



News Release

Pine Cliff Energy Ltd. Announces **First Quarter 2013 Results**

CALGARY, Alberta, (Marketwire – May 13, 2013) - 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, 2013 (the “Q1-2013 Report”).

Highlights

In the first quarter of 2013, Pine Cliff:

- Closed the acquisition of Skope Energy Inc. (“Skope”) on February 19, 2013, adding low decline, dry gas assets in southern Alberta and southern Saskatchewan (the “Southern Assets”) to Pine Cliff’s portfolio. The Southern Assets contributed approximately 3,400 barrels of oil equivalent (“boe”) per day (“boe/d”) of sales volumes to Pine Cliff’s results subsequent to closing;
- Attained record average daily sales volumes of 2,536 boe/d as compared to 401 boe/d in the first quarter of 2012;
- Repaid \$3.0 million of debt in the quarter, reducing net debt to less than zero;
- Achieved quarterly funds flow from operations of \$2.4 million compared to a deficiency of \$0.04 million in the same period of 2012 due to increased revenues from the Southern Assets and finance and dividend income; and
- Realized quarterly earnings of \$8.3 million (first quarter of 2012 – \$0.7 million), mainly a result of a non-cash gain of \$11.1 million being recognized on the acquisition of Skope.

Business Environment

The strengthening natural gas prices that were seen in the fourth quarter of 2012 continued into the first quarter of 2013. Pine Cliff’s realized natural gas price was \$3.23 per thousand cubic feet (“mcf”) in the first quarter of 2013, as compared to \$2.05 per mcf in the same period of 2012. The improvement in gas prices is mainly a result of increased natural gas demand due to colder winter weather in North America. We do not anticipate this gas price strength to continue through the summer months but as pricing is highly correlated to the weather, it is therefore quite unpredictable.

Outlook

Pine Cliff has continued to focus on adding to or creating new core areas by acquiring producing or non-producing assets that have the potential to provide drilling locations or existing low decline production. The recent strength in natural gas prices has led to a situation where additional assets have become available in the market as companies look to divest assets to fund liquids drilling programs or lower debt. It is a buyer’s market and our increased size due to the Skope transaction, a strong balance sheet, no debt and access to capital has provided Pine Cliff with a significant advantage over other potential buyers.

Pine Cliff will continue its disciplined strategy by adding assets that will generate high cash flow if natural gas prices recover over the next few years and with price increases the Company’s focus will shift to organic drilling growth.

Financial and Operating Results

(\$000s, unless otherwise indicated)	Three months ended March 31	
	2013 ¹	2012 ¹
Oil and gas sales	5,458	901
Cash flow from operating activities	3,101	(331)
Funds flow from operations ²	2,401	(35)
Basic per share (\$/share)	0.02	(0.00)
Diluted per share (\$/share)	0.02	(0.00)
Earnings	8,271	713
Basic per share (\$/share)	0.05	0.01
Diluted per share (\$/share)	0.05	0.01
Capital expenditures	2,315	444
Net debt ³	(588)	19,865
Production (boe/d)	2,536	401
Percent oil and liquids (%)	10	20
Commodity sales price (\$/boe)	23.92	24.71
Operating netback (\$/boe) ⁴	10.26	13.14

¹ Results for Q1-2013 include the results of the Southern Assets for the 40 day period of February 19 to March 31, 2013. Pine Cliff's sales volumes subsequent to the acquisition of the Southern Assets were approximately 4,340 boe/d, inclusive of 3,386 boe/d from the Southern Assets. The results for Q1-2012 include the results of the Carrot Creek assets for the 31 day 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 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 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 Q1-2013 Report, may be found on www.sedar.com as well as on Pine Cliff's website at www.pinecliffenergy.com.

For further information, please contact:

Philip B. Hodge - President and CEO
Robb D. Thompson - CFO and Corporate Secretary
Kirsten Lankester - Manager, Investor Relations
Telephone: (403) 269-2289
Fax: (403) 265-7488
Email: info@pinecliffenergy.com

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 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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