



News Release

Pine Cliff Energy Ltd. Enters into \$100 Million Agreement to Acquire Natural Gas Assets in Alberta and Saskatchewan

CALGARY, Alberta, (Marketwire – July 17, 2014) - Pine Cliff Energy Ltd. (“**Pine Cliff**”) (TSX-V: PNE) is pleased to announce that it has entered into a binding agreement dated July 17, 2014 (the “**Agreement**”) to acquire certain shallow natural gas assets in Alberta and Southern Saskatchewan (the “**Assets**”) from a senior oil and gas producer (the “**Proposed Transaction**”) for cash consideration of \$100 million, prior to any adjustments. 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 cash consideration to be paid by Pine Cliff is expected to be financed by a combination of working capital and debt, details of which will be subsequently announced.

The Proposed Transaction will have an effective date of July 1, 2014 and is presently expected to close on or before November 1, 2014. Although the Agreement is binding between the parties, completion of the Proposed Transaction is subject to numerous conditions, including negotiation and execution of definitive agreements, due diligence, title and environmental review and board of directors and regulatory approvals. No assurances can be given that the Proposed Transaction will be completed as proposed or at all.

Transaction Highlights

- The Assets possess a predictable production profile, long reserve life and a geographically focused asset base which is 100% weighted to natural gas. The Assets are 85% operated, high working interest properties (averaging 93%) and include ownership in key strategic infrastructure. Assuming completion of the Proposed Transaction, Pine Cliff has identified a number of potential low risk growth opportunities on the Assets including infill drilling, recompletions and well reactivations.
- Subsequent to the closing of the Proposed Transaction Pine Cliff is expected to have a combined base asset production of over 11,000 barrels of oil equivalent (“**boe**”) per day with a combined decline rate of approximately 13%.

Key attributes of the Assets are as follows:

Production (May 2014 average provided by vendor)	5,300 boe per day
Natural Gas Weighting	100%
Proved Reserves ⁽¹⁾	10.7 Mboe
Proved and Probable Reserves ⁽¹⁾	15.5 Mboe
Decline Rate	14%
Estimated Funds Flow from Operations (12 months following the effective date) ⁽²⁾	\$26 million

(1) Based on the vendor’s internal reserve evaluations with an effective date of December 31, 2013.

(2) Based on natural gas pricing of CDN\$4.55/mcf AECO and using estimated production at July 1, 2014 of 5,200 boe per day, an 8% royalty rate, \$8.54 per boe operating costs and net of \$3.4 million of interest and taxes to be paid to the vendor.

Acquisition Metrics

Based on the purchase price of the Assets of \$100 million, the acquisition metrics are as follows:

Production	\$18,870 per flowing boe
Proved Reserves ⁽¹⁾	\$9.38 per boe
Proved and Probable Reserves ⁽¹⁾	\$6.45 per boe
Cash Flow Multiple ⁽²⁾	3.8 times

(1) Based on the vendor's internal reserve evaluations with an effective date of December 31, 2013.

(2) Based on the estimated funds flow from operations shown above.

Strategic Rationale

Pine Cliff has been actively seeking accretive opportunities to enhance shareholder value by adding low cost and low decline natural gas production. This Proposed Transaction consists of these attributes.

The successful completion of the Proposed Transaction is currently expected to result in:

- Increased funds flow from operations on a per share basis;
- Pine Cliff raising its 2014 production guidance at closing;
- Pine Cliff having a strong balance sheet with an expected net debt to projected cash flow ratio of less than 1.5:1; and
- Significant free cash flow which is anticipated to enable Pine Cliff the opportunity to pursue further accretive gas acquisitions and repay debt.

About Pine Cliff

Further information relating to Pine Cliff 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. In particular, this press release contains statements regarding the operational, economic and financial impacts of the Proposed Transaction to Pine Cliff, the potential growth opportunities on the Assets, the manner in which the purchase price to the Proposed Transaction will be financed by Pine Cliff, other anticipated benefits to Pine Cliff of the Proposed Transaction, the closing date of the Proposed Transaction and information regarding Pine Cliff on a *pro forma* basis assuming completion of the Proposed Transaction. The foregoing statements assume all the conditions to completion of the Proposed 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 Proposed Transaction and that the anticipated benefits of and rationale for the Proposed Transaction will be achieved. There is no assurance that all of the conditions to the Proposed Transaction will be met and therefore there is a risk that the Proposed Transaction will not be completed in the form described above or at all. In the event the Proposed Transaction does not close as presently anticipated, Pine Cliff will not realize the anticipated benefits of the Proposed 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.

In addition, statements relating to "reserves" are by their nature forward-looking information, as they involve the implied assessment, based on certain estimates and assumptions that the reserves described can be profitably produced in the

future. The recovery and reserves estimates provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Pine Cliff cautions that its future oil, natural gas and natural gas liquids production, revenues, cash flows, liquidity, plans for future operations, expenses, outlook for oil and natural gas prices, timing and amount of future capital expenditures, and other forward-looking information is subject to all of the risks and uncertainties normally incident to the exploration for and development and production and sale of oil and gas.

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.

Certain information contained herein is based on information and internal estimates provided to Pine Cliff by the vendor of the Assets. Although Pine Cliff believes such information is accurate and reliable, at this time such information has not been verified by any independent sources and Pine Cliff does not make any representations as to the accuracy of such estimates.

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.

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