital accounts	13	**246**	(262)	**(3,660)**	588
Cash used in investing activities		**(3,182)**	(2,156)	**(17,017)**	(4,563)
Decrease in cash		**-**	-	**(4,066)**	-
Cash - beginning of period		**-**	-	**4,066**	-
CASH - END OF PERIOD		**-**	-	-	-

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, 2026 and December 31, 2025, and for the three and nine month periods ended September 30, 2026 and 2025 (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**"), traded on the OTC Markets Group ("**OTCQX**") and incorporated under the *Business Corporations Act (Alberta)*. The address of the Company's registered office is Suite 300, 326 11th Avenue SW, Calgary, Alberta T2R 0C5.

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 International Financial Reporting Standards ("**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, 2025 ("**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, 2025 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 of Directors**") on November 5, 2026.

3. FUTURE ACCOUNTING CHANGES

IFRS 18 *Presentation and Disclosure in Financial Statements* ("IFRS 18")

In April 2024, the IASB issued amendments to IFRS 18, which introduce new presentation requirements for specified categories and defined subtotals in the consolidated 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.

4. 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 assets and liabilities, the Demand Loan, as defined herein and the 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 the 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 ("**Common Share**") price and dividends distributed (see note 11). The fair value of the risk management contracts 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, 2026 and December 31, 2025:

($000s)	**September 30, 2026**		December 31, 2025	
Description	**Carrying value**	**Fair value**	Carrying value	Fair value
Cash	**-**	**-**	4,066	4,066
Accounts receivable	**21,703**	**21,703**	20,781	20,781
Accounts payable and accrued liabilities	**(38,689)**	**(38,689)**	(37,683)	(37,683)
Share awards liability	**(1,178)**	**(1,178)**	(948)	(948)
Risk management contracts[1]	**2,184**	**2,184**	(354)	(354)
Demand Loan	**(560)**	**(560)**	-	-
Term Loan	**(38,278)**	**(38,278)**	(41,262)	(41,262)

[1]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.

5. 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 and foreign exchange, 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 natural gas, natural gas liquids ("**NGLs**") and crude oil. Commodity prices have fluctuated widely during recent years due to global and regional factors including, but not limited to, supply and demand, inventory levels, pipeline restrictions, weather, economic changes and geopolitical factors. Changes in natural gas, NGLs and crude oil prices may have a significant effect, positively or negatively, 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, NGLs and crude oil prices will result in a reduction of net production revenue. The economics of producing from some wells may change because of lower prices, which will result in reduced production of natural gas, NGLs and crude oil and a reduction in the volumes of Pine Cliff's reserves. Management may also elect not to produce from certain wells at lower prices.

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, 2026, the Company had the following physical natural gas sales contracts in place:

Contractual Term	Delivery Point	Physical Delivery Quantity (GJ/day)	Contract Price ($CAD/GJ)[1]	Contract Price ($CAD/Mcf)[1,2]
October 1, 2026 to October 31, 2026	AECO	15,000	$2.50	$2.62
October 1, 2026 to December 31, 2026	AECO	10,000	$3.00	$3.15
October 1, 2026 to June 30, 2027	AECO	10,000	$2.99	$3.14
November 1, 2026 to March 31, 2027	AECO	5,000	$3.45	$3.62
January 1, 2027 to December 31, 2027	AECO	9,500	$2.80	$2.94
July 1, 2027 to October 31, 2028	AECO	2,500	$2.33	$2.45
October 1, 2027 to October 31, 2028	AECO	2,500	$2.37	$2.49
January 1, 2028 to December 31, 2028	AECO	2,500	$2.42	$2.54
October 1, 2026 to October 31, 2026	TransGas[3]	13,500	AECO 5A + 0.36/GJ	AECO 5A + 0.38/Mcf
October 1, 2026 to October 31, 2027	TransGas[3]	12,500	AECO 5A + 0.42/GJ	AECO 5A + 0.44/Mcf
October 1, 2026 to October 31, 2026	DAWN[4]	5,000	$4.86	$5.10

[1] Prices reported are the weighted average prices of the periods.
[2] Price has been converted from $/GJ to $/Mcf by multiplying by 1.05.
[3] Subsidiary of SaskEnergy, Saskatchewan.
[4] Dawn Hub into Dawn Township, Ontario.

At September 30, 2026, 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)[1]
October 1, 2026 to December 31, 2026	WTI Fixed Price	200	$65.90
October 1, 2026 to December 31, 2026	WTI Fixed Price	200	$60.00 - $66.00[2]
October 1, 2026 to June 30, 2027	WTI Fixed Price	200	$75.70
January 1, 2027 to December 31, 2027	WTI Fixed Price	250	$77.22

[1] Prices reported are the weighted average prices of the periods
[2] Price is a floor and ceiling for a fixed price costless collar.

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 forward benchmark commodity prices to estimate the fair value of financial derivatives.

At September 30, 2026, the Company had the following AECO natural gas derivative contracts in place:

Contractual Term	Basis	Quantity (GJ/day)	Contract Price ($CAD/GJ)[1]	Contract Price ($CAD/Mcf)[1,2]
October 1, 2026 to June 30, 2027	AECO	2,500	$2.79	$2.93
October 1, 2026 to March 31, 2028	AECO	5,000	$2.29	$2.40
January 1, 2027 to December 31, 2027	AECO	3,500	$2.80	$2.94
April 1, 2027 to June 30, 2028	AECO	5,000	$2.30	$2.42
January 1, 2028 – December 31, 2028	AECO	2,500	$2.40	$2.52

[1] Prices reported are the weighted average prices of the periods.
[2] Price has been converted from $/GJ to $/Mcf by multiplying by 1.05.

Subsequent to September 30, 2026, the Company entered into the following crude oil derivative sales contract:

Contractual Term	Crude Oil	Physical Delivery Quantity (Bbl/day)	Contract Price ($USD/Bbl)[1]
January 1, 2027 to December 31, 2027	WTI Fixed Price	125	$85.50

[1] Prices reported are the weighted average prices of the periods.

Sensitivity Analysis - Derivatives

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 within the range of reasonable volatility.

A 10% increase in natural gas prices would decrease the unrealized gain on financial derivative risk management contracts from $1.9 million to an unrealized gain of $0.2 million, resulting in an increase to the loss before income taxes of $1.7 million, assuming the change in commodity prices occurred at September 30, 2026.

A 10% decrease in natural gas prices would increase the unrealized gain on financial derivative risk management contracts from $1.9 million to $3.6 million, resulting in a decrease to the loss before income taxes of $1.7 million, assuming the change in commodity prices occurred at September 30, 2026.

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, 2026, the Company's debt facilities consist of the $38.3 million term loan (the "**Term Loan**") and the $15.0 million demand operating loan (the "**Demand Loan**"), secured by specific equipment assets, of which $0.6 million was drawn. The borrowings under the Term Loan are at the Canadian prime lending rate ("**Prime Rate**") plus 3.65%, (whereby Prime Rate cannot be less than 6.95%) and the Demand Loan is at the banks' prime lending rate plus 2.0%.

Sensitivity Analysis – Interest Rate

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 over a 12-month period.

A 1.0% increase in the Prime Rate would increase the loss before income taxes by $nil, as the Prime Rate at September 30, 2026 (4.45%) was below the 6.95% floor applicable to the Term Loan and the amount drawn on the Demand Loan was nominal, 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, 2026.

A 1.0% decrease in the Prime Rate would decrease the loss before income taxes by $nil, as the Prime Rate at September 30, 2026 (4.45%) was below the 6.95% floor applicable to the Term Loan and the amount drawn on the Demand Loan was nominal, 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, 2026.

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.

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, 2026 of $21.7 million (December 31, 2025 – $20.8 million), is primarily with oil and gas marketers and joint venture partners. Amounts due from these parties have generally been received within 25 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, 2026, there was $2.2 million (December 31, 2025 - $2.1 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, 2026, the Company recorded a bad debt recovery of $0.1 million (September 30, 2025 – bad debt expense of $0.1 million) 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. After examining the economic factors that are causing the liquidity risk facing the Company, the judgement applied to these factors, and the various initiatives that the Company has and will undertake to strengthen its financial position, the Company believes it will have sufficient liquidity to support its ongoing operations and meet its financial obligations as they come due for at least the next twelve months. A continued decline in commodity prices may challenge the Company's ability to resolve its working capital deficit and comply with EBITDA-based covenants disclosed in note 8, and could ultimately require the Company to pursue alternative sources of funding. 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, 2026:

($000s)	2026	2027	2028	2029	2030	Thereafter
Accounts payable and accrued liabilities	38,689	-	-	-	-	-
Demand Loan[1]	560	-	-	-	-	-
Term Loan[1]	3,775	7,232	34,391	-	-	-
Share awards liability	-	635	380	69	73	21
Risk management contracts[2]	-	19	452	-	-	-
Lease obligations[1]	350	1,201	1,076	797	471	2,393
Total financial liabilities	**43,374**	**9,087**	**36,299**	**866**	**544**	**2,414**

[1] These amounts include the notional principal and interest payments.

[2] Risk management contracts represent the fair value of all outstanding financial derivative instruments and are comprised of net risk management liabilities.

6. PROPERTY, PLANT AND EQUIPMENT ("PP&E")

Cost:	($000s)
Balance at December 31, 2025	**829,658**
Additions	13,913
Right-of-use assets	3,374
Acquisitions	12
Dispositions	(3,405)
Decommissioning provision	(10,117)
Balance at September 30, 2026	**833,435**

Accumulated depletion and depreciation:	($000s)
Balance at December 31, 2025	**(590,088)**
Depletion and depreciation	(30,867)
Dispositions	3,194
Balance at September 30, 2026	**(617,761)**

Carrying value at:	($000s)
December 31, 2025	239,570
September 30, 2026	**215,674**

PP&E Impairment Assessment

As at September 30, 2026, 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 or impairment reversal at the end of a reporting period. As at September 30, 2026, there were no indicators of impairment or impairment reversals for PP&E assets and therefore an impairment test was not required.

7. LEASE LIABILITIES

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

	($000s)
2026	350
2027	1,201
2028	1,076
2029	797
2030	471
Thereafter	2,393
Total lease payments as at September 30, 2026	**6,288**
Amounts representing interest	(1,325)
Present value of lease payments	**4,963**
Current portion of lease obligations	(984)
Non-current portion of lease obligations	**3,979**

For the three and nine months ended September 30, 2026, interest expense of $0.1 million and $0.2 million (three and nine months ended September 30, 2025 - $0.1 million and $0.1 million) and a total cash outflow of $0.4 million and $1.3 million (three and nine months ended September 30, 2025 - $0.3 million and $1.0 million) was recognized relating to lease obligations.

The right-of-use assets and lease obligation relates to the Company's leases for vehicles and the head office in Calgary. A right-of-use asset of $13.8 million and $9.0 million in accumulated depreciation on the right-of-use-assets are included in PP&E. Refer to note 6.

8. TERM LOAN

The total current and long-term amount under the Term Loan at September 30, 2026 was $38.3 million (December 31, 2025 – $41.3 million). Based on the calculated fair value of the Term Loan as at September 30, 2026, 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, 2026 was $nil (December 31, 2025 - $nil).

The amounts borrowed under the Term Loan bear interest at an annual interest rate equal to the Prime Rate plus 3.65%, where Prime Rate cannot be less than 6.95%. The Company is 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. The Term Loan maturity date is January 3, 2028 on which date the remaining outstanding principal balance is to be paid.

Security for the Term Loan consists of demand debentures totaling $110.0 million (December 31, 2025 - $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 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 September 30 period end, based on an internally prepared engineering report.

The Company was in compliance with its Term Loan covenants at September 30, 2026.

9. DEMAND LOAN

The Company has a Demand Loan of $15.0 million with a Canadian chartered bank, of which $0.6 million was drawn at September 30, 2026 (December 31, 2025 - $nil). 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 $10.8 million and incur an issuance fee of 2.38%. At September 30, 2026, the Company had issued $10.8 million in letters of credit (December 31, 2025 - $10.8 million) and had credit capacity on the Demand Loan of $14.4 million (December 31, 2025 - $15.0 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, 2025 - $50.0 million) 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. "**Senior Debt to 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, 2026.

10. DECOMMISSIONING PROVISION

The total current and long-term decommissioning provision of $195.0 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, 2026, the estimated total undiscounted and uninflated amount required to settle the decommissioning liabilities was $322.4 million (December 31, 2025 - $328.6 million). The discounted and inflated amount required to settle the decommissioning liabilities of $195.0 million (December 31, 2025 - $203.1 million) has been calculated assuming a 2.00% inflation rate (December 31, 2025 – 2.00%) and discounted using an average risk-free interest rate of 4.09% (December 31, 2025 – 3.59%). 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)
Decommissioning provision, December 31, 2025	**203,053**
Increase in liabilities relating to development activities	35
Decommissioning expenditures	(3,860)
Revisions (changes in estimates and discount rates)	(10,152)
Accretion	5,887
Decommissioning provision, September 30, 2026	**194,963**
Less current portion of decommissioning provision	(6,500)
Non-current portion of decommissioning provision	**188,463**

The following table demonstrates the change in decommissioning provision as a result of reasonably possible changes in discount rate:

($000s)	**September 30, 2026**	December 31, 2025
Increase of 1.0%	**(33,982)**	(41,057)
Decrease of 1.0%	**46,232**	58,341

11. 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

Issued and outstanding share capital continuity:	Common Shares (000s)	Share capital ($000s)
Balance, December 31, 2025	**358,792**	**279,265**
Exercise of stock options	3	-
Balance, September 30, 2026	**358,795**	**279,265**

Share Unit Plan

Pine Cliff's share unit plan ("**Share Unit Plan**") enables the Company to grant restricted share units ("**RSUs**") and deferred share units ("**DSUs**"), 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 and 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 in line with settlement expectations. A copy of the Share Unit Plan is available on SEDAR+ www.sedarplus.ca.

Awards issued and outstanding:	RSUs (000s)	DSUs (000s)	Total (000s)
Balance, December 31, 2025	**2,915**	**523**	**3,438**
Granted	3,397	492	3,889
Exercised	(974)	(105)	(1,079)
Forfeited	(126)	-	(126)
Cancelled	(33)	-	(33)
Dividend reinvestment	79	13	92
Balance, September 30, 2026	**5,258**	**923**	**6,181**

A share awards liability of $1.2 million was recognized as at September 30, 2026 (December 31, 2025 – $0.9 million).

Stock Options

The Company provides an equity settled stock option plan (the "**Option Plan**"). Stock options and share units are granted to certain officers, directors, and employees with the number, term and vesting period being determined at the discretion of the Company's Board of Directors to a collective maximum of 10% of the outstanding Common Shares. The term and vesting period of the options granted are determined at the discretion of the Company's Board of Directors. 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 term is five years.

Stock options issued and outstanding:	Options (000s)	Weighted-average exercise price ($ per Common Share)
Outstanding, December 31, 2025	**27,037**	**1.04**
Granted	8,595	0.61
Expired	(8,706)	1.29
Forfeited	(939)	0.90
Cancelled	(224)	1.16
Exercised	(72)	0.55
Outstanding, September 30, 2026	**25,691**	**0.82**
Exercisable, September 30, 2026	**9,051**	**1.03**

Exercise price:	Stock options outstanding (000s)	Weighted-average remaining term (years)	Stock options exercisable (000s)	Weighted-average remaining term (years)
$0.55 - $0.99	14,716	2.2	2,119	0.6
$1.00 - $1.25	7,323	1.1	3,661	0.6
$1.26 - $1.50	3,563	0.7	3,202	0.6
$1.51 - $1.69	89	0.4	69	0.2
	25,691	**1.7**	**9,051**	**0.6**

Loss per share calculation ($000s):	Three months ended September 30, 2026	2025	Nine months ended September 30, 2026	2025
Numerator				
Net loss for the period	**(3,569)**	(5,998)	**(10,127)**	(15,871)
Denominator (000s)				
Weighted-average Common Shares outstanding – Basic and diluted	**358,795**	358,511	**358,793**	358,511
Loss per Common Share – Basic and diluted ($)	**(0.01)**	(0.02)	**(0.03)**	(0.04)

Dividends declared and paid for the three and nine months ended September 30, 2026 were $1.3 million and $4.0 million (three and nine months ended September 30, 2025 - $1.3 million and $8.1 million). Dividends declared and paid for the three and nine months ended September 30, 2026 was $0.004 and $0.011 per Common Share ($0.004 and $0.022 per Common Share for the three and nine months ended September 30, 2025).

12. 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, 2026	2025	Nine months ended September 30, 2026	2025
Natural gas	**21,760**	20,223	**67,787**	69,775
NGLs	**11,896**	8,682	**33,654**	29,566
Crude oil	**9,796**	9,299	**28,548**	30,191
Total commodity sales	**43,452**	38,204	**129,989**	129,532

13. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended September 30, 2026	2025	Nine months ended September 30, 2026	2025
Changes in non-cash working capital:				
Accounts receivable	**(2,063)**	826	**(922)**	6,039
Prepaid expenses and deposits	**(162)**	1,551	**(1,223)**	(186)
Risk management contracts	**(65)**	(340)	**(464)**	(340)
Share awards liability	**(14)**	-	**(642)**	-
Accounts payable and accrued liabilities	**2,760**	209	**1,006**	1,034
	456	2,246	**(2,245)**	6,547
Change related to:				
Operating activities	**210**	2,508	**2,043**	7,530
Financing activities	**-**	-	**(628)**	(1,571)
Investing activities	**246**	(262)	**(3,660)**	588
	456	2,246	**(2,245)**	6,547

Finance expenses:	Three months ended September 30, 2026	2025	Nine months ended September 30, 2026	2025
Interest and debt charges	**1,476**	1,240	**3,958**	5,081
Noncash:				
Accretion on decommissioning provision	**1,992**	1,963	**5,887**	5,769
Accretion on term loan	**61**	62	**181**	238
Total finance expenses	**3,529**	3,265	**10,026**	11,088

Cash interest and debt charges paid in the three and nine months ended September 30, 2026, were $1.4 million and $3.8 million (three and nine months ended September 30, 2025 - $1.4 million and $4.9 million).

14. COMMITMENTS

As at September 30, 2026, the Company has the following commitments and other contractual obligations:

($000s)	2026	2027	2028	2029	2030	Thereafter
Accounts payable and accrued liabilities	38,689	-	-	-	-	-
Demand Loan[1]	560	-	-	-	-	-
Term Loan[1]	3,775	7,232	34,391	-	-	-
Share awards liability	-	635	380	69	73	21
Risk management contracts[2]	-	19	452	-	-	-
Lease obligations[1]	350	1,201	1,076	797	471	2,393
Transportation[3]	2,140	7,570	5,851	1,560	665	141
Total commitments and contingencies	**45,514**	**16,657**	**42,150**	**2,426**	**1,209**	**2,555**

[1] These amounts include the notional principal and interest payments.
[2] Risk management contracts represent the fair value of all outstanding financial derivative instruments and are comprised of net risk management liabilities.
[3] Firm transportation agreements.

15. SUBSEQUENT EVENTS

Dividends

On October 30, 2026, the Company paid a monthly dividend of $0.00125 per Common Share.

Credit Facility

On October 2, 2026, the Company entered into a new syndicated credit facility with a maturity of September 30, 2029. The credit facility provides access to $15.0 million of additional capital to support future drilling opportunities up to and including June 30, 2027 as required. The new syndicated credit facility replaces the Term Loan described in note 8.

BOARD OF DIRECTORS
Hilary A. Foulkes - Chair
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

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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

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