



News Release

Pine Cliff Energy Ltd. Announces Second Quarter 2013 Results

CALGARY, Alberta, (Marketwire – August 13, 2013) - 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 months and six months ended June 30, 2013 (the “Q2-2013 Report”).

Highlights

In the second quarter of 2013, Pine Cliff:

- Increased oil and gas sales volumes by 346% in the second quarter of 2013 to 4,335 barrels of oil equivalent (“boe”) per day as compared to 972 boe per day in the second quarter of 2012 mainly as a result of the acquisition of the Southern Assets, as defined herein, in February 2013;
- Generated quarterly funds flow from operations of \$3.7 million, an increase of 616% when compared to the second quarter of 2012;
- Completed a common share issuance for gross proceeds of \$25.1 million;
- Expanded our position in a key core area by acquiring an additional interest in the Monogram unit on July 24, 2013; and
- Announced, subsequent to quarter end, entering into a purchase agreement for additional interests in, and operatorship of, Pine Cliff’s Southern Alberta and Southern Saskatchewan assets (the “Southern Assets”).

Business Strategy

The foundation of Pine Cliff’s business strategy has been value creation through strong per share growth, conservative fiscal management and capital discipline. Although natural gas pricing has strengthened in 2013 as compared to 2012, we continue to believe there are greater returns available in purchasing assets and existing production than drilling in this environment. In June and July, Pine Cliff announced two additional acquisitions that strengthened our position within a key core area and provided production, reserves and cash flow growth on a per share basis.

Pine Cliff was able to increase our Southern Assets core area with an additional 53.8% working interest in the Monogram unit and related infrastructure for \$34 million, prior to adjustments. This acquisition added approximately 1,600 boe per day of production. Subsequent to announcing this acquisition in June, Pine Cliff completed a common share issuance for gross proceeds of \$25.1 million, maintaining the strength in the Company’s balance sheet.

In July, we also announced a second shallow gas acquisition of a further working interest in the Company’s Southern Assets for \$13.25 million. Subsequent to closing, Pine Cliff’s working interest in this core area will be approximately 95%. This acquisition is expected to add approximately 850 boe per day of production upon closing, which is currently schedule for August 30, 2013. As part of the acquisition, Pine Cliff will become the operator its Southern Assets. This provides a high degree of control for the Company as we will have the ability to better manage costs and efficiently invest capital through the strategic scheduling of development programs, workovers and facility upgrades.

Outlook

Pine Cliff’s management continues to favour our strategy of making counter-cyclical, gas weighted acquisitions in this current environment. As compared to the prior year, natural gas prices have strengthened in recent months; however this recovery has been somewhat limited and increasingly volatile, with AECO prices averaging \$3.52 per mcf (as defined herein) in the second quarter and \$2.79 per mcf in July. Widening differentials between AECO and NYMEX are the most recent issue that Canadian producers are dealing with. We continue to believe that there will be good opportunities in this difficult market for favourable acquisitions and that our increased size, strong balance sheet and access to capital provides us with the ability to consider larger deals that we did not have access to a year ago.

Financial and Operating Results

(\$000s, unless otherwise indicated)	Three months ended June 30		Six months ended June 30	
	2013	2012	2013 ¹	2012 ¹
Oil and gas sales	9,084	2,130	14,542	3,031
Cash flow from operating activities	3,751	1,198	6,852	867
Funds flow from operations ²	3,721	520	6,122	485
Basic per share (\$/share)	0.02	0.01	0.04	0.01
Diluted per share (\$/share)	0.02	0.01	0.04	0.01
Earnings	(183)	(450)	8,088	263
Basic per share (\$/share)	(0.00)	(0.01)	0.05	0.00
Diluted per share (\$/share)	(0.00)	(0.01)	0.05	0.00
Capital expenditures	1,740	172	4,055	616
Net debt ³	(23,012)	19,613	(23,012)	19,613
Production (boe/d)	4,335	972	3,440	687
Percent oil and liquids (%)	6	23	8	22
Commodity sales price (\$/boe)	23.03	24.07	23.35	24.26
Operating netback (\$/boe) ⁴	10.75	11.78	10.56	12.18

1 The results for the six months ended June 30, 2013 include the results of the Southern Assets for the 131 day period of February 19 to June 30, 2013. Pine Cliff's sales volumes subsequent to the acquisition of the Southern Assets were approximately 4,335 boe/d, inclusive of 3,336 boe/d from the Southern Assets. The results for the six months ended June 30, 2012 include the results of the Carrot Creek Assets for the 121 day period of March 1 to June 30, 2012.

2 Funds flow from operations is a non-International Financial Reporting Standards ("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, term deposit 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

Further information relating to Pine Cliff, including the Q2-2013 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; the closing of the acquisition of a further working interest in the Southern Assets; 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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