



News Release

Pine Cliff Energy Ltd. Announces Third Quarter 2014 Results

CALGARY, Alberta, (Marketwire – November 12, 2014) - Pine Cliff Energy Ltd. (“**Pine Cliff**” or the “**Company**”) (TSX-V: PNE) is pleased to announce its third 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 nine months ended September 30, 2014 (the “**Q3-2014 Report**”).

Pine Cliff Energy Ltd. is pleased to report its results for the third quarter of 2014, the most active quarter in Pine Cliff’s history. During Q3 2014, we attained record average daily sales volumes, announced two accretive acquisitions that together, will more than double our combined asset production base. At the same time we maintained a strong balance sheet through the issuance of common shares allowing the Company to pursue additional accretive transactions.

Highlights during the third quarter are as follows:

- Closed a \$33.5 million acquisition of liquids rich natural gas assets in the Carrot Creek / Edson area of Alberta (the “**Carrot Creek/Edson Assets**”) and announced, subsequent to quarter-end, the closing of a \$100.0 million acquisition of certain natural gas assets in Southern Alberta and Southern Saskatchewan (the “**Shallow Gas Assets**”);
- Attained record average daily sales volumes of 6,810 barrels of oil equivalent (“**Boe**”) per day as compared to 6,371 Boe per day in the second quarter of 2014. Decreased production declines by operational improvements and production acquired through the Carrot Creek/Edson Assets acquisition;
- Raised \$60.1 million through a common share issuance at \$2.05 per share;
- Generated quarterly funds flow from operations of \$8.1 million, a decrease of 12% as compared to the second quarter 2014 funds flow from operations of \$9.2 million. This decrease is mainly a result of a lower natural gas price in the third quarter, partially offset by higher average sales volumes;
- Realized quarterly earnings of \$0.9 million (second quarter of 2014 – earnings of \$2.3 million);
- Subsequent to quarter end, increased Pine Cliff’s revolving demand credit facility from \$40.0 million to \$70.0 million; and
- Exited the quarter with positive working capital of \$63.5 million.

Executing the Business Strategy

The foundation of Pine Cliff’s business model has been value creation through strong cash flow, production and reserve growth on a per share basis, conservative fiscal management and capital discipline. Pine Cliff was pleased to announce two acquisitions in the third quarter of 2014 that added low cost and low decline natural gas production, increased drilling opportunities and increased per share value.

The acquisition of the Carrot Creek/Edson Assets closed on August 7, 2014 and added approximately 950 Boe per day of production to Pine Cliff’s portfolio. In addition, this acquisition added prospective drilling inventory in our Carrot Creek / Edson core area. On October 1, 2014, we closed our most significant acquisition to date of the Shallow Gas Assets in Southern Alberta and Saskatchewan that added approximately 5,300 Boe per day of production to Pine Cliff’s portfolio in its Southern core area. In aggregate, we are now producing over 12,000 Boe per day and expect to exit the year with production between 11,900 and 12,100 Boe per day.

Outlook

The stock markets have been very volatile since we completed our financing, but this recent softening of commodity prices may provide accretive acquisition opportunities for Pine Cliff. Pine Cliff remains committed to maintaining a strong balance sheet as we seek to add further assets to our portfolio and we are determined to stay disciplined on what we will pay for additional assets. We are pleased with the low decline, low cost asset base that we have built. The assets in our portfolio generate substantial free funds

flow from operations which will allow Pine Cliff to pay down debt, fully fund our 2015 capital spending program and reserve cash for future acquisitions.

Financial and Operating Results

(\$000s, unless otherwise indicated)	Three months ended September 30		Nine months ended September 30	
	2014 ¹	2013	2014 ¹	2013 ²
Oil and gas sales	17,469	9,719	52,981	24,261
Cash flow from operating activities	6,390	2,579	23,672	9,431
Funds flow from operations ³	8,104	3,014	27,373	9,136
Basic per share (\$/share)	0.04	0.02	0.14	0.06
Diluted per share (\$/share)	0.04	0.02	0.13	0.05
Earnings	918	(709)	6,220	7,379
Basic per share (\$/share)	0.00	(0.00)	0.03	0.04
Diluted per share (\$/share)	0.00	(0.00)	0.03	0.04
Capital expenditures, excluding acquisitions	5,291	3,076	8,401	7,131
Capital dispositions	(2,929)	-	(2,929)	-
Acquisitions	32,116	45,463	32,116	43,987
Working capital	63,503	(6,973)	63,503	(6,973)
Production (Boe/d)	6,810	5,784	6,487	4,229
Percent natural gas (%)	94	96	95	94
Commodity sales price (\$/Boe)	27.88	18.26	29.91	21.01
Operating netback (\$/Boe) ⁴	15.08	7.32	17.36	9.04

¹ The results for the three and nine month periods ended September 30, 2014 include the results of the Carrot Creek/Edson Asset Acquisition for the 56 day period of August 7, 2014 to September 30, 2014.

² The results for the nine months ended September 30, 2013 include the results of the Skope Acquisition for the 223 day period of February 19, 2013 to September 30, 2013, the results of the Monogram Asset Acquisition for the 68 day period of July 24 to September 30, 2013 and the August 30, 2013 Additional Interests Acquisition for the 31 day period of August 30 to September 30, 2013.

³ 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.

⁴ 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 Q3-2014 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
 Kristi L. Barr – Vice President, Finance
 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; 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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