



News Release

Pine Cliff Energy Ltd. Announces Second Quarter 2014 Results

CALGARY, Alberta, (Marketwire – August 13, 2014) - 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 interim condensed consolidated financial statements and the related management’s discussion and analysis for the three and six months ended June 30, 2014 (the “**Q2-2014 Report**”).

Pine Cliff Energy Ltd. is pleased to report its results for the second quarter and first half of 2014. In the second quarter of 2014, we experienced significant funds flow from operations from our portfolio of high quality, low cost, low decline assets and remained disciplined in our search for accretive opportunities that would fit our asset criteria. Subsequent to June 30, 2014, we were able to announce two such acquisitions.

Highlights during the second quarter are as follows:

- Attained average daily sales volumes of 6,371 barrels of oil equivalent (“**boe**”) per day as compared to 6,276 boe per day in the first quarter of 2014, The normal production decline was more than offset by operational improvements and production being brought back on after freeze-offs experienced in the first quarter as a result of cold winter weather;
- Realized operating expenses of \$9.02 per boe, a reduction of 3% from the first quarter of 2014;
- Generated quarterly funds flow from operations of \$9.2 million, a decrease of 9% as compared to the first quarter 2014 funds flow from operations of \$10.1 million. This decrease is mainly a result of a lower natural gas price environment in the second quarter, partially offset by higher average sales volumes;
- Realized quarterly earnings of \$2.3 million (first quarter of 2014 – earnings of \$3.0 million);
- Exited the quarter with no debt and positive working capital of \$34.0 million; and
- Announced, subsequent to quarter-end, the closing of an acquisition of certain oil and natural gas assets in the Carrot Creek / Edson area of Alberta (the “**Carrot Creek/Edson Assets**”) and entering into a binding agreement (the “**Shallow Gas Transaction**”) to acquire certain natural gas assets in Southern Alberta and Southern Saskatchewan (the “**Shallow Gas Assets**”).

Acquisition Update

Pine Cliff has been actively seeking opportunities to enhance shareholder value by adding low cost and low decline natural gas production. Subsequent to the quarter, Pine Cliff was pleased to announce two significant acquisitions that both complement our existing assets and are within our current two core areas.

On August 7, 2014, Pine Cliff completed the acquisition of the Carrot Creek/Edson Assets. The total consideration of \$33.25 million, prior to adjustments, was financed through a combination of working capital and debt. The assets produce approximately 970 boe per day (May 2014 average provided by the vendor) and possess a predictable low cost production profile, long reserve life and a geographically focused asset base contiguous with Pine Cliff’s current Carrot Creek/Edson core area. The Carrot Creek / Edson Assets have multi-zone potentially low risk drilling opportunities, including infill drilling that are characterized by liquids rich, high productivity wells and favourable royalties and operating costs. Subsequent to the closing of this acquisition, Pine Cliff has a combined asset production base of over 7,000 boe per day.

On July 17, 2014, Pine Cliff announced entering into the Shallow Gas Transaction to acquire the Shallow Gas Assets for \$100.0 million, prior to adjustments. The cash consideration is expected to be financed through a combination of working capital and debt. The majority of the Alberta assets are located east of the City of Medicine Hat with some minor assets in Central Alberta near the City of Wetaskiwin. The Saskatchewan assets are located near the Town of Maple Creek. The Shallow Gas Assets produce approximately 5,300 boe per day (May 2014 average provided by the vendor) and possess a predictable production profile, long reserve life and a geographically focused asset base which is 100% weighted to natural gas and some low risk infill drilling

locations. This Shallow Gas Transaction is presently expected to close on or before November 1, 2014 and subsequent to closing, Pine Cliff is expected to have a combined asset production base of over 12,000 boe per day.

Outlook

As a result of the closing of the acquisition Carrot Creek/Edson Assets in August 2014, Pine Cliff has increased its production guidance for 2014 to between 6,500 and 6,700 boe per day. Pine Cliff maintains its capital spending guidance of \$13.6 million, which is substantially below Pine Cliff's funds flow from operations for the first six months of 2014, reserving excess funds flow to pay down debt or for future acquisitions. Pine Cliff is committed to maintaining a strong balance sheet and subsequent to the closing of the August and November 2014 acquisitions Pine Cliff's net debt to funds flow from operations is expected to be less than 1.5:1, using \$4.00 per mcf natural gas pricing. Given its modest capital program, Pine Cliff expects to use its excess funds flow from operations to reduce this ratio further before the end of 2014.

Financial and Operating Results

(\$000s, unless otherwise indicated)	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013 ¹
Oil and gas sales	17,136	9,084	35,512	14,542
Cash flow from operating activities	7,242	3,751	17,281	6,852
Funds flow from operations ²	9,180	3,721	19,269	6,122
Basic per share (\$/share)	0.05	0.02	0.10	0.04
Diluted per share (\$/share)	0.04	0.02	0.09	0.04
Earnings	2,333	(183)	5,302	8,088
Basic per share (\$/share)	0.01	(0.00)	0.03	0.05
Diluted per share (\$/share)	0.01	(0.00)	0.03	0.05
Capital expenditures, excluding acquisitions	1,990	1,740	3,110	4,055
Working capital	34,047	37,062	34,047	37,062
Production (boe/d)	6,371	4,335	6,324	3,440
Percent oil and liquids (%)	4	6	4	8
Commodity sales price (\$/boe)	29.55	23.03	31.02	23.35
Operating netback (\$/boe) ³	17.45	10.75	18.62	10.56

¹ The results for the six months ended June 30, 2013 include the results of the Southern Alberta core area for the 131 day period of February 19 to June 30, 2013.

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 changes in interest payable.

³ Operating netback is a non-IFRS measure calculated as the Company's oil and gas sales, less royalties and operating expenses, averaged over the boe production of the Company.

About Pine Cliff

Further information relating to Pine Cliff, including the Q2-2014 Report, may be found on www.sedar.com as well as on Pine Cliff's website at www.pinecliffenergy.com.

For further information, please contact:

Philip B. Hodge – President and CEO

Robb D. Thompson – CFO and Corporate Secretary

Telephone: (403) 269-2289

Fax: (403) 265-7488

Email: info@pinecliffenergy.com

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 production levels; 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. The operational, economic and financial impacts of the Shallow Gas Transaction to Pine Cliff, the potential growth opportunities on the Shallow Gas Assets, the manner in which the purchase price to the Shallow Gas Transaction will be financed by Pine Cliff, other anticipated benefits to Pine Cliff of the Shallow Gas Transaction, the closing date of the Shallow Gas Transaction and information regarding Pine Cliff on a *pro*

forma basis assuming completion of the Shallow Gas Transaction. The foregoing statements assume all the conditions to completion of the Shallow Gas Transaction will be satisfied, a definitive agreement will be reached between Pine Cliff and the vendor and other required board and regulatory approvals will be received, that there will be no changes to the assets and liabilities of Pine Cliff following the Shallow Gas Transaction and that the anticipated benefits of and rationale for the Shallow Gas Transaction will be achieved. There is no assurance that all of the conditions to the Shallow Gas Transaction will be met and therefore there is a risk that the Shallow Gas Transaction will not be completed in the form described above or at all. In the event the Shallow Gas Transaction does not close as presently anticipated, Pine Cliff will not realize the anticipated benefits of the Shallow Gas Transaction. As such, many factors could cause the performance or achievement of Pine Cliff to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Because of the risks, uncertainties and assumptions contained herein, readers should not place undue reliance on these forward-looking statements.

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 (“**mcf**”) 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.

Not for distribution to U.S. news wire services or dissemination in the United States.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.