



News Release

March 22, 2013

Pine Cliff Energy Announces Year End and Fourth Quarter 2012 Results

Pine Cliff Energy Ltd. (Pine Cliff or the Company) is pleased to announce its operating and financial results for the fourth quarter and year ended December 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.

Pine Cliff's activities in the past 14 months have resulted in a significant transformation of Pine Cliff as it has successfully repositioned itself as a Canadian growth-oriented exploration and production company.

STRONG PERFORMANCE PROVIDED INCREASED VALUE TO SHAREHOLDERS IN 2012

(Year Over Year Comparison)

- \$134.9 million market cap at December 31, 2012 as compared with \$24.0 million at January 1, 2012;
- 69% share price appreciation;
- 621% increase in average daily production;
- 347% increase in production per share;
- 794% increase in proved plus probable reserves per share; and
- 181% increase in funds flow per share.

2012 HIGHLIGHTS

Pine Cliff's strategic and structural accomplishments this past fiscal year include:

- Successfully completed major acquisitions increasing liquids rich gas production, expanding the depth of its organic drilling inventory, strengthening its balance sheet and establishing a core area within the Western Canadian Sedimentary Basin;
- Completed a rights offering and two private placements for total gross proceeds of \$8.3 million;
- Achieved average sales volumes of 775 barrels of oil equivalent (boe) per day in 2012, as compared to 101 boe per day in 2011;
- Realized funds flow from operations of \$1,702,000 in 2012 as compared to \$353,000 in 2011; and
- Built capacity and strengthened our technical capabilities with the addition of new personnel in key operational roles.

A STRONG FOUNDATION FOR VALUE CREATION

Pine Cliff is focused on adding to or creating new core areas within its portfolio by acquiring assets that will either provide the potential for high-return drilling locations, existing low decline production or both. These additions could take the form of asset or corporate acquisitions, farm-ins or joint ventures, but at this point of the commodity cycle, Pine Cliff is primarily interested in assets that have strong leverage to an increase in natural gas prices. Pine Cliff believes that there are significant opportunities available in the market place for well-capitalized, innovative companies that

can move quickly and following these guidelines it was successful in 2012 in executing three major acquisitions.

- On March 1, 2012, Pine Cliff closed the acquisition of assets in the Carrot Creek area of Alberta for \$22.5 million creating the company's first core area. The properties added approximately 950 boe per day of production (weighted 77 percent towards natural gas), added proved plus probable reserves of 3,105 Mboe and 49 gross sections of land;
- On October 19, 2012, Pine Cliff closed an approximate \$60 million all share acquisition of Geomark Exploration Ltd., which allowed the Company to repay both its bank and related party debts, increase its available capital and add non-operated oil and gas interests in Alberta and mineral properties to the company's asset base; and
- On November 12, 2012, Pine Cliff announced a unique transaction whereby it purchased from a Canadian financial institution all of the outstanding indebtedness and liabilities owing to it by Skope Energy Inc. (Skope) for cash consideration of \$28 million. Subsequent to year-end, Pine Cliff became the sole shareholder of Skope through a Companies' Creditors Arrangement Act (CCAA) process. The Skope assets include an 80 percent working interest in a package of high-quality, low-decline producing shallow gas assets in southeast Alberta and southwest Saskatchewan with production of approximately 3,500 boe per day.

OUTLOOK

In late 2012, Pine Cliff commenced its winter drill program in the Carrot Creek area. To date, Pine Cliff drilled and completed one gross (0.30 net) Rock Creek well and one gross (0.1875 net) Wilrich well, both of which are awaiting tie-in. Pine Cliff's production in 2013 is expected to be between 3,500 boe per day and 4,000 boe per day, an increase of 395 percent over 2012 levels based on the mid-point of guidance.

Pine Cliff anticipates spending approximately \$10 million on its capital development program in 2013 to drill an additional five gross (1.1 net) wells in the Carrot Creek area, two gross (0.1 net) wells in the Sundance area and three gross (2.2 net) recompletions.

With regard to the Company's mineral operations in its wholly-owned subsidiary Geomark, Pine Cliff is continuing its drilling program on the Kings Canyon gold project in Utah. A \$0.6 million phase of drilling is planned in the second quarter of 2013 to follow-up on positive results from the initial drill program and test additional exploration targets elsewhere on the property.

In the near-term, Pine Cliff will continue to maintain a strong balance sheet, drill selected strategic hydrocarbon wells, evaluate the mineral properties and continue to pursue acquisition opportunities. Pine Cliff's management and insiders collectively own approximately 25 percent of shares outstanding and as such are highly motivated and aligned with shareholders to increase share value and generate above-average returns. This focused strategy proved successful in 2012 delivering significant funds flow, production and reserves growth on a per share basis and it is those metrics that will continue to be Pine Cliff's measure of success going forward.

SELECTED ANNUAL INFORMATION

	Year ended December 31, 2012 ¹	Year ended December 31, 2011
(\$000s, unless otherwise indicated)		
FINANCIAL		
Oil and gas sales	7,547	866
Total revenue	7,061	830
Cash flow from operating activities	1,773	333
Funds flow from operations ²	1,702	353
Basic per share (\$/share)	0.02	0.01
Diluted per share (\$/share)	0.02	0.01
Profit (loss)	(1,071)	(207)
Basic per share (\$/share)	(0.01)	(0.00)
Diluted per share (\$/share)	(0.01)	(0.00)
Total assets	80,689	2,388
Total long term liabilities	2,818	82
Net debt ³	2,534	(288)
OPERATIONS		
Production ⁴		
Natural gas (mcf/d)	3,638	597
Crude oil (bbls/d)	27	-
Natural gas liquids (bbls/d)	142	1
Total (boe/d)	775	101
Netback (\$/boe)		
Operating netback ⁵	12.43	15.51

¹ The results of 2012 include the results of the Carrot Creek assets for the period of March 1 to December 31, 2012 and the results of the Geomark oil and gas assets for the period of October 19, 2012 to December 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 as the sum of bank debt and trade and other payables less trade and other receivables and cash.

⁴ The production for the year ended December 31, 2012 includes the results of the Carrot Creek assets for the period of March 1 to December 31, 2012 and the results of the Geomark oil and gas assets for the period of October 19, 2012 to December 31, 2012, averaged over 274 days.

⁵ Operating netback is a non-IFRS measure calculated as the Company's oil and gas sales, less royalties and operating expenses, averaged over the per boe production of the Company.

SELECTED QUARTERLY FINANCIAL INFORMATION

(\$000s, unless otherwise indicated)	2012				2011			
	Q4	Q3	Q2	Q1 ¹	Q4	Q3	Q2	Q1
Average sales volumes (boe/d) ²	832	895	972	401	88	100	103	111
Operating netback (\$/boe) ³	11.94	13.36	11.78	13.11	12.20	15.63	17.34	16.31
Oil and gas sales	2,319	2,197	2,130	901	164	220	236	246
Oil and gas sales, net of royalties	1,894	1,824	1,735	750	159	211	230	231
Total revenue	2,752	1,824	1,735	750	159	211	230	231
Cash flow (deficiency) from operating activities	660	246	1,198	(331)	(4)	120	69	148
Funds flow (deficiency) from operations ⁴	775	442	520	(35)	55	82	103	113
Per share - basic (\$/share)	0.01	0.01	0.01	(0.00)	0.00	0.00	0.00	0.00
Per share - diluted (\$/share)	0.01	0.01	0.01	(0.00)	0.00	0.00	0.00	0.00
Earnings (loss)	(862)	(472)	(450)	713	(47)	(74)	(53)	(33)
Per share - basic (\$/share)	(0.01)	(0.01)	(0.01)	0.01	(0.00)	(0.00)	(0.00)	(0.00)
Per share - diluted (\$/share)	(0.01)	(0.01)	(0.01)	0.01	(0.00)	(0.00)	(0.00)	(0.00)

¹ The results for Q1-2012 include the results of the Carrot Creek assets for the period of March 1 to March 31, 2012. 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.

² The sales volumes for Q4-2012 includes the results of the Geomark oil and gas assets for the period of October 19 to December 31, 2012, averaged over 92 days. Pine Cliff's sales for the fourth quarter were approximately 853 boe/d, inclusive of 105 boe/d from the Geomark oil and gas assets.

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.

⁴ 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.

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

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CAUTIONARY STATEMENTS

Certain statements contained in this press 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 press release includes, but is not limited to: expected production; 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.

Where amounts are expressed in a boe or daily equivalent of boe per day, natural gas volumes have been converted to barrels of oil equivalent on the basis that six thousand cubic feet of natural gas (mcf or daily equivalent of mcf per day) is equal to one barrel of oil (bbl or daily equivalent of bbl per day). 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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