



News Release

Pine Cliff Energy Ltd. Announces First Quarter 2014 Results

CALGARY, Alberta, (Marketwire – May 14, 2014) - Pine Cliff Energy Ltd. (“**Pine Cliff**” or the “**Company**”) (TSX-V: **PNE**) is pleased to announce its first 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 months ended March 31, 2014 (the “**Q1-2014 Report**”).

The year 2014 is off to an excellent start for Pine Cliff and its shareholders. In the first quarter, we were rewarded with record cash flow from our portfolio of high quality, low decline assets that we had assembled over the last two years. We were also fortunate enough to see these achievements reflected in an increase in our share price.

Highlights during the first quarter are as follows:

- Achieved record quarterly funds flow from operations of \$10.1 million (fourth quarter of 2013 – \$5.6 million), mainly a result of higher natural gas prices;
- Realized quarterly earnings of \$3.0 million (fourth quarter of 2013 – earnings of \$3.7 million); and
- Attained average daily sales volumes of 6,276 barrel of oil equivalent (“**boe**”) per day as compared to 6,443 boe per day in the fourth quarter of 2013.

The first quarter of 2014 was characterized by increased, albeit extremely volatile, natural gas pricing. Pine Cliff’s realized price on our sales during this period was \$5.17 per mcf, an increase of 57% over the same period of 2013, and the highest pricing we have received since the revitalization of our business strategy. As we had no commodity hedges in place, we were fortunate to be able to realize on the full increase in prices that the cold winter delivered. Pine Cliff’s high natural gas weighting (over 95%), low corporate overhead, low operating expenses and low capital expenditure budget gives our company a high leverage to any movement in natural gas pricing and therefore this quarter’s increase in pricing had a significant impact on our funds flow from operations. For example, using our first quarter 2014 volumes annualized for twelve months, a Cdn \$0.10 per mcf increase in AECO pricing would improve annual funds flow from operations by approximately \$1.4 million.

Pine Cliff’s production during the first quarter of 2014 was 6,276 boe per day, a decrease of 3% from the fourth quarter of 2013. The decrease in production is due in part to the extreme cold weather that prompted the increase in natural gas pricing causing a number of shallow gas wells to be shut-in during the quarter as a result of freeze offs. Additionally, Pine Cliff estimates that approximately 200 boe per day of its production was deferred to future periods as a result of unplanned maintenance at a third party gas processing facility.

Pine Cliff’s balance sheet strengthened further in the first three months of 2014 and we exited the quarter with no debt and positive working capital of \$23.5 million. Given that Pine Cliff’s 2014 budgeted capital expenditures of \$13.6 million are anticipated to be well within funds flow from operations, Pine Cliff’s balance sheet will continue to strengthen throughout 2014, giving us more capital to execute on accretive acquisitions. The acquisition and divestiture market continues to be active in 2014 and our team is very busy evaluating and pursuing assets and companies that we think would be positive value additions to our portfolio. We remain optimistic that we will continue to grow through acquisitions, but we can assure our shareholders that we will remain disciplined in our attempts to do so. During the last two years, we have seen a strong “buyer’s market” and Pine Cliff has taken advantage of this market, and will continue to do so, however, Pine Cliff’s continued focus is to seek transactions that will increase shareholder value on a per share basis.

Financial and Operating Results

	Three months ended March 31	
(\$000s, unless otherwise indicated)	2014	2013 ¹
Oil and gas sales	18,376	5,458
Cash flow from operating activities	10,039	3,101
Funds flow from operations ²	10,089	2,401
Basic per share (\$/share)	0.05	0.02
Diluted per share (\$/share)	0.05	0.02
Earnings	2,969	8,271
Basic per share (\$/share)	0.01	0.05
Diluted per share (\$/share)	0.01	0.05
Capital expenditures	1,120	2,315
Bank debt	-	65
Working capital	23,512	588
Production (boe/d)	6,276	2,536
Percent oil and liquids (%)	4	10
Commodity sales price (\$/boe)	32.53	23.92
Operating netback (\$/boe) ³	19.82	10.26

¹ The results for the three month period ended March 31, 2013 include the results of the Southern Assets Acquisition for the 40 day period of February 10 to March 31, 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 Q1-2014 Report, may be found on www.sedar.com as well as on Pine Cliff's website at www.pinecliffenergy.com.

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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 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 ("**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.

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