Third Quarter 2009

Highlights

		Three Months Ended		Nine Months Ended	
		September 30	September 30	**September 30**	September 30
For the periods ended		**2009**	2008	**2009**	2008
FINANCIAL ($)					
Revenue - Oil and Gas		**93,177**	129,537	**398,675**	411,068
Cash Flow from Operations		**(74,702)**	(305,368)	**(598,464)**	(734,432)
Per Share Basic and Diluted		**(0.00)**	(0.01)	**(0.01)**	(0.02)
Net Loss		**(263,808)**	(505,953)	**(1,087,350)**	(1,118,177)
Per Share Basic and Diluted		**(0.01)**	(0.01)	**(0.02)**	(0.02)
Capital Expenditures and Acquisitions		**600,732**	1,511,745	**730,099**	4,309,347
Total Assets				**4,900,934**	11,621,915
Working Capital				**991,619**	3,440,165
Shareholders' Equity				**4,089,767**	11,400,311
OPERATIONS					
Oil and NGLs	- Barrels Per Day	**1**	1	**1**	1
	-Average Price ($ per barrel)	**62.98**	119.90	**58.10**	110.45
Natural Gas	-MCF Per Day	**295**	146	**332**	152
	-Average Price ($ per MCF)	**3.13**	8.74	**4.13**	9.18
Total Barrels of Oil Equivalent (BOE) Per Day [1]		**51**	24	**57**	25

[1] Barrels of oil equivalent (BOE) are calculated using a conversion ratio of 6 MCF to 1 barrel of oil. The conversion is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead and as such may be misleading if used in isolation.

Report to Shareholders

Pine Cliff Energy Ltd. ("Pine Cliff" or "the Company") is pleased to report its operating and financial results for the three months and nine months ended September 30, 2009.

The Board of Directors and management continue to recognize that there is a need to evaluate the overall direction for the Company and continue to seek opportunities to add value.

Operations

Production during the third quarter of 2009 remained relatively stable quarter over quarter and averaged approximately 51 barrels of oil equivalent (BOE) per day as compared to 53 BOE per day in the second quarter of 2009.

During the third quarter of 2009, Pine Cliff participated in drilling two natural gas wells (0.3 net) on its Sundance property in Alberta. The wells are expected to be completed and tied-in for production prior to the end of November 2009. This additional production will assist the Company in advancing its operations to a position where it will generate positive cash flow. The Company will continue to evaluate drilling opportunities in this area.

Pine Cliff is reviewing its involvement in South America, is presently evaluating the political and business environment and has actively reduced its consulting services and other expenses in this area since the second quarter of 2009.

Positive changes in the Canadian energy sector and increased opportunities have focused Pine Cliff's efforts domestically rather than internationally. The Company intends to increase its activities in Canada by aggressively pursuing acquisitions and participating in a more active drill program.

Financial:

The Company continues to focus on decreasing general and administrative (G&A) expenses. G&A expenditures decreased by approximately 25 percent in the first nine months of 2009 compared to the first nine months of 2008 and by approximately 30 percent quarter over quarter. The decrease is due mainly to reduced contractor fees for services provided to the Company's South American activities and reduced management fees.

As of September 30, 2009, Pine Cliff had positive working capital of $991,619. These funds will be used to carry out the Company's remaining 2009 capital expenditures of approximately $400,000 relating to the completion and tie-in of the above-mentioned Sundance natural gas wells.

Outlook

The Board of Directors and management remain confident that Pine Cliff will be able to take advantage of the many opportunities that are available, redirect more of its activities towards a domestic perspective and reduce its activities in foreign jurisdictions.

Submitted on behalf of the Board of Directors

George F. Fink
President, Chief Executive Officer and Director

Management's Discussion and Analysis

The following report dated November 17, 2009 is a review of the operations and current financial position for Pine Cliff Energy Ltd. ("Pine Cliff" or "the Company") and should be read in conjunction with the unaudited financial statements for the nine months ended September 30, 2009, including the notes related thereto, and the audited financial statement for the year ended December 31, 2008, together with the notes related thereto.

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 development, results and events which will or may occur in the future, constitute "forward-looking information" within the meaning of applicable Canadian securities legislation and are based on certain assumptions and analysis made by us derived from our experience and perceptions. Forward-looking information in this MD&A includes, but is not limited to: expected cash provided by continuing operations; future capital expenditures, including the amount and nature thereof; oil and natural gas prices and demand; expansion and other development trends of the oil and natural gas industry; business strategy and outlook; expansion and growth of our business and operations; and maintenance of existing customer, supplier and partner relationships; supply channels; accounting policies; credit risks; 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: the risks of foreign operations; foreign exchange fluctuations; equipment and labour shortages and inflationary costs; general economic conditions; industry conditions; changes in applicable environmental, taxation and other laws and regulations as well as how such laws and regulations are interpreted and enforced; the ability of oil and natural gas companies to raise capital; the effect of weather conditions on operations and facilities; the existence of operating risks; volatility of oil and natural gas prices; oil and gas product supply and demand; risks inherent in the ability to generate sufficient cash flow from operations to meet current and future obligations; increased competition; stock market volatility; opportunities available to or pursued by us; and other factors, many of which are beyond our control. The foregoing factors are not exhaustive.

Actual results, performance or achievements could differ materially from those expressed in, or implied by, this forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do, what benefits will be derived therefrom. Except as required by law, Pine Cliff disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

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

Financial and Operational

Quarterly Financial and Operational Highlights

	2009			2008			
	3rd	**2nd**	**1st**	4th	3rd	2nd	1st
Financial ($)							
Revenue - Oil and Gas	**93,177**	**111,773**	**193,725**	295,944	129,537	138,415	143,116
Cash Flow from Operations	**(74,702)**	**(294,455)**	**(229,307)**	(68,211)	(305,368)	(224,141)	(204,923)
Per Share Basic and Diluted	**(0.00)**	**(0.01)**	**(0.01)**	0.00	(0.01)	0.00	0.00
Net Loss	**(263,808)**	**(325,010)**	**(498,532)**	(6,423,691)	(505,953)	(295,111)	(317,113)
Per Share Basic and Diluted	**(0.01)**	**(0.01)**	**(0.01)**	(0.14)	(0.01)	(0.01)	(0.01)
Capital Expenditures and Acquisitions	**600,732**	**9,581**	**119,786**	1,067,843	1,511,745	2,516,214	281,388
Total Assets	**4,900,934**	**4,558,217**	**4,966,907**	5,570,015	11,621,915	12,043,617	12,221,650
Working Capital	**991,619**	**1,738,974**	**1,903,038**	2,316,982	3,440,165	5,278,074	7,937,179
Shareholders' Equity	**4,089,767**	**4,341,385**	**4,644,004**	5,044,701	11,400,311	12,043,617	12,003,398
Operations							
Oil and NGLs (barrels per day)	**1**	**2**	**1**	2	1	-	4
Natural Gas (MCF per day)	**295**	**312**	**392**	453	146	142	168

	2007			
	4th	3rd	2nd	1st
Financial ($)				
Revenue - Oil and Gas	112,685	95,160	176,590	198,515
Cash Flow from Operations	(234,653)	(172,281)	(262,144)	(115,860)
Per Share Basic and Diluted	(0.01)	(0.01)	(0.01)	0.00
Net Loss	(381,561)	(383,540)	(346,274)	(270,109)
Per Share Basic and Diluted	(0.01)	(0.01)	(0.01)	(0.01)
Capital Expenditures and Acquisitions	193,350	174,289	233,648	2,196,476
Total Assets	12,445,994	4,173,333	3,946,888	4,211,984
Working Capital	8,378,110	(314,684)	182,319	602,650
Shareholders' Equity	12,205,066	3,371,089	3,749,025	4,008,304
Operations				
Oil and NGLs (barrels per day)	2	1	5	7
Natural Gas (MCF per day)	182	163	226	226

Production

	Three months ended			Nine months ended	
	Sept. 30, 2009	June 30, 2009	Sept. 30, 2008	**Sept. 30, 2009**	Sept. 30, 2008
Crude oil and NGLs (barrels per day)	**1**	2	1	**1**	1
Natural gas (MCF per day)	**295**	312	146	**332**	152
Total BOE per day (1)	**51**	53	24	**57**	25

(1) Barrels of oil equivalent (BOE) are calculated using a conversion ratio of 6 MCF to 1 barrel of oil. The conversion is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead and as such may be misleading if used in isolation.

During Q3 2009, the Company participated in drilling two (0.3 net, 15 percent working interest in each well) natural gas wells on its Sundance property in Canada. The operator of the property has indicated that the wells will be completed and tied-in for production prior to the end of November 2009.

During the fourth quarter of 2008, a natural gas well that is not operated by Pine Cliff was completed and placed on production (0.15 net) by the operator. Production for the first nine months of 2009 from this well is 208 MCF per day net to the Company.

Revenue

	Three months ended			Nine months ended	
($)	**Sept. 30, 2009**	June 30, 2009	Sept. 30, 2008	**Sept. 30, 2009**	Sept. 30, 2008
Revenue:					
Oil and gas sales	**93,177**	111,773	129,537	**398,675**	411,068
Average Realized Prices					
Crude oil and NGLs (per barrel)	**62.98**	62.14	119.90	**58.10**	110.45
Natural gas (per MCF)	**3.13**	3.62	8.74	**4.13**	9.18

Revenue from petroleum and natural gas sales for the first nine months of 2009 decreased by $12,393 from the first nine months of 2008 due to a 55 percent decrease in commodity prices for natural gas. This was mostly offset by the increased production from the gas well discussed above. A decrease in revenue from Q3 2009 to Q2 2009 was due to lower production volumes and reduced commodity prices for natural gas. Natural gas prices remain volatile due to numerous factors including drilling activity, supply shut-ins and industrial and weather related demand. The Company did not have hedging agreements in either 2009 or 2008 and presently does not have any future hedging agreements.

Royalties

	Three months ended			Nine months ended	
($)	**Sept. 30, 2009**	June 30, 2009	Sept. 30, 2008	**Sept. 30, 2009**	Sept. 30, 2008
Crown royalties	**(4,421)**	(49,052)	31,888	**(8,917)**	87,882
Gross overriding royalties	**2,120**	2,533	5,568	**9,449**	18,355
Total royalty expense	**(2,301)**	(46,519)	37,456	**532**	106,237

Crown royalties are lower in the first nine months of 2009 compared to the first nine months of 2008 due to a $58,000 crown royalty holiday adjustment received in the second quarter of 2009 related to 2008 crown royalty payments made on the new natural gas well. A further crown royalty adjustment of $5,800 was made in Q3 2009 related to reworks done of prior periods by the operator of Pine Cliff's other natural gas wells. Gross overriding royalties were also lower due to the significant decrease in natural gas prices. Gross overriding royalties were lower for Q3 2009 compared to Q2 2009 for the same reason.

Interest Income

	Three months ended			Nine months ended	
	Sept. 30,	June 30,	Sept. 30,	**Sept. 30,**	Sept. 30,
($)	**2009**	2009	2008	**2009**	2008
Interest income	**16**	284	21,025	**6,081**	115,355

The Company maintains both Canadian and U.S. investment accounts that pay interest at prime less various percentages as long as the Company maintains certain minimum account balances. The Company was earning interest at higher rates and on an increased cash balance throughout the first three quarters of 2008.

Production Costs

	Three months ended			Nine months ended	
	Sept. 30,	June 30,	Sept. 30,	**Sept. 30,**	Sept. 30,
($)	**2009**	2009	2008	**2009**	2008
Production costs	**36,848**	24,680	27,187	**119,337**	66,709
$ per BOE	**7.92**	5.30	12.17	**7.68**	9.70

Production costs were higher in the first nine months of 2009 versus the first nine months of 2008 due to higher production volumes. The increase in production costs in the third quarter of 2009 compared to the second quarter of 2009 was due to adjustments to prior period charges in the second quarter.

General and Administrative

	Three months ended			Nine months ended	
	Sept. 30,	June 30,	Sept. 30,	**Sept. 30,**	Sept. 30,
($)	**2009**	2009	2008	**2009**	2008
G&A expense	**174,363**	249,238	358,105	**748,598**	999,277

General and administrative (G&A) expenditures decreased by $250,679 from the first nine months of 2009 compared to the first nine months of 2008. The decrease in G&A expenses is due to reduced contractor fees for services provided to the Company's South American activities and reduced management fees. The decrease in G&A expenditures in Q3 2009 compared to Q2 2009 is for the same reasons. The majority of the G&A expenses pertain to the Company's operations in Argentina. With the unsuccessful completion of the three-well drill program on the Canadon Ramirez Concession, the Company's Board of Directors and management are reviewing the Company's involvement in Argentina and have reduced its consulting services and other international expenses since Q2 2009.

Pine Cliff does not have any employees at the present time but has engaged Bonterra Energy Corp. (Bonterra Corp) a related party (see Related Party section), to provide management services and engage the services of consultants on a contract or temporary basis. Pine Cliff's subsidiary CanAmericas Energy Ltd. (CanAmericas) has also engaged the consulting services of an individual professional as senior management and officer of CanAmericas.

Foreign Exchange Loss (Gain)

	Three months ended			Nine months ended	
	Sept. 30,	June 30,	Sept. 30,	**Sept. 30,**	Sept. 30,
($)	**2009**	2009	2008	**2009**	2008
Foreign exchange loss (gain)	**4,771**	16,432	26,816	**28,246**	(77,118)

The Company maintains foreign denominated bank accounts to facilitate its foreign operations. The loss on foreign exchange in the first nine months of 2009 relates to the appreciation of the Canadian dollar with the Argentine peso and U.S. dollar versus depreciation in 2008.

Stock-Based Compensation

	Three months ended			Nine months ended	
	Sept. 30,	June 30,	Sept. 30,	**Sept. 30,**	Sept. 30,
($)	**2009**	2009	2008	**2009**	2008
Stock-based compensation	**12,190**	22,392	106,998	**132,416**	313,422

The Company has a stock-based compensation plan. The Company records a compensation expense over the vesting period based on the fair value of options granted to employees of the management company (see section "Related Party Transactions"), directors and service providers in respect of the Company. The decrease in stock-based compensation in 2009 is due to the amortization in 2008 of most of the stock-based compensation, on the 1,108,000 options issued in the fourth quarter of 2007. The Company issued 40,000 stock options in Pine Cliff during the first nine months of 2009. The Company estimated the 2009 stock options fair value at $3,350 ($0.08 per option) using the Black-Scholes option pricing model, assuming a weighted average risk free interest rate of 1.24 percent, weighted average expected volatility of 96.0 percent, weighted average expected life of 2.5 years and no annual dividend rate. Of the options outstanding as of September 30, 2009, $11,180 of stock-based compensation is remaining to be expensed in 2009, 2010 and 2011.

Depletion, Depreciation, and Accretion and Dry Hole Exploration Costs

The Company follows the successful efforts method of accounting for petroleum and natural gas properties and related equipment. Costs of acquiring unproved properties are capitalized. When petroleum and natural gas properties are found to contain proved reserves as determined by Company engineers, the related net book value is depleted on the unit-of-production basis, calculated by field. The costs of dry holes and abandoned properties are charged to operations. Geological costs, lease rentals and carrying costs are charged to income as incurred. Costs of drilling exploratory and development wells that result in additions to proved reserves are capitalized and depleted on the unit-of-production basis. Tangible equipment is depreciated on a straight-line basis over ten years.

During the first nine months of 2009, the Company expensed $277,468 (2008 - $201,336) for depletion, depreciation and accretion of its property and equipment. The increase is related to increased production volumes in the first three quarters of 2009. The Company incurred $82,203 of capital costs in the first three quarters of 2009 related to the three wells drilled in the Canadon Ramirez Concession in Argentina.

These costs were written off as dry hole costs as the 2008 three-well exploration program was unsuccessful. No amounts were expensed to dry hole costs in the first three quarters of 2008.

Income Taxes

The Company follows the liability method of accounting for income taxes under which the income tax provision is based on the temporary differences in the accounts calculated using income tax rates expected to apply in the year in which the temporary differences will reverse. The Company has sufficient tax pools so that it is not liable for current income tax. However the Company is subject to a one percent Argentina capital tax on assets in Argentina. These amounts are deductible from future income earned in Argentina.

The Company has the following tax pools which can be used to reduce future taxable income:

	Rate of Utilization %	Amount
Undepreciated capital costs	25	$ 343,117
Foreign exploration expenditures	10	5,373,217
Share issue costs	20	45,622
Canadian exploration expenditures	100	392,110
Canadian development expenditures	30	949,190
Canadian oil and gas expenditures	10	545,733
Non-capital loss carry forward *	100	4,839,645
		$ 12,488,634

* $700,214 expires 2026, $1,523,672 expires 2027, $1,684,143 expires in 2028 and $931,616 expires in 2029

Non-Controlling Interest

A private foreign company (Foreign Corp.) owns seven percent of CanAmericas Energy Ltd. (CanAmericas), a 93 percent owned subsidiary of Pine Cliff. In 2008, losses in CanAmericas exceeded the non-controlling interest investment and therefore none of CanAmericas' loss in 2009 was allocated to the non-controlling interest.

Loss

	Three months ended			Nine months ended	
($)	**Sept. 30, 2009**	June 30, 2009	Sept. 30, 2008	**Sept. 30, 2009**	Sept. 30, 2008
Loss	**(263,808)**	(325,010)	(505,953)	**(1,087,350)**	(1,118,177)
Loss per share	**(0.01)**	(0.01)	(0.01)	**(0.02)**	(0.02)

The decrease in loss for the first nine months of 2009 compared to the first nine months of 2008 was predominantly due to crown royalty recoveries, reduced general and administrative costs and lower stock based compensation than 2008. These cost reductions were partially offset by lower interest income and increased production costs, depletion and depreciation and accretion, taxes, dry hole costs and a foreign exchange loss instead of a foreign exchange gain in 2009. The decrease in the Q3 2009 loss compared to Q2 2009 loss was predominantly due to the reduced G&A costs.

Cash Flow (Deficiency) from Operations

	Three months ended			Nine months ended	
	Sept. 30,	June 30,	Sept. 30,	**Sept. 30,**	Sept 30,
($)	**2009**	2009	2008	**2009**	2008
Cash flow (deficiency) from operations	**(74,702)**	(294,455)	(305,368)	**(598,464)**	(734,432)
Cash flow (deficiency) from operations per share	**(0.00)**	(0.01)	(0.01)	**(0.01)**	(0.02)

Cash flow deficiency decreased in the first three quarters of 2009 compared to the first three quarters of 2008 as the Company decreased its general and administrative costs. This decrease was partially offset by lower interest income and increased production costs. The reduction in cash flow deficiency from Q3 2009 compared to Q2 2009 was primarily due to an increase in non-cash working capital adjustments and reduced G&A costs.

Related Party Transactions

Pine Cliff has a management agreement with Bonterra Corp, a wholly owned subsidiary of Bonterra Oil & Gas Ltd. (a company with common directors and management with Pine Cliff), to have Bonterra Corp provide executive services (President and CEO, CFO and COO), accounting services, oil and gas administration and office administration. The management fee consists of a monthly fee of $10,000 (2008 - $19,800), three percent of net earnings before income taxes plus minor general and administrative expenses incurred by Bonterra that were specifically attributable to Pine Cliff. Total fees for 2009 were $90,000 (2008 - $178,200). As at September 30, 2009, amounts owing to Bonterra Corp were $916 (December 31, 2008 - $592). This agreement with Bonterra Corp that can be cancelled by giving 90 days notice.

Liquidity and Capital Resources

As of September 30, 2009, Pine Cliff had positive working capital of $991,619 (December 31, 2008 - $2,316,982). These funds will be used to cover the Company's remaining budgeted 2009 capital expenditures of approximately $400,000 relating to the completion and tie-in of the recently drilled two (0.3 net) Canadian gas wells.

Pine Cliff through its subsidiaries has paid 40 percent of costs totaling U.S. $1,120,000 including V.A.T. to earn a 25 percent participating interest in the Laguna de Piedra Concession. The Company is currently focusing on reducing its capital costs and general and administrative expenses related to its Argentina operations.

The V.A.T amount is recoverable against V.A.T liabilities generated on the sale of petroleum production in Argentina. The V.A.T amount has been capitalized to exploration costs, as its recoverability cannot be determined until a successful producing property is established.

The Company has a line of credit through its subsidiary CanAmericas to the lower of its available amount of cash or U.S. $3,690,000, which can be drawn by means of letters of guarantee and letters of credit. The line of credit may be cancelled without notice. No letters of guarantee or credit are currently outstanding.

The Company is authorized to issue an unlimited number of common shares without nominal or par value. Equity transactions during the past nine months are as follows:

Issued	Number	Amount
Common Shares		
Balance, January 1, 2009	45,275,695	$ 14,588,722
Balance, September 30, 2009	45,275,695	$ 14,588,722

A summary of the status of the Company's stock option plan as of September 30, 2009 and December 31, 2008, and changes during the nine month and twelve month periods ending on those dates is presented as follows:

	September 30, 2009		December 31, 2008	
	Options	**Weighted-Average Exercise Price**	Options	Weighted-Average Exercise Price
Outstanding at beginning of period	**3,118,000**	**$0.63**	3,053,000	$0.62
Options granted	**40,000**	**0.15**	65,000	1.15
Options exercised	**-**	**-**	-	-
Options cancelled	**(12,000)**	**1.15**	-	-
Outstanding at end of period	**3,146,000**	**$0.62**	3,118,000	$0.63
Options exercisable at end of period	**2,961,000**	**$0.58**	2,003,500	$0.33

The following table summarizes information about stock options outstanding at September 30, 2009:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding at 9/30/09	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable at 9/30/09	Weighted-Average Exercise Price
$0.15	1,130,000	0.3 years	$0.15	1,090,000	$0.15
0.50 – 0.60	825,000	0.3 years	0.51	825,000	0.51
0.70 – 0.75	80,000	0.3 years	0.72	80,000	0.72
1.10 – 1.20	1,071,000	0.7 years	1.18	926,000	1.18
1.40 – 1.50	40,000	1.3 years	1.49	40,000	1.49
$0.15 - $1.50	3,146,000	0.5 years	$0.62	2,961,000	$0.58

The Company records a compensation expense over the vesting period based on the fair value of options granted to employees, directors and consultants. Unvested options as of September 30, 2009 vest 87,500 in 2009 and 77,500 in 2010 and 20,000 in 2011.

The Company's subsidiary CanAmericas issued an option to Foreign Corp. during the first quarter of 2006 to acquire 1,000,000 common shares of CanAmericas at an option price of U.S. $0.25 per common share. Fifty percent of the options vested on January 13, 2007, and fifty percent vested on January 13, 2008, and all the options will expire on January 13, 2011.

Financial Reporting Update

In January 2009, the CICA issued EIC-173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities". The EIC provides guidance on how to take into account credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments. This standard is effective for the Company's fiscal periods ending on or after January 20, 2009 with retrospective application. The application of this EIC did not have a material effect on the Company's Consolidated Financial Statements.

Effective January 1, 2009, the Company prospectively adopted the Canadian Institute of Chartered Accountants (CICA) Section 1582, "Business Combinations", which replaces former guidance on business combinations. Section 1582 establishes principles and requirements of the acquisition method for business combinations and related disclosures.

Effective January 1, 2009, the Company prospectively adopted CICA Sections 1601, "Consolidated Financial Statements", and 1602, "Non-controlling Interests", which replaces existing guidance. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 provides guidance on accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination.

Recent Accounting Pronouncements

The Accounting Standards Board has confirmed the convergence of Canadian GAAP with International Financial Reporting Standards (IFRS) will be effective January 1, 2011.

The Company in the fourth quarter of 2008 commenced the process of conversion to IFRS by engaging its external auditors to perform a preliminary high-level scoping study to consider the potential impact of the implementation of IFRS on the Company. Based on the findings to date the following areas have been identified as high impact areas:

- IFRS 1 – First time adoption of IFRS
- IAS 16 – Property and equipment
- IAS 36 – Impairment of assets

Medium impact areas include:

- IFRS 6 – Exploration and evaluation of mineral resources
- IFRS 2 – Share-based payments
- IAS 1 – Presentation of financial statements
- IAS 10 – Events after the balance sheet date
- IAS 12 – Income Taxes
- IAS 18 – Revenues
- IAS 21 – The effects of changes in foreign exchange rates
- IAS 23 – Borrowing costs
- IAS 37 – Provisions, contingent liabilities and contingent assets

The impact of IFRS will be significant; however the Company has always maintained an accounting policy of successful efforts for property and equipment that will result in a major reduction in the level of conversion compared to most oil and gas companies who used the full cost accounting policy.

Due to various time restrictions, the Company delayed its second phase of its IFRS project to the fourth quarter of 2009. The Company will be completing a more detailed analysis of the above areas and making decisions in respect of accounting policies that will be followed in respect of the above identified areas, documenting those policies, and calculating the impact of those policies on existing financial statement items and presentations. Key information will be disclosed as it becomes available during the transition period.

In June 2009, the CICA issued amendments to CICA Handbook Section 3862, "Financial Instruments — Disclosures". The amendments include enhanced disclosures related to the fair value of financial instruments and the liquidity risk associated with financial instruments. The amendments will be effective for annual financial statements for fiscal years ending after September 30, 2009. The amendments are consistent with recent amendments to financial instrument disclosure standards in IFRS. The Company will include these additional disclosures in its annual consolidated financial statements for the year ending December 31, 2009.

Additional information relating to the Company may be found on www.sedar.com and by visiting its website at **www.pinecliffenergy.com**.

Submitted on behalf of the Board of Directors,

George F. Fink
President, CEO and Director

Management's Responsibility for Financial Statements

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values of certain assets or liabilities. Management believes such estimates have been based on careful judgements and have been properly reflected in the accompanying financial statements.

Management maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

The Company's auditors have not performed a review of these interim financial statements. The audit committee has reviewed these financial statements with management and has reported to the Board of Directors. The Board of Directors has approved the financial statements as presented in this interim report.

Consolidated Balance Sheets

As at September 30, 2009 and December 31, 2008
(unaudited)

	2009	2008
Assets		
Current		
Cash	**$ 1,582,216**	$ 2,624,556
Accounts receivable	**108,561**	107,200
Prepaid expenditures	**28,036**	29,602
	1,718,813	2,761,358
Property and Equipment (Note 6)		
Property and equipment	**4,526,446**	3,878,550
Accumulated depletion and depreciation	**(1,344,325)**	(1,069,893)
Net Property and Equipment	**3,182,121**	2,808,657
	$4,900,934	$5,570,015
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 4)	**$ 727,194**	$444,376
Asset Retirement Obligations	**83,973**	80,938
Non-Controlling Interests (Note 5)	**-**	-
	811,167	525,314
Commitments		
Shareholders' Equity (Note 8)		
Share capital	**14,588,722**	14,588,722
Contributed surplus	**855,384**	722,968
Deficit	**(11,354,339)**	(10,266,989)
Accumulated other comprehensive income	**-**	-
Total Shareholders' Equity	**4,089,767**	5,044,701
	$4,900,934	$5,570,015

Consolidated Statements of Loss, Comprehensive Loss and Deficit

For the periods ended September 30 (unaudited)

	Three Months		Nine Months	
	2009	2008	**2009**	2008
Revenue				
Oil and gas sales	**$93,177**	$129,537	**$398,675**	$411,068
Royalties	**2,301**	(37,456)	**(532)**	(106,237)
Interest income	**16**	21,025	**6,081**	115,355
	95,494	113,106	**404,224**	420,186
Expenses				
Production costs	**36,848**	27,187	**119,337**	66,709
General and administrative (Note 4)	**174,363**	358,105	**748,598**	999,277
Foreign exchange loss (gain)	**4,771**	26,816	**28,246**	(77,118)
Stock-based compensation (Note 8)	**12,190**	106,998	**132,416**	313,422
Depletion, depreciation and accretion	**82,829**	77,792	**277,468**	201,336
Dry hole costs (Note 6)	**22,167**	-	**82,203**	-
	333,168	591,898	**1,388,268**	1,503,626
Loss Before Taxes and Non-Controlling Interests	**(237,674)**	(478,792)	**(984,044)**	(1,083,440)
Taxes (Note 7)				
Current	**26,134**	27,161	**103,306**	59,916
Future	**-**	-	**-**	-
	26,134	27,161	**103,306**	59,916
Loss before Non-Controlling Interests	**(263,808)**	(505,953)	**(1,087,350)**	(1,143,356)
Loss applicable to non-controlling interests (Note 5)	**-**	-	**-**	25,179
Loss and Comprehensive Income for the Period	**(263,808)**	(505,953)	**(1,087,350)**	(1,118,177)
Deficit, Beginning of Period	**(11,090,531)**	(3,337,345)	**(10,266,989)**	(2,725,121)
Deficit, End of Period	**($11,354,339)**	($3,843,298)	**($11,354,339)**	($3,843,298)
Loss Per Share - Basic and Diluted	**($0.01)**	($0.01)	**($0.02)**	($0.02)
Weighted Average Common Shares				
Basic and diluted	**45,275,695**	45,275,695	**45,275,695**	45,275,695

Consolidated Statements of Cash Flow

For the periods ended September 30 (unaudited)

	Three Months		Nine Months	
	2009	2008	**2009**	2008
Operating Activities				
Loss for the period	**($263,808)**	($505,953)	**($1,087,350)**	($1,118,177)
Items not affecting cash				
Stock-based compensation	**12,190**	106,998	**132,416**	313,422
Depletion, depreciation and accretion	**82,829**	72,792	**277,468**	201,336
Dry hole costs	**22,167**	-	**82,203**	-
Unrealized foreign exchange loss (gain)	**-**	26,816	**-**	(77,118)
Loss applicable to non-controlling interests	**-**	-	**-**	(25,179)
	(146,622)	(299,347)	**(595,263)**	(705,716)
Change in non-cash working capital				
Accounts receivable	**13,206**	14,533	**(1,361)**	(26,351)
Prepaid expenditures	**4,531**	2,624	**1,566**	(6,929)
Accounts payable and accrued liabilities	**54,183**	(23,178)	**(3,406)**	4,564
	71,920	(6,021)	**(3,201)**	(28,716)
Cash Used in Operating Activities	**(74,702)**	(305,368)	**(598,464)**	(734,432)
Financing Activities	**-**	-	**-**	-
Cash Provided by Financing Activities	**-**	-	**-**	-
Investing Activities				
Property and equipment expenditures	**(600,732)**	(1,511,745)	**(730,099)**	(4,309,347)
Proceeds on disposal of restricted term investments	**-**	-	**-**	2,689,601
Change in non-cash working capital				
Accounts payable and accrued liabilities	**539,139**	-	**286,223**	-
Cash used in Investing Activities	**(61,593)**	(1,511,745)	**(443,876)**	(1,619,746)
Unrealized Foreign Exchange Gain (Loss) on Cash Held in Foreign Currency	-	(26,816)	-	77,118
Net Cash Outflow	**(136,295)**	(1,843,929)	**(1,042,340)**	(2,277,060)
Cash, Beginning of Period	**1,718,511**	5,336,317	**2,624,556**	5,769,448
Cash, End of Period	**1,582,216**	3,492,388	**1,582,216**	3,492,388
Cash interest paid	**$ -**	$ -	**$ -**	$ -
Cash taxes paid	**$ 2,259**	$ 5,902	**$ 57,962**	$ 27,327

Notes to the Consolidated Financial Statements

Periods ended September 30, 2009 and 2008 (unaudited)

1. SIGNIFICANT ACCOUNTING POLICIES

The interim consolidated financial statements for Pine Cliff Energy Ltd. ("Pine Cliff" or the "Company") as at and for the three and nine months ended September 30, 2009 should be read in conjunction with the audited consolidated financial statements as at and for the year ended December 31, 2008. The notes to these interim consolidated financial statements do not conform in all respects to the note disclosure requirements of generally accepted accounting policies ("GAAP") for annual consolidated financial statements. These interim consolidated financial statements are prepared using the same accounting policies and methods of computation as disclosed in the annual consolidated financial statements as at and for the year ended December 31, 2008, except for those disclosed in Note 2 below. The disclosures provided within are incremental to those included with the annual financial statements.

2. CHANGE IN ACCOUNTING POLICIES

On January 1, 2009, the Company adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064, "Goodwill and Intangible Assets". The new section replaces the previous goodwill and intangible asset standard and revises the requirement for recognition, measurement, presentation and disclosure of intangible assets. The adoption of this standard had no impact on the Company's consolidated financial statements.

On January 1, 2009, the Company adopted the CICA's EIC-173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities". The EIC provides guidance on how to take into account credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments. The adoption of this EIC had no impact on the Company's consolidated financial statements.

Effective January 1, 2009, the Company prospectively adopted the CICA issued Section 1582, "Business Combinations", which will replace the former guidance on business combinations. Under the new standard, the purchase price used in a business combination is based on the fair value of consideration exchanged at the date of exchange. Currently the purchase price used is based on the fair value of the consideration for a reasonable period before and after the date of acquisition is agreed upon and announced. The new standard generally requires all acquisition costs be expensed, which are currently capitalized as part of the purchase price. In addition, the new standard modified the accounting for contingent consideration and negative goodwill.

Effective January 1, 2009, the Company prospectively adopted the CICA issued Sections 1601, "Consolidated Financial Statements", and 1602, "Non-controlling Interests", which replace existing guidance. Section 1601 establishes standards for the preparation of consolidated financial statements and Section 1602 provides guidance on accounting for a non-controlling interest in a subsidiary subsequent to a business combination.

Recent and Pending Accounting Pronouncements

In June 2009, the CICA issued amendments to CICA Handbook Section 3862, "Financial Instruments - Disclosures". The amendments include enhanced disclosures related to the fair value of financial instruments and the liquidity risk associated with financial instruments. The amendments will be effective for annual financial statements for fiscal years ending after September 30, 2009. The amendments are consistent with recent amendments to financial instrument disclosure standards in International Financial Reporting Standards ("IFRS"). The Company will include these additional disclosures in its annual consolidated financial statements for the year ending December 31, 2009.

The Canadian Accounting Standards Board has confirmed that IFRS will replace Canadian GAAP effective January 1, 2011, including comparatives for 2010, for Canadian publicly accountable enterprises. The Company has completed its high-level IFRS impact study and established a preliminary timeline for the execution and completion of the conversion project. The impact of IFRS on the Company's consolidated financial statements is not reasonably determinable at this time.

3. BANKING AGREEMENT

The Company has a line of credit through its subsidiary CanAmericas to the lower of its available amount of cash or U.S. $3,690,000, which can be drawn by means of letters of guarantee and letters of credit. The line of credit may be cancelled without notice. No letters of guarantee or credit are currently outstanding.

4. RELATED PARTY TRANSACTIONS

Bonterra Oil & Gas Ltd. (Bonterra O&G) an oil and gas corporation publicly traded on the Toronto Stock Exchange with common directors and management with Pine Cliff and a former parent of the Company, through its wholly owned subsidiary Bonterra Energy Corp. (Bonterra Corp) provides management services and office administration to the Company. Total fees for the nine month period were $90,000 (2008 - $178,200) plus minimal administrative costs. As of September 30, 2009 Pine Cliff owed Bonterra Corp $916 (December 31, 2008 - $592).

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

5. NON-CONTROLLING INTERESTS

The Company has incorporated a subsidiary company, CanAmericas Energy Ltd. (CanAmericas) to explore and develop oil and gas properties primarily in South America. CanAmericas is owned 93 percent by the Company and seven percent by a foreign private corporation (Foreign Corp.). CanAmericas was initially financed by investments of $1,400,000 U.S. for 5,600,000 common shares from the Company and $100,000 U.S. for 400,000 common shares from Foreign Corp.

Changes to non-controlling interest were as follows:

	September 30, 2009	December 31, 2008
Non-controlling interest, January 1	**$ -**	$ 25,179
Loss applicable to non-controlling interest	**($ -)**	(25,179)
Non-controlling interest, end of period	**$ -**	$ -

Foreign Corp. has been granted an option to acquire an additional 1,000,000 common shares of CanAmericas at U.S. $0.25 per common share. Fifty percent of the options vested on January 13, 2007, and the remaining 50 percent vested on January 13, 2008, and all of the options will expire on January 13, 2011.

6. PROPERTY AND EQUIPMENT

	September 30, 2009		December 31, 2008	
	Cost	**Accumulated Depletion and Depreciation**	Cost	Accumulated Depletion and Depreciation
Petroleum and natural gas properties and related equipment	**$4,472,935**	**$1,309,058**	$3,825,038	$1,041,902
Furniture, equipment and other	**53,512**	**35,268**	53,512	27,991
	$4,526,447	**$1,344,326**	$3,878,550	$1,069,893

In 2009, the exploration costs related to the Canadon Ramirez Concession of $82,203 (2008 - $6,171,140) were written-off to dry hole costs as the three-well program was unsuccessful. Exploration costs of $1,444,965 included in petroleum and natural gas properties and related equipment presently have been excluded from costs subject to depletion and depreciation.

Development costs of $568,479 included in petroleum and natural gas properties and related equipment were incurred to drill two natural gas wells. The drilling costs for these wells have been excluded from costs subject to depletion and depreciation as these wells were not completed or producing as of September 30, 2009.

7. TAXES

The Company has expensed $103,306 current tax expense related to Argentina capital tax. A one percent Argentina capital tax is payable in respect of the exploration costs for the Canadon Ramirez and the Laguna de Piedra Concessions.

The Company continues to record a full valuation allowance for its future income tax assets as the recoverability is uncertain.

8. SHARE CAPITAL

Authorized

Unlimited number of Common Shares without nominal or par value.

Unlimited number of Class B Preferred Shares without nominal or par value which may be issued in one or more series.

Issued	Number	Amount
Common Shares		
Balance, January 1, 2009	45,275,695	$ 14,588,722
Balance, September 30, 2009	45,275,695	$ 14,588,722

A summary of the changes to the Company's contributed surplus is presented as follows:

Contributed surplus

($)	**2009**	2008
Balance, January 1	**722,968**	341,465
Stock-based compensation expensed (non-cash)	**132,416**	313,422
Balance, September 30	**855,384**	654,887

The deficit balance is composed of accumulated earnings.

A summary of the status of the Company's stock option plan as of September 30, 2009 and December 31, 2008, and changes during the nine month and twelve month periods ending on those dates is presented as follows:

	September 30, 2009		December 31, 2008	
	Options	**Weighted-Average Exercise Price**	Options	Weighted-Average Exercise Price
Outstanding at beginning of period	**3,118,000**	**$0.63**	3,053,000	$0.62
Options granted	**40,000**	**0.15**	65,000	1.15
Options exercised	**-**	**-**	-	-
Options cancelled	**(12,000)**	**1.15**	-	-
Outstanding at end of period	**3,146,000**	**$0.62**	3,118,000	$0.63
Options exercisable at end of period	**2,961,000**	**$0.58**	2,003,500	$0.33

The following table summarizes information about stock options outstanding at September 30, 2009:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding at 9/30/09	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable at 9/30/09	Weighted-Average Exercise Price
$0.15	1,130,000	0.3 years	$0.15	1,090,000	$0.15
0.50 – 0.60	825,000	0.3 years	0.51	825,000	0.51
0.70 – 0.75	80,000	0.3 years	0.72	80,000	0.72
1.10 – 1.20	1,071,000	0.7 years	1.18	926,000	1.18
1.40 – 1.50	40,000	1.3 years	1.49	40,000	1.49
$0.15 - $1.50	3,146,000	0.5 years	$0.62	2,961,000	$0.58

The Company records a compensation expense over the vesting period based on the fair value of options granted to employees, directors and consultants. Unvested options as of September 30, 2009 vest 87,500 in 2009, 77,500 in 2010 and 20,000 in 2011.

The Company issued 40,000 (December 31, 2008 – 65,000) stock options with an estimated fair value of $3,350 (December 31, 2008 - $33,761) ($0.08 per option (December 31, 2008 - $0.52 per option)) using the Black-Scholes option pricing model with the following key assumptions:

	September 30, 2009	December 31, 2008
Weighted-average risk free interest rate (%)	**1.24**	2.89
Dividend yield (%)	**-**	-
Expected life (years)	**2.5**	2.5
Weighted-average volatility (%)	**96.0**	72.0

9. SEGMENTED INFORMATION

The Company has operations in Canada and in South America. All operating activities are related to exploration, development and production of petroleum and natural gas:

($)	Canada	South America	Total
Three Months Ended September 30, 2009			
Revenue, gross	93,178	15	93,193
Loss before non-controlling interest	92,396	171,412	263,808
Capital expenditures	571,525	29,207	600,732
Nine Months Ended September 30, 2009			
Revenue, gross	402,967	1,789	404,756
Loss before non-controlling interest	337,938	749,412	1,087,350
Capital expenditures	573,041	157,058	730,099
Property and equipment	1,722,579	1,459,542	3,182,121
Total assets	3,371,995	1,528,939	4,900,934
Three Months Ended September 30, 2008			
Revenue, gross	150,276	286	150,562
Loss before non-controlling interest	201,176	304,777	505,953
Capital expenditures	66,283	1,445,462	1,511,745
Nine Months Ended September 30, 2008			
Revenue, gross	505,383	21,040	526,423
Loss before non-controlling interest	505,053	638,303	1,143,356
Capital expenditures	76,505	4,232,842	4,309,347
December 31, 2008			
Property and equipment	1,416,693	1,391,964	2,808,657
Total assets	3,884,908	1,685,107	5,570,015

10. FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial Risk Factors

The Company undertakes transactions in a range of financial instruments including:

- Cash deposits;
- Receivables;
- Payables;

The Company's activities result in exposure to a number of financial risks including market risk (commodity price risk, interest rate risk, foreign exchange risk, credit risk, and liquidity risk). Financial risk management is carried out by senior management under the direction of the Board of Directors.

The Company does not enter into risk management contracts. The Company sells its oil and gas commodities at market prices at the date of sale in accordance with the Board directive.

Capital Risk Management

The Company's objectives when managing capital, which includes current assets and long-term assets, are to safeguard the Company's ability to continue as a going concern, to continue providing returns to its Shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may issue debt or new shares.

The Company monitors capital on the basis of the ratio of budgeted exploration capital requirements to current working capital. This ratio is calculated using the projected cash requirements for a year in advance and maintaining a working capital balance of at least six months to satisfy this requirement on a continuous basis.

The Company believes that maintaining approximately a six month current working capital balance to the exploration capital budget requirement is an appropriate basis to allow it to continue its future development of the Company's assets.

The following section (a) of this note provides a summary of our underlying economic positions as represented by the carrying values, fair values and contractual face values of our financial assets and financial liabilities. The Company's working capital to capital expenditure requirement ratio is also provided.

The following section (b) addresses in more detail the key financial risk factors that arise from the Company's activities including its policies for managing these risks.

a) Financial assets, financial liabilities

The carrying amounts, fair value and face values of the Company's financial assets and liabilities other than cash are shown in Table 1.

Table 1

	As at September 30, 2009			As at December 31, 2008		
($000)	Carrying Value	Fair Value	Face Value	Carrying Value	Fair Value	Face Value
Financial assets						
Accounts receivable	109	109	175	107	107	142
Financial liabilities						
Accounts payable and accrued liabilities	727	727	727	444	444	444

The budgeted capital expenditure to working capital base figures for September 30, 2009 is presented below:

($000)	**September 30, 2009**
Budgeted capital expenditure [1]	**600**
Current assets	**1,719**
Current liabilities	**(727)**
Working capital	**992**
Working capital to budgeted capital expenditure (in months)	**19.8**

[1] Budgeted capital expenditure represents the Company's estimated future twelve month capital expenditures.

b) Risks and mitigations

Market risk is the risk that the fair value or future cash flow 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's principal operation is the exploration and possible development of its oil and gas properties. The Company also engages in the exploration and development of oil and natural gas properties in Canada. Fluctuations in prices of these commodities may directly impact the Company's performance and ability to continue with its operations.

The Company's management currently does not use risk management contracts to set price parameters for its production.

Sensitivity Analysis

The Company is still in the exploration stage of development of its exploration properties and as such generates nominal cash flow or earnings from these properties. In addition, the Company's petroleum and natural gas operations provide only moderate cash flow and as such changes in commodity prices would have no material impact on the Company.

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flow 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 Pine Cliff uses. The principal exposure to the Company is on its cash balances which have a variable interest rate which gives rise to a cash flow interest rate risk.

Pine Cliff's cash consists of Canadian dollar, U.S. dollar and Argentinean peso investment chequing accounts. Since these funds need to be accessible for the development of the Company's capital projects, management does not reduce its exposure to interest rate risk through entering into term contracts of various lengths. As discussed above, the Company generally manages its capital such that its budgeted capital requirements to current working capital ratio are at least six months.

Foreign exchange risk

The Company has foreign operations, but no revenue from production from the foreign properties and currently sells all of its Canadian product sales in Canadian currency. The Company has a U.S. cash and Argentina peso cash balance and earns an insignificant amount of interest on its U.S. and Argentinean peso bank accounts. Funds held in foreign denominated accounts are generally held for short periods of time, as the Company transfers and converts Canadian funds to foreign currency as payments for foreign currency denominated payables come due. As such, Pine Cliff does not mitigate exchange rate risk by using risk management contracts.

Credit risk

Credit risk is the risk that a contracting party will not complete its obligations under a financial instrument and cause the Company to incur a financial loss. Pine Cliff is exposed to credit risk on all financial assets included on the balance sheet. To help mitigate this risk, the Company maintains the majority of its cash balances with a major Canadian chartered bank and invests in secure financial instruments.

Substantially all of the accounts receivable balance at September 30, 2009 ($151,000) and December 31, 2008 ($107,000) relates to product sales with Canadian oil and gas companies and crown royalty credits with the province of Alberta, all of which have consistently been received within 30 to 60 days. The Company through its subsidiary CanAmericas also has a receivable of $66,000 for Argentina Value Added Tax on non-capital expenditures. The Company has taken a full allowance on the V.A.T., as the Company has no Argentina income subject to V.A.T. to claim it against.

The Company assesses quarterly if there has been any impairment of the financial assets of the Company. The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The carrying value of accounts receivable approximates their fair value due to the relatively short periods to maturity on this instrument. Currently no accounts receivable is greater than 90 days. The maximum exposure to credit risk is represented by the carrying amount on the balance sheet. There are no material financial assets that the Company considers past due.

Liquidity risk

Liquidity risk includes the risk that, as a result of Pine Cliff's operational liquidity requirements:

- The Company will not have sufficient funds to settle a transaction on the due date,
- Pine Cliff will not have sufficient funds to continue with its financing of its major exploration projects,
- The Company will be forced to sell assets at a value which is less than what they are worth, or
- Pine Cliff may be unable to settle or recover a financial asset at all.

To help reduce these liquidity risks, the Company:

- Has a general capital policy of maintaining at least six months of budgeted capital requirements as its working capital base.
- Maintains a continuous evaluation approach as to the requirements for its largest exploration programs; the Canadon Ramirez Concession and Laguna de Piedra Concession.

Pine Cliff Energy Ltd.

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