PINE CLIFF ENERGY LTD
FORM 51-101F1

PART I – DATE OF STATEMENT

The reserves data and other oil and gas information set forth below for Pine Cliff Energy Ltd. ("Pine Cliff" or the "Company") is based upon an evaluation by Sproule Associates Limited (Sproule) with an effective date of December 31, 2009 contained in the Sproule report dated January 28, 2010.

PART II– DISCOSURE OF RESERVE DATA

The reserves data summarizes the natural gas and natural gas liquid reserves of Pine Cliff and the net present values of future net revenue for these reserves using forecast prices and costs. The reserves data conforms to the requirements of National Instrument 51-101 "Standards of Disclosure for Oil and Gas Activities" (NI 51-101). Additional information not required by NI 51-101 has been presented to provide continuity and additional information which the Company believes is important to the readers of this information. Pine Cliff engaged Sproule to provide an evaluation of Proved and Proved plus Probable Reserves and no attempt was made to evaluate possible reserves.

It should not be assumed that the estimates of future net revenues presented in the tables below represent the fair market value of the reserves. There is no assurance that the forecast prices and costs assumptions will be attained and variances could be material. The recovery and reserve estimates of natural gas and natural gas liquids reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual natural gas and natural gas liquid reserves may be greater than or less than the estimates provided herein.

SUMMARY OF OIL AND GAS RESERVES
AS OF DECEMBER 31, 2009
FORECAST PRICES AND COSTS

RESERVES

	Natural Gas (non-associated & associated)		Natural Gas Liquids	
Reserve Category:	Gross (MMCF)	Net (MMCF)	Gross (Mbbl)	Net (Mbbl)
Proved				
Developed Producing	320	280	1.4	0.8
Developed Non-Producing	334	309	1.4	1.2
Undeveloped	402	371	1.7	1.4
Total Proved	1,056	960	4.5	3.4
Probable	320	285	1.4	0.9
Total Proved Plus Probable	1,376	1,245	5.9	4.3

All reserves are located in Canada.

SUMMARY OF NET PRESENT VALUES OF FUTURE NET REVENUE AS OF DECEMBER 31, 2009 FORECAST PRICES AND COSTS

Net Present Values of Future Net Revenue
Before Income Taxes
Discounted at (% / Year)

($ thousands)	0%	5%	10%	15%	20%	Future Net Value 10%/year ($/BOE)
Proved						
Developed Producing	1,323	1,142	1,003	895	808	21.15
Developed Non-Producing	1,521	1,297	1,136	1,015	920	21.58
Undeveloped	1,050	747	535	381	264	8.46
Total Proved	3,895	3,186	2,674	2,290	1,993	16.37
Probable	1,796	1,290	984	786	651	20.33
Total Proved Plus Probable	5,690	4,476	3,658	3,076	2,644	17.27

All reserves are located in Canada.

Net Present Values of Future Net Revenue
After Income Taxes
Discounted at (% / Year)

($ thousands)	0%	5%	10%	15%	20%
Proved					
Developed Producing	1,323	1,142	1,003	895	808
Developed Non-Producing	1,444	1,241	1,094	983	897
Undeveloped	786	537	363	236	140
Total Proved	3,553	2,920	2,461	2,114	1,845
Probable	1,355	971	740	591	489
Total Proved Plus Probable	4,909	3,892	3,200	2,705	2,334

All reserves are located in Canada.

* Disclosure provided herein in respect of barrels of oil equivalent (BOE) may be misleading, particularly if used in isolation. In accordance with NI 51-101, a BOE conversion ratio of 6 MCF:1 Bbl has been used in all cases in this disclosure. This BOE conversion ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

TOTAL FUTURE NET REVENUE (UNDISCOUNTED) AS OF DECEMBER 31, 2009 FORECAST PRICES AND COSTS

($ thousands) Reserves Category:	Revenue	Royalties	Operating Costs	Development Costs	Well Abandonment Costs	Future Net Revenue Before Income Taxes	Income Taxes	Future Net Revenue After Income Taxes
Proved	7,417	624	1,678	1,163	57	3,895	342	3,553
Proved Plus Probable	10,080	898	2,266	1,163	62	5,690	782	4,909

All reserves are located in Canada.

NET PRESENT VALUE OF FUTURE NET REVENUE
BY PRODUCTION GROUP
AS OF DECEMBER 31, 2009
FORECAST PRICES AND COSTS

($ thousands) Reserves Category:	Production Group	Future Net Revenue Before Income Taxes (Discounted at 10%/Year)	Unit Value Before Income Taxes (Discounted at 10%/Year) ($/BOE)
Proved	Light and Medium Crude Oil (including solution gas and associated by-products)	-	-
	Heavy Oil (including solution gas and associated by-products)	-	-
	Natural Gas (including associated by-products)*	2,674	16.37
Proved Plus Probable	Light and Medium Crude Oil (including solution gas and associated by-products)	-	-
	Heavy Oil (including solution gas and associated by-products)	-	-
	Natural Gas (including associated by-products)*	3,658	17.27

*Includes corporate Capital GCA, if applicable. Unit Values are based on net reserve volumes.
All reserves are located in Canada.

PART III – PRICING ASSUMPTIONS

Forecast Prices

The Forecast Prices used in the appendix are:

Year	Natural Gas AECO Gas (Cdn$/ MMBtu)	Butanes Edmonton (Cdn $/Bbl)	Pentanes Plus Edmonton (Cdn $/Bbl)	Inflation Rate (%/Year)	Exchange Rate ($U.S./$ Cdn)
Historical					
2004	6.87	41.37	53.91	1.4	0.770
2005	8.58	45.20	69.13	1.3	0.826
2006	7.16	59.32	75.03	1.5	0.882
2007	6.65	63.71	77.33	2.0	0.935
2008	8.15	75.09	104.70	1.0	0.943
2009	4.19	47.07	68.13	2.0	0.880
Forecast					
2010	5.36	59.65	86.28	2.0	0.920
2011	6.21	63.72	92.16	2.0	0.920
2012	6.44	65.57	94.84	2.0	0.920
2013	7.23	68.11	98.51	2.0	0.920
2014	7.98	69.48	100.50	2.0	0.920

* Natural gas and liquid prices escalate at two percent per year thereafter.

The above prices were provided by the independent reserves evaluator Sproule Associates Limited

The Company's weighted average historical prices by production type for the 2009 financial year are as follows:

- Natural Gas per Mcf $ 4.22
- Natural Gas Liquids per barrel $60.98

PART IV – RECONCILIATION OF CHANGES IN RESERVES

RECONCILIATION OF COMPANY GROSS[1] RESERVES
(BEFORE ROYALTY) BY PRINCIPAL PRODUCT TYPE
AS OF DECEMBER 31, 2009
FORECAST PRICES AND COSTS

	Natural Gas			Natural Gas Liquids		
	Gross Proved (MMcf)	Gross Probable (MMcf)	Gross Proved Plus Probable (MMcf)	Gross Proved (MBbl)	Gross Probable (MBbl)	Gross Proved Plus Probable (MBbl)
December 31, 2008	438	146	584	6.7	2.0	8.7
Extensions	735	184	919	3.1	0.8	3.9
Improved Recovery	-	-	-	-	-	-
Technical Revisions	2	(8)	(6)	(4.8)	(1.4)	(6.2)
Discoveries	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-
Dispositions	-	-	-	-	-	-
Economic Factors	(3)	(2)	(5)	-	-	-
Production	(116)	-	(116)	(0.5)	-	(0.5)
December 31, 2009	1,056	320	1,376	4.5	1.4	5.9

(1) Gross Reserves means the Company's working interest reserves before calculation of royalties and before consideration of the Company's royalty interests.

All reserves are located in Canada.

PART V – ADDITIONAL INFORMATION RELATED TO RESERVE DATA

Undeveloped Reserves

The Company has no undeveloped reserves.

Significant Factors or Uncertainties

For significant factors and uncertainties affecting components of reserves data please see discussions under "Management's Discussion and Analysis" as contained in the Company's 2009 Annual Report.

Future Development Costs

The Company deducted $1,163,000 of future development costs, to be incurred in 2010, in the estimation of future net revenue attributable to either proved reserves or proved plus probable reserves using forecast prices and costs.

PART VI – OTHER OIL AND GAS INFORMATION

Oil and Gas Properties

Sundance Area – West Central Alberta

Pine Cliff's only producing property is located in the Sundance area of West Central Alberta. The Company has a 13.7 percent average working interest in 4,960 acres (681 net acres) of Crown land in the area. There are currently ten gross (1.28 net) wells producing. The wells are producing liquid rich natural gas from multiple Cretaceous sands ranging from the Cadomin to the Belly River. Current production from the ten wells is exceeding 11 MMCF per day gross (1,600 MCF per day net to Pine Cliff). NGLs are produced in association with the natural gas.

There continues to be significant industry activity in the area and the operator for this area continues to monitor and evaluate the undeveloped lands for additional development. The lands have been approved for a holding which allows for the drilling of eight wells per section on approximately 60 percent of Pine Cliff's lands. Pine Cliff participated in the drilling and completion of two wells in 2009 and two wells in the first quarter of 2010, all of which are on production as of April 1, 2010. Production from these new wells is exceeding 1,400 MCF per day net to Pine Cliff.

Facilities

Pine Cliff has a working interest in all well site facilities, field compression and pipelines that are required to produce its wells into third party owned and operated gathering systems and natural gas processing plants.

Well Count

The wells in which Pine Cliff had an interest as at December 31, 2009 and which it considers capable of production are set out in the following table:

	Producing Wells		Non-Producing Wells		Total	
	Gas Wells		Gas Wells		Gas Wells	
	Gross	Net	Gross	Net	Gross	Net
Alberta	6	0.684	2	0.30	8	0.984

Two gross (0.3 net) wells were drilled in the first quarter of 2010.

Properties with No Attributable Reserves

The Company has the following two properties located in the country of Argentina. None of the rights to explore, develop or exploit any of the following unproved properties will expire within one year.

Cañadón Ramirez Farm-In, Argentina

The Company through its 93 percent owned subsidiary, CanAmericas Energy Ltd. (CanAmericas) earned a 49 percent interest in 47,940 gross acres (23,490 net acres) of an exploitation concession situated in the western part of the San Jorge Basin by funding 100 percent of exploration costs totaling U.S. $5,500,000, including a 21 percent Value Added Tax (V.A.T.). The commitment, that is now complete, included conducting a 190 square kilometer 3D seismic program and spending the remainder of the funds on drilling, completing and testing of the three exploration wells.

The drilling, completion and testing of the three exploration wells was completed and even though cuttings openhole logs and side wall core evaluations were encouraging and indicated the presence of hydrocarbons all zones tested were determined to be uneconomic. As a result of the unsuccessful drilling program, less prospective lands were relinquished reducing the size of the concession to 6,206 gross acres (3,020 net acres).

The acreage is bordered by several producing oil fields. Over 40 separate prospective reservoirs belonging to the Upper-Mid Cretaceous-aged Bajo Barreal and Castillo Formations are known to exist within the farm in area at depths between 600 to 1,500 meters. Additionally, Neocomian aged source rocks within the farm in area have been proven to be oil generating and over pressured. The 3D seismic program has identified several other opportunities and the Company is exploring ways to extract additional value from this property.

Laguna de Piedra Farm-In, Argentina

The Company through its 93 percent owned subsidiary, CanAmericas, has earned a 25 percent interest in 252,944 gross acres (63,236 net acres) of the Laguna de Piedra exploration concession operated by Golden Oil by funding 40 percent of a 100 km^2 3D seismic program over the northern portion of the property. There are no further commitments required to maintain this concession. The concession is situated on the southeast flank of the prolific Neuquen Basin. The concession is adjacent to the Estacion Fernandex Oro oil field situated to the northwest, and adjacent to Flor de Roca, General Roca, and Don Jose oil fields to the north. These fields collectively produce from the Lower Cretaceous – Jurassic aged Quintuco, Lotena, Los Molles, and Punta Rosada Formations.

Additionally, it is believed that the PreCuyo interval may also have significant potential, as it lies on trend with Chevron's La Yassera and Loma Negra fields, and is in a similar deposition setting as Petrolifera's recent Puesto Morales Field discoveries. Expected target depths range from 500 to 2,200 meters. To date there have been no wells drilled on the block. Plans to drill one gross (0.25 net) exploration well on the property have been delayed by regulatory issues which the operator of the property is negotiating to resolve. The outcome of these negotiations is uncertain at this time.

<u>Forward Contract</u>

The Company has no forward contracts.

<u>Additional Information Concerning Abandonment and Reclamation Costs</u>

Abandonment and reclamation costs are based on management's estimation of abandonment requirements using current costs escalated at an inflation rate of two percent per annum. Cost estimations adhere in all material respects to the "best practices" recommended in the COGE handbook which are in accordance with principles and definitions established by the Calgary Chapter of the Society of Petroleum Evaluation Engineers.

The total amount of costs expected to be incurred is $123,602 (2008 - $123,602) prior to discounting and $59,043 (2008 - $64,604) discounted at 10 percent. This includes $93,602 (2008 - $93,602) prior to discounting and $48,969 (2008 - $44,517) discounted at 10 percent for four (2.5 net) suspended wells that were not included in the calculation of the attached future net revenue.

The Company does not expect to pay any abandonment costs in the next three financial years.

<u>Tax Horizon</u>

The Company anticipates being taxable in 2011.

Costs Incurred

The following table summarizes petroleum and natural gas capital expenditures incurred by the Company on acquisitions, land, seismic, exploration and development drilling and production facilities for the years ended December 31:

	2009	2008
Exploration costs	$ 125,441	$ 4,769,249
Development costs	871,128	607,941
Net petroleum and natural gas capital expenditures	$ 996,569	$ 5,377,190

The exploration costs relate to the Company's Argentina operations. Development costs relate to the Company's Canadian operations.

Exploration and Development Activities

The following tables summarize Pine Cliff's gross and net drilling activity and success:

	2009					
	Development		Exploratory		Total	
	Gross	Net	Gross	Net	Gross	Net
Natural Gas	2	0.30	-	-	2	0.30
Success rate	100%	100%	-	-	100%	100%

All drilling operations in 2009 were in Canada.

	2008					
	Development		Exploratory		Total	
	Gross	Net	Gross	Net	Gross	Net
Natural Gas	1	0.15	3	2.5	4	2.65
Success rate	100%	100%	0%	0%	25%	6%

Drilling operations in 2008 were in Canada and Argentina.

	2007					
	Development		Exploratory		Total	
	Gross	Net	Gross	Net	Gross	Net
Natural Gas	-	-	-	-	-	-
Success rate	-	-	-	-	-	-

There is still significant industry activity in the Sundance area. The interests in non producing properties are being analyzed to determine whether there are additional prospective drilling locations.

Please refer to discussion under Properties with No Attributable Reserves for further information.

Production Estimates for Canadian Operations

	2010	
	Natural Gas (Mcf/d)	NGLs (Bbls/d)
Sundance Area, Alberta	944	4

Production History 2009

Product Type Yearly Quarter	Production Volume per day	Average per Unit of Volume ($/bbl and $/Mcf) Price	Royalties	Production Costs	Netbacks
Natural Gas (Mcf)					
1 Quarter	392	5.32	1.33	1.63	2.36
2 Quarter	312	3.62	(1.52)	0.86	4.28
3 Quarter	295	3.13	0.05	1.37	1.71
4 Quarter	264	4.55	0.46	1.27	2.82
Natural Gas Liquids (Bbls)					
1 Quarter	1	48.06	16.12	2.33	29.61
2 Quarter	2	62.14	(23.79)	2.69	83.24
3 Quarter	1	62.98	6.99	(1.70)	57.69
4 Quarter	1	69.71	14.53	6.66	48.52

All reserves are located in Canada.

The following table provides a summary of the average production volumes from Pine Cliff's main producing area.

	2009 Natural Gas (Mcf/d)	NGLs (Bbls/d)
Sundance Area, Alberta	315	1

Lease Holdings

Pine Cliff's holdings of petroleum and natural gas leases and rights are as follows:

	2009		2008	
	Gross Acres	Net Acres	Gross Acres	Net Acres
Alberta, Canada	7,360	2,802	7,360	2,802
San Jorge Basin, Argentina	6,206	3,020	17,182	8,334
Neuquen Basin, Argentina	252,048	63,012	252,048	63,012
Total	265,614	68,834	276,590	74,148