



News Release

May 24, 2012

Pine Cliff Energy Announces First Quarter 2012 Results

Pine Cliff Energy Ltd. (Pine Cliff or the Company) is pleased to announce its operating and financial results for the first quarter ended March 31, 2012. The related financial statements and notes, as well as management's discussion and analysis, are available on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com and on Pine Cliff's website at www.pinecliffenergy.com

Highlights

- It was an active and exciting start to the year for Pine Cliff as the Company took initial steps on its strategy to reposition itself as a growth-oriented, Canadian-based junior oil and gas producer. In the first quarter of 2012, Pine Cliff:
 - Closed the purchase of certain oil and gas assets in the Carrot Creek area of Alberta in March 2012 for \$22.5 million, subsequent to post-closing adjustments;
 - Completed a rights offering and private placement for total gross proceeds of \$2.9 million;
 - Arranged a credit facility of \$15.0 million; and
 - Obtained short-term financing from a related party for \$7.0 million with the option to extend the repayment date of the promissory note up to one year from August 31, 2012 under the same terms and conditions.
- Carrot Creek is Pine Cliff's first core area and along with the historic production from our Sundance assets, Pine Cliff reported record sales of 1,015 barrels of oil equivalent (boe/d) for the month of March, weighted approximately 77 percent natural gas and 23 percent oil and natural gas liquids. Proved plus probable reserves at December 31, 2011, inclusive of the Carrot Creek assets, were 3,334 Mboe.
- The Carrot Creek assets will allow Pine Cliff to pursue drilling opportunities during the second half of this year to further increase sales volumes and its oil and liquids weighting. Pine Cliff currently anticipates drilling up to four gross (up to 0.84 net) wells prior to year end.
- Pine Cliff continues to view the prolonged weakness in the natural gas price environment as an opportunity to acquire additional high-impact oil and gas assets for future growth through either asset or corporate acquisitions. There remain a significant number of junior producers trading at distressed share values, with high levels of debt and limited access to capital and therefore asset dispositions may be their only viable alternative to fund their operations.
- We remain confident that the record U.S. gas production and storage situation this summer will continue to allow us time to seek and secure additional core areas. In the long-term, lower rig counts, oil sands growth, coal to gas fuel switching and industry LNG export discussions are promising signals for the future recovery of natural gas prices.
- Pine Cliff management continues to believe that it is well positioned to deliver upon its strategy of providing above industry average returns in the near term for short-term investors and high rates of return over time for long-term investors through prudent operational and financial management.
- Pine Cliff has significantly improved its asset base and financial strength during the first quarter of 2012 and looks forward to reporting back on both its fall drilling program and on potential future acquisitions.

Quarterly Comparison

	Three months ended March 31, 2012 ¹	Three months ended March 31, 2011
(\$000s, unless otherwise indicated)		
FINANCIAL		
Oil and gas sales	901	246
Cash flow (deficiency) from operating activities	(331)	148
Funds flow (deficiency) from operations ²	(35)	113
Basic per share (\$/share)	(0.00)	0.00
Diluted per share (\$/share)	(0.00)	0.00
Earnings (loss)	713	(33)
Basic per share (\$/share)	0.01	(0.00)
Diluted per share (\$/share)	0.01	(0.00)
Capital expenditures	444	6
Acquisition of the Carrot Creek Assets	22,518	-
Total assets	29,186	2,896
Bank debt	12,790	-
Related party note payable	7,000	-
Trade and other payables less trade and other receivables	86	166
Cash	(11)	(224)
Net debt ³	19,865	(58)
Weighted-average common shares outstanding (000s)		
Basic	57,248	46,146
Diluted	58,866	46,146
OPERATIONS		
Production ⁴		
Natural gas (mcf/d)	1,927	659
Crude oil (bbls/d)	10	-
Natural gas liquids (bbls/d)	70	1
Total (boe/d)	401	111
Commodity sales prices		
Natural gas (\$/mcf)	2.05	4.03
Crude oil (\$/bbl)	75.08	-
Natural gas liquids (\$/bbl)	74.93	83.63
Combined (\$/boe)	24.71	24.64
Netback (\$/boe)		
Operating netback (\$/boe) ⁵	13.11	16.31

¹ The results of Q1-2012 include the results of the Carrot Creek Assets for the period of March 1 to March 31, 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 changes in interest payable.

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

⁴ The production for Q1-2012 includes the results of the Carrot Creek Assets for the period of March 1 to March 31, 2012, averaged over 91 days. Pine Cliff's sales for the month of March 2012 were approximately 1,015 boe/d, inclusive of 930 boe/d from the Carrot Creek Assets.

⁵ 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.

Cautionary Statement

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.

For the full report, please go to www.pinecliffenergy.com

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Forward-Looking Information

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.

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