



News Release

Pine Cliff Energy Ltd. Announces **Second Quarter 2012 Results**

CALGARY, Alberta, (Marketwire - August 14, 2012) - Pine Cliff Energy Ltd. (Pine Cliff or the Company) (TSX-V: PNE) is pleased to announce its second quarter financial and operating results. Selected highlights are shown below and should be read in conjunction with the Company's condensed interim financial statements and the related management's discussion and analysis for the three and six months ended June 30, 2012 which are available on SEDAR at www.sedar.com and on Pine Cliff's website at www.pinecliffenergy.com.

Highlights

In the second quarter of 2012, Pine Cliff:

- Attained record quarterly sales volumes of 972 boe per day for the quarter, as compared to 103 boe per day in the second quarter of 2011, weighted approximately 77 percent natural gas and 23 percent oil and natural gas liquids;
- Added strong geological and financial expertise to our management team;
- Realized funds flow from operations of \$520,000 as compared to \$103,000 in the same period of 2011;
- Recognized an operating netback of \$11.78 per boe as compared to \$17.34 per boe the second quarter of 2011;
- Acquired 3-D seismic in the Carrot Creek area to assist in determining the Company's fall and winter drilling program;
- Renewed, subsequent to quarter end, the related party note payable of \$7,000,000 to August 31, 2013, allowing the Company increased financial flexibility; and
- Repaid \$694,000 of bank debt through fiscally responsible financial management.

We will continue to advance our strategy of providing above average industry returns for short-term investors and high rates of return for long-term investors. We plan to commence the drilling of at least one gross (0.25 net) well prior to the end of 2012 to further increase sales volumes and the Company's oil and liquids weighting. Pine Cliff has a high quality asset base which we believe will have significant upside potential with the recovery of natural gas prices. Pine Cliff continues to anticipate weakness in commodity prices over the short-term but we continue to hold the view that natural gas prices are not sustainable at current levels and will have to increase. The rapid decline in natural gas directed rig counts, oil sands growth, fuel switching and industry LNG export discussions are all promising signals for future recovery of natural gas prices in 2013.

We are focused on innovatively pursuing opportunities to add to or create new material core areas by acquiring additional high-impact assets for future growth through asset or corporate acquisitions, farm-ins or joint ventures. The current downturn in the commodities market is accelerating merger and acquisition activities with recent transactions highlighting the interest in natural gas opportunities in Canada. We anticipate this trend continuing in the third quarter and strongly believe that Pine Cliff remains well positioned to take advantage of this unique situation in the industry.

Pine Cliff draws considerable insight from the experience and guidance of our Board of Directors and we were pleased to further strengthen our Board with the addition of our former Chief Operating Officer, Randy M. Jarock, in May. We look forward to a busy second half of the year with the commencement of our drilling program and remain optimistic that we will be able to capitalize on additional opportunities for growth.

(\$000s, unless otherwise indicated)	Three months ended June 30		Six months ended June 30	
	2012	2011	2012 ¹	2011
Oil and gas sales	2,130	236	3,031	482
Cash flow from operating activities	1,198	69	867	217
Funds flow from operations ²	520	103	485	216
Basic per share (\$/share)	0.01	0.00	0.01	0.00
Diluted per share (\$/share)	0.01	0.00	0.01	0.00
Earnings (loss)	(450)	(53)	263	(86)
Basic per share (\$/share)	(0.01)	(0.00)	0.00	(0.00)
Diluted per share (\$/share)	(0.01)	(0.00)	0.00	(0.00)
Capital expenditures including the Carrot Creek Assets	262	3	23,224	9
Net debt ³	19,613	(163)	19,613	(163)
Production (boe/d)	972	103	687	107
Percent oil and liquids (%)	23	1	22	1
Commodity sales price (\$/boe)	24.07	25.17	24.26	24.90
Operating netback (\$/boe) ⁴	11.78	17.34	12.18	16.81

¹ The results of year-to-date 2012 include the results of the Carrot Creek Assets for the period of March 1 to June 30, 2012.

² Funds flow from operations is a non-IFRS measure that represents the total of funds provided by operating activities, before adjusting for changes in non-cash working capital and interest payable.

³ Net debt is a non-IFRS measure calculated as the sum of bank debt, related party note payable and trade and other payables less trade and other receivables and cash.

⁴ Operating netback is a non-IFRS measure calculated as the average per boe of the Company's oil and gas sales, less royalties and operating expenses.

About Pine Cliff

Pine Cliff is actively engaged in the exploration, development and production of natural gas, oil and natural gas liquids in the Carrot Creek area of Alberta and is seeking to acquire material asset positions in the Western Canadian Sedimentary Basin to enlarge its Carrot Creek core area and create new core areas of production with significant reserves and drilling inventories.

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Cautionary Statements

Certain statements contained in this release 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 release includes, but is not limited to: expected cash provided by 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; 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: 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 there from. Except as required by law, Pine Cliff disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

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

This news release contains the term boe which has been calculated on the basis of six thousand cubic feet of gas to one barrel of oil. This conversion ratio is based on energy equivalence primarily at the burner tip and does not represent a value equivalency at the wellhead. The term boe may be misleading, particularly if used in isolation.

This summarized news release should not be considered a suitable source of information for readers who are unfamiliar with Pine Cliff and should not be considered in any way as a substitute for reading the full report.

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