

Pine Cliff Energy Ltd. Enters into a \$33.25 Million Agreement to Acquire Carrot Creek/Edson Area Oil and Natural Gas Assets

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CALGARY, ALBERTA -- (Marketwired - July 29, 2014) - [Pine Cliff Energy Ltd.](#) ("Pine Cliff") (TSX VENTURE: PNE) is pleased to announce that it has entered into a binding agreement (the "Agreement") dated July 29, 2014 to acquire (the "Transaction") oil and natural gas assets in one of its core areas of Carrot Creek/Edson in the Province of Alberta (the "Assets") for cash consideration of \$33.25 million, prior to any adjustments. The cash consideration is expected to be financed by a combination of working capital and debt.

The Transaction will have an effective date of June 1, 2014 and is scheduled to close on August 7, 2014. The Transaction is conditional upon Pine Cliff's partner in the area, private company Velvet Energy Ltd. ("Velvet"), completing its acquisition of the Assets from a third party, which acquisition is expected to close concurrently with the closing of this Transaction. No assurances can be given that the acquisition of the Assets by Velvet or the Transaction will be completed as proposed or at all.

Transaction Highlights

- The Assets possess a predictable low cost production profile, long reserve life and a geographically focused asset base contiguous with Pine Cliff's current Carrot Creek/Edson core area. The Assets are 67% weighted to natural gas, are approximately 50% operated, high working interest properties (averaging 72%) and include ownership in key strategic infrastructure.
- The Assets have multi-zone potential along with a number of potentially low risk growth opportunities, including infill drilling. The Assets are characterized by liquids rich, high productivity wells and favourable royalties and operating costs.
- Pine Cliff will be partnering with Velvet, an experienced and active driller in the area, on future drilling development on the acquired lands. Subsequent to the closing of the Transaction, Pine Cliff is expected to have a combined asset base of over 7,000 barrels of oil equivalent ("boe") per day, weighted 92% towards natural gas.
- Subsequent to the closing of this Transaction and the closing of the July 24, 2014 announced acquisition of shallow natural gas assets in Alberta and Saskatchewan (the "Shallow Gas Acquisition"), expected to close November 1, 2014, Pine Cliff is expected to have a combined base asset production of over 12,000 boe per day, weighted approximately 95% towards natural gas, with a combined decline rate of 15%.

Key attributes of the Assets are as follows:

Production (May 2014 average provided by vendor) 970 boe per day
Natural Gas Weighting 67%
Proved Reserves (1) 2.9 Mboe
Proved and Probable Reserves (1) 4.0 Mboe
Decline Rate 24%
Booked Drilling Locations (1) 15 gross (4.2 net)
Land 22,962 gross acres (14,476 net acres)
Estimated Funds Flow from Operations (12 months following the effective date) (2) \$8.1 million (at \$4.00/mcf gas)
Estimated Funds Flow from Operations (12 months following the effective date) (2) \$8.8 million (at \$4.55/mcf gas)

(1) Based on reserves evaluated by an independent third party reserves evaluator with an effective date of April 1, 2014.

(2) Based on pricing of US\$100.00/bbl WTI, CDN\$4.00/mcf or CDN \$4.55/mcf AECO, as applicable, and \$0.925US \$/CDN\$FX and using estimated production at June 1, 2014 of 970 boe per day, a 6% royalty rate and \$10.90 per boe operating costs.

Acquisition Metrics

Based on the purchase price of the Assets of \$33.25 million, the acquisition metrics are as follows:

Production \$34,280 per flowing boe

Proved Reserves (1) \$11.47 per boe

Proved and Probable Reserves (1) \$8.31 per boe

Funds Flow Multiple (2) 4.1 times (at \$4.00/mcf gas)

Funds Flow Multiple (2) 3.8 times (at \$4.55/mcf gas)

(1) Based on reserves evaluated by an independent third party reserves evaluator with an effective date of April 1, 2014.

(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 Transaction is expected to provide these attributes.

The successful completion of the 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;
- A significant increase in Pine Cliff's high quality, multi-year drilling inventory; 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.

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 Transaction to Pine Cliff, the potential growth opportunities on the Assets, the manner in which the purchase price to the Transaction will be financed by Pine Cliff, other anticipated benefits to Pine Cliff of the Transaction, the closing date of the Transaction, the sale of the Assets to Velvet and information regarding Pine Cliff on a pro forma basis assuming completion of the Transaction and the Shallow Gas Acquisition. The foregoing statements assume the Assets will be sold to Velvet, all the conditions to completion of the 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, other than in connection with closing of the Shallow Gas Acquisition, there will be no changes to the assets and liabilities of Pine Cliff following the Transaction and that the anticipated benefits of and rationale for the Transaction will be achieved. There is no assurance that all of the conditions to the Transaction, including the acquisition of the Assets by Velvet, will be met and therefore there is a risk that the Transaction will not be completed in the form described above or at all. In the event the Transaction does not close as presently anticipated, Pine Cliff will not realize the anticipated benefits of the 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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