PNE-V

First Quarter 2009

Highlights

For the three months ended		**March 31 2009**	December 31 2008	March 31 2008
FINANCIAL ($)				
Revenue - Oil and Gas		**193,725**	295,944	143,116
Cash Flow from Operations		**(229,307)**	(68,211)	(204,923)
Per Share Basic and Diluted		**(0.01)**	0.00	0.00
Net Loss		**(498,532)**	(6,423,691)	(317,113)
Per Share Basic and Diluted		**(0.01)**	(0.14)	(0.01)
Capital Expenditures and Acquisitions		**119,786**	1,067,843	281,388
Total Assets		**4,966,907**	5,570,015	12,221,650
Working Capital		**1,903,038**	2,316,982	7,937,179
Shareholders' Equity		**4,644,004**	5,044,701	12,003,398
OPERATIONS				
Oil and NGL's	- Barrels Per Day	**1**	2	4
	-Average Price ($ per barrel)	**48.06**	53.46	56.91
Natural Gas	-MCF Per Day	**392**	453	168
	-Average Price ($ per MCF)	**5.32**	6.92	8.17
Total Barrels of Oil Equivalent (BOE) Per Day [1]		**64**	77	32

[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 ended March 31, 2009.

Pine Cliff realized disappointing drill results in Argentina during 2008 and the potential negative political and economic changes in Argentina continue to provide a difficult environment in which to operate. In addition, positive changes in the Canadian energy sector may mean a domestic focus has once again become more favourable than an international focus.

With due consideration given to these factors, the Board of Directors and Management recognize that there is a need to evaluate the overall direction for the Company and are presently assessing various options and opportunities available to add value on behalf of shareholders.

Operations

During the fourth quarter of 2008, Pine Cliff participated in drilling one natural gas well (15 percent working interest) in the Sundance area of Alberta. The well averaged approximately 320 MCF per day net to the Company during the fourth quarter and anticipated production for 2009 is estimated between 150 to 200 MCF per day net to Pine Cliff.

Pine Cliff is giving consideration to participating in one gross exploration well (0.25 net) in the Laguna de Piedra concession, a property in Argentina which the Company has deemed highly prospective. Drilling is expected to take place in late 2009 or early 2010. The Company's share of the costs to drill well is expected to be approximately $500,000.

Financial:

The Company is currently focused on decreasing general and administrative (G&A) expenses and has reduced its consulting services and other international expenses in the second quarter of 2009. As a majority of the G&A expenses relate to its South American activities, a significant reduction in these costs is anticipated.

As of March 31, 2009, Pine Cliff had positive working capital of $1,907,037. These funds will be used to cover the Company's budgeted 2009 capital expenditures of $750,000 in relation to the drilling of its Laguna de Piedra Concession as well as miscellaneous capital costs in respect of its Canadian oil and gas operations.

Outlook

Pine Cliff is indeed operating within challenging circumstances. However, the Board of Directors and management remain optimistic that it will be able to take advantage of the many opportunities that are available and continue to believe that a domestic perspective may once again be more economic than in foreign jurisdictions. As such, the Company will take an aggressive approach in Canada with regard to pursuing acquisitions and other opportunities to add value.

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 May 27, 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 three months ended March 31, 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			
	1st	4th	3rd	2nd	1st
Financial ($)					
Revenue - Oil and Gas	**193,725**	295,944	129,537	138,415	143,116
Cash Flow from Operations	**(229,307)**	(68,211)	(305,368)	(224,141)	(204,923)
Per Share Basic and Diluted	**(0.01)**	(0.00)	(0.01)	(0.00)	(0.00)
Net Loss	**(498,532)**	(6,423,691)	(505,953)	(295,111)	(317,113)
Per Share Basic and Diluted	**(0.01)**	(0.14)	(0.01)	(0.01)	(0.01)
Capital Expenditures and Acquisitions	**119,786**	1,067,843	1,511,745	2,516,214	281,388
Total Assets	**4,966,907**	5,570,015	11,621,915	12,043,617	12,221,650
Working Capital	**1,903,038**	2,316,982	3,440,165	5,278,074	7,937,179
Shareholders' Equity	**4,644,004**	5,044,701	11,400,311	12,043,617	12,003,398
Operations					
Oil and liquids (barrels per day)	**1**	2	1	-	4
Natural Gas (MCF per day)	**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 liquids (barrels per day)	2	1	5	7
Natural Gas (MCF per day)	182	163	226	226

Production

	Three months ended		
	March 31, 2009	December 31, 2008	March 31, 2008
Crude oil and NGLs (barrels per day)	**1**	2	4
Natural gas (MCF per day)	**392**	453	168
Total BOE per day [(1)]	**64**	77	32

[(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 the fourth quarter the Company completed and placed on production one gross (0.15 net) natural gas well. The well averaged approximately 320 MCF per day net to the Company during the fourth quarter. Production for 2009 from this well is 258 MCF per day net to the Company. The Company has an expected annual decline rate of approximately 20 percent on its other production.

Revenue

	Three months ended		
($)	**March 31, 2009**	December 31, 2008	March 31, 2008
Revenue:			
Oil and gas sales	**193,725**	295,944	143,116
Average Realized Prices			
Crude oil and NGLs (per barrel)	**48.06**	53.46	56.91
Natural gas (per MCF)	**5.32**	6.92	8.17

Revenue from petroleum and natural gas sales for Q1 2009 increased by $50,609 from Q1 2008 due to increased production volumes. A decrease in revenue from Q4 2008 to Q1 2009 was primarily due to lower production volumes and reduced commodity prices for natural gas. 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		
($)	**March 31, 2009**	December 31, 2008	March 31, 2008
Crown royalties	**44,556**	74,834	34,130
Gross overriding royalties	**4,796**	10,204	2,738
Total royalty expense	**49,352**	85,038	36,868

Crown royalties are higher in the first quarter of 2009 compared to the first quarter of 2008 due to higher production volumes and revenue. Gross overriding royalties are also higher for the same reason. Crown and gross overriding royalties were lower for Q1 2009 compared to Q4 2008 due to lower commodity prices and production volumes in Q1 2009.

Interest Income

	Three months ended		
($)	**March 31, 2009**	December 31, 2008	March 31, 2008
Interest income	**5,781**	13,580	68,168

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 quarter of 2008. Interest income for Q1 2009 and Q4 2008 decreased significantly due to the lower cash balance on hand as $5,377,000 was spent on capital projects in Canada and Argentina in 2008.

Production Costs

	Three months ended		
($)	**March 31, 2009**	December 31, 2008	March 31, 2008
Production costs	**57,809**	49,159	26,249
$ per BOE (1)	**10.08**	7.27	9.55

(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.

Production costs were higher in Q1 2009 versus Q1 2008 due to higher production volumes that result in higher compression and processing costs. The increase in production costs in the first quarter of 2009 compared to the fourth quarter of 2008 was due to gas compression and processing cost adjustments.

General and Administrative

	Three months ended		
($)	**March 31, 2009**	December 31, 2008	March 31, 2008
G&A expense	**324,997**	339,344	282,129

General and administrative expenditures were similar between Q1 2009 and Q4 2008. The increase in G&A expenses in Q1 2009 compared to Q1 2008 is primarily due to continuous disclosure costs and contractor fees for services provided to the Company's South American activities. 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 in 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		
($)	**March 31, 2009**	December 31, 2008	March 31, 2008
Foreign exchange loss (gain)	**7,043**	(71,892)	(2,310)

The Company maintains foreign denominated bank accounts to facilitate its foreign operations. The loss on foreign exchange in Q1 2009 relates to the appreciation of the Canadian dollar with the Argentine pesos. The first and fourth quarter gain on foreign exchange relates to the depreciation of the Canadian dollar with the U.S. dollar.

Stock-Based Compensation

	Three months ended		
($)	**March 31, 2009**	December 31, 2008	March 31, 2008
Stock based compensation	**97,834**	68,081	115,445

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. No new options were issued in the first quarter of 2009. Of the options outstanding as of March 31, 2009, $42,500 of stock-based compensation is remaining to be expensed in 2009.

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 quarter of 2009, the Company expensed $106,540 (2008 - $65,469) for depletion, depreciation and accretion of its property and equipment. The increase is related to increased production volumes in the first quarter of 2009. The fourth quarter of 2008 had a slightly higher depletion, depreciation and accretion amount of $129,129 due to slightly higher production. The fourth quarter of 2008 also had $6,171,140 of capital costs expensed to dry hole costs as the three well exploration program on the Canadon Ramirez Concession in Argentina was unsuccessful. No amounts were expensed to dry hole costs in 2009.

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 such 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	$ 393,268
Foreign exploration expenditures	10	5,815,989
Share issue costs	20	71,018
Canadian exploration expenditures	100	392,110
Canadian development expenditures	30	544,084
Canadian oil and gas expenditures	10	575,231
Non-capital loss carry forward *	100	4,098,164
		$ 11,889,864

* $377,869 expires 2026, $929,726 expires 2027, $1,955,891 expires in 2028 and $834,678 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		
($)	**March 31, 2009**	December 31, 2008	March 31, 2008
Loss	**498,532**	6,423,691	317,113
Loss per share	**0.01**	0.14	0.00

The increase in the first quarter loss of 2009 compared to Q1 2008 was predominantly due to decreased interest income, increased depletion costs and increased general and administrative costs. The decrease in the Q1 2009 loss compared to Q4 2008 loss was predominantly due to the provision for dry hole costs of $6,171,140 relating to the unsuccessful exploration drill program on the Canadon Ramirez Concession in the fourth quarter of 2008.

Cash Flow from Operations

	Three months ended		
($)	**March 31, 2009**	December 31, 2008	March 31, 2008
Cash flow from operations	**(229,307)**	(68,211)	(204,923)
Cash flow from operations per share	**(0.01)**	(0.00)	(0.00)

Cash flow deficiency increased in the first quarter of 2009 compared to Q1 2008 as the Company had decreased interest income, increased general and administrative costs and increased production costs which were partially offset by higher oil and gas sales and a reduction in non-cash working capital adjustments. The reduction in cash flow from Q1 2009 compared to Q4 2008 was primarily due to decreased oil and gas sales.

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 $30,000 (2008 - $59,400). As at March 31, 2009, amounts owing to Bonterra Corp were $64 (December 31, 2008 - $592).

Commitments

The Company has a related party management agreement with Bonterra Corp that can be cancelled by giving 90 days notice.

Liquidity and Capital Resources

As of March 31, 2009, Pine Cliff had positive working capital of $1,907,037 (December 31, 2008 - $2,316,982). These funds will be used to cover the Company's budgeted 2009 capital expenditures of $750,000 in relation to the drilling of its Laguna de Piedra Concession if it is drilled in 2009 (see below) as well as miscellaneous capital costs in respect of its Canadian oil and gas operations. The Company is currently focusing on reducing general and administrative expenses related to its Argentina operations.

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 has planned to participate in a one well project, which is expected to be drilled in late 2009 or early 2010. The Company's share of the costs to drill the well will be approximately $500,000.

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 three months are as follows:

Issued	Number	Amount
Common Shares		
Balance, January 1, 2009	45,275,695	$ 14,588,722
Balance, March 31, 2009	45,275,695	$ 14,588,722

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

	March 31, 2009		March 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	**-**	**-**	65,000	1.15
Options exercised	**-**	**-**	-	-
Options cancelled	**12,000**	**1.15**	-	-
Outstanding at end of period	**3,106,000**	**$0.62**	3,118,000	$0.63
Options exercisable at end of period	**2,022,500**	**$0.34**	2,003,500	$0.33

The following table summarizes information about stock options outstanding at March 31, 2009:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding at 3/31/09	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable at 3/31/09	Weighted-Average Exercise Price
$0.15	1,090,000	0.8 years	$0.15	1,090,000	$0.15
0.50 – 0.60	825,000	0.8 years	0.51	825,000	0.51
0.70 – 0.75	80,000	0.8 years	0.72	80,000	0.72
1.10 – 1.20	1,071,000	1.2 years	1.18	7,500	1.18
1.40 – 1.50	40,000	1.8 years	1.49	20,000	1.49
$0.15 - $1.50	3,106,000	1.0 years	$0.62	2,022,500	$0.34

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 March 31, 2009 vest 1,026,000 in 2009 and 57,500 in 2010.

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 has performed an initial scoping process in order to ensure successful implementation within the required timeframe. The impact on the Company's consolidated financial statements is not reasonably determinable at this time. Key information will be disclosed as it becomes available during the transition period.

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 March 31, 2009 (unaudited) and December 31, 2008

	2009	2008
Assets		
Current		
Cash	**$ 2,013,898**	$ 2,624,556
Accounts receivable	**92,979**	107,200
Prepaid expenditures	**37,114**	29,602
	2,143,991	2,761,358
Property and Equipment (Note 5)		
Property and equipment	**3,998,337**	3,878,550
Accumulated depletion and depreciation	**(1,175,421)**	(1,069,893)
Net Property and Equipment	**2,822,916**	2,808,657
	$4,966,907	$5,570,015
Liabilities		
Current		
Accounts payable and accrued liabilities	**$240,954**	$444,376
Asset Retirement Obligations	**81,950**	80,938
Non-Controlling Interests (Note 4)	**-**	-
	322,904	525,314
Commitments		
Shareholders' Equity		
Share capital (Note 7)	**14,588,722**	14,588,722
Contributed surplus	**820,802**	722,968
Deficit	**(10,765,521)**	(10,266,989)
Accumulated other comprehensive income	**-**	-
	4,644,003	5,044,701
	$4,966,907	$5,570,015

Consolidated Statements of Loss, Comprehensive Loss and Deficit

For the three months ended March 31 (unaudited)

	2009	2008
Revenue		
Oil and gas sales	**$193,725**	$143,116
Royalties	**(49,352)**	(36,868)
Interest income	**5,781**	68,168
	150,154	174,416
Expenses		
Production costs	**57,809**	26,249
General and administrative	**324,997**	282,129
Foreign exchange loss (gain)	**7,043**	(2,310)
Stock based compensation	**97,834**	115,445
Depletion, depreciation and accretion	**106,540**	65,469
	594,223	486,982
Loss Before Taxes and Non-Controlling Interests	**(444,069)**	(312,566)
Taxes (Note 6)		
Current	**54,463**	27,889
Future	**-**	-
	54,463	27,889
Loss before Non-Controlling Interests	**(498,532)**	(340,455)
Loss applicable to non-controlling interests (Note 4)	**-**	23,342
Loss and Comprehensive Income for the Period	**(498,532)**	(317,113)
Deficit, Beginning of Period	**(10,266,989)**	(2,725,121)
Deficit, End of Period	**($10,765,521)**	($3,042,234)
Loss Per Share - Basic and Diluted	**($0.01)**	($0.01)
Weighted Average Common Shares		
Basic	**45,275,695**	45,275,695
Diluted	**45,477,048**	46,133,294

Consolidated Statements of Cash Flow

For the three months ended March 31 (unaudited)

	2009	2008
Operating Activities		
Loss for the period	**($498,532)**	($317,113)
Items not affecting cash		
Stock based compensation	**97,834**	115,445
Depletion, depreciation and accretion	**106,540**	65,469
Foreign exchange loss (gain)	**-**	(2,310)
Loss applicable to non-controlling interests	**-**	(23,342)
	(294,158)	(161,851)
Change in non-cash working capital		
Accounts receivable	**14,221**	(34,543)
Prepaid expenditures	**(7,512)**	(5,059)
Accounts payable and accrued liabilities	**58,142**	(3,470)
	64,851	(43,072)
Cash Used in Operating Activities	**(229,307)**	(204,923)
Financing Activities	**-**	-
Cash Provided by Financing Activities	**-**	-
Investing Activities		
Property and equipment expenditures	**(119,786)**	(281,388)
Proceeds on disposal of restricted term investments	**-**	2,689,601
Change in non-cash working capital		
Accounts payable and accrued liabilities	**(261,565)**	3,704
Cash Provided by (Used in) Investing Activities	**(381,351)**	2,411,917
Foreign Exchange (Loss) Gain on Cash Held in Foreign Currency	**-**	2,310
Net Cash Inflow (Outflow)	**(610,658)**	2,209,304
Cash, Beginning of Period	**2,624,556**	5,769,448
Cash, End of Period	**$ 2,013,898**	$ 7,978,752
Cash interest paid	**$ -**	$ -
Cash taxes paid	**$ 7,717**	$ -

Notes to the Consolidated Financial Statements

Periods ended March 31, 2009 and 2008 (unaudited)

1. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of application followed in the preparation of the interim financial statements are the same as those followed in the preparation of Pine Cliff Energy Ltd.'s (the Company or Pine Cliff) 2008 annual financial statements except as described below. These interim financial statements do not include all disclosures required for annual financial statements. The interim financial statements as presented should be read in conjunction with the 2008 annual financial statements.

In February 2008, the Canadian Institute of Chartered Accountants (CICA) issued Section 3064, "Goodwill and intangible assets", replacing Section 3062, "Goodwill and other intangible assets" and Section 3450, "Research and development costs". Various changes have been made to other sections of the CICA Handbook for consistency purposes. The new Section is applicable to financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Company adopted the new standards for its fiscal year beginning January 1, 2009. It establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-orientated enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The adoption of this Standard did not have an impact on the Consolidated Financial Statements.

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 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. The adoption of this Standard did not have an impact on the Consolidated Financial Statements.

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. The adoption of this Standard did not have an impact on the Consolidated Financial Statements.

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 has performed an initial scoping process in order to ensure successful implementation within the required timeframe. The impact on the Company's consolidated financial statements is not reasonably determinable at this time. Key information will be disclosed as it becomes available during the transition period.

2. BANKING AGREEMENT

The Company has a line of credit through its subsidiary CanAmericas to the lower of its available amount of cash or US $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.

3. 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 three month period were $30,000 (2008 - $59,400) plus minimal administrative costs. As of March 31, 2009 Pine Cliff owed Bonterra Corp $64 (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.

4. 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:

	March 31, 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 $0.25 U.S. per common share. Fifty percent of the options vested on January 13, 2007, and the remaining 50% vested on January 13, 2008, and all of the options will expire on January 13, 2011.

5. PROPERTY AND EQUIPMENT

	March 31, 2009		December 31, 2008	
	Cost	**Accumulated Depletion and Depreciation**	Cost	Accumulated Depletion and Depreciation
Petroleum and natural gas properties and related equipment	**$3,944,825**	**$1,145,005**	$3,825,038	$1,041,902
Furniture, equipment and other	**53,512**	**30,416**	53,512	27,991
	$3,998,337	**$1,175,421**	$3,878,550	$1,069,893

Exploration costs of $1,384,487 included in petroleum and natural gas properties and related equipment presently have been excluded from costs subject to depletion and depreciation.

6. TAXES

The Company has accrued $54,463 current tax expense related to Argentina capital tax. A 1% 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.

7. 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, March 31, 2009	45,275,695	$ 14,588,722

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

Contributed surplus

($)	**2009**	2008
Balance, January 1	**722,968**	341,465
Stock-based compensation expensed (non-cash)	**97,834**	115,445
Balance, March 31	**820,802**	456,910

The deficit balance is composed of accumulated earnings.

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

	March 31, 2009		March 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	**-**	**-**	65,000	1.15
Options exercised	**-**	**-**	-	-
Options cancelled	**12,000**	**1.15**	-	-
Outstanding at end of period	**3,106,000**	**$0.62**	3,118,000	$0.63
Options exercisable at end of period	**2,022,500**	**$0.34**	2,003,500	$0.33

The following table summarizes information about stock options outstanding at March 31, 2009:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding at 3/31/09	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable at 3/31/09	Weighted-Average Exercise Price
$0.15	1,090,000	0.8 years	$0.15	1,090,000	$0.15
0.50 – 0.60	825,000	0.8 years	0.51	825,000	0.51
0.70 – 0.75	80,000	0.8 years	0.72	80,000	0.72
1.10 – 1.20	1,071,000	1.2 years	1.18	7,500	1.18
1.40 – 1.50	40,000	1.8 years	1.49	20,000	1.49
$0.15 - $1.50	3,106,000	1.0 years	$0.62	2,022,500	$0.34

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 March 31, 2009 vest 1,026,000 in 2009 and 57,500 in 2010.

8. 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
March 31, 2009			
Revenue, gross	197,748	1,758	199,506
Loss before non-controlling interest	182,880	315,652	498,532
Capital expenditures	1,448	118,338	119,786
Property and equipment	1,315,038	1,507,878	2,822,916
Total assets	3,264,287	1,702,620	4,996,907
March 31, 2008			
Revenue, gross	191,226	20,058	211,284
Loss before non-controlling interest	154,203	186,252	340,455
Capital expenditures	7,426	273,962	281,388
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

9. 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 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 March 31, 2008		
($000)	Carrying Value	Fair Value	Face Value
Financial assets			
Accounts receivable	93	93	145
Financial liabilities			
Accounts payable and accrued liabilities	237	237	237

The budgeted capital expenditure to working capital base figures for March 31, 2009 is presented below:

($000)	**March 31, 2009**
Budgeted capital expenditure [1]	**750**
Current assets	**2,144**
Current liabilities	**(241)**
Working capital	**1,903**
Working capital to budgeted capital expenditure (in months)	**30.5**

[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 in Argentina. 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 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, US dollar and Argentinean Pesos 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 US cash and Argentina Pesos cash balance and earns an insignificant amount of interest on its US and Argentinean Pesos 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 March 31, 2009 ($93,000) and December 31, 2008 ($107,000) relates to product sales with Canadian oil and gas companies and interest income from major Canadian chartered banks, all of which have consistently been received within 30 to 60 days. The Company through its subsidiary CanAmericas also has a receivable of $52,000 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.

CORPORATE INFORMATION

Board of Directors

G.J. Drummond, Nassau, Bahamas
G.F. Fink, Calgary, Alberta
C.R. Jonsson, Vancouver, British Columbia
F.W. Woodward, Calgary, Alberta

Officers

G.F. Fink – Chief Executive Officer
R.M. Jarock – President and Chief Operating Officer
G.E. Schultz – Vice President, Finance, Chief Financial Officer and Secretary

Registrar & Transfer Agent

Olympia Trust Company, Calgary, Alberta

Auditors

Deloitte & Touche LLP, Calgary, Alberta

Solicitors

Borden Ladner Gervais LLP, Calgary, Alberta

Bankers

The Royal Bank of Canada, Calgary, Alberta

Stock Listing

The TSX Venture Exchange
Trading Symbol: PNE

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