

Renegade Petroleum Ltd. Announces a \$58 Million Capital Budget Targeting \$77 Million in Funds from Operations

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[Renegade Petroleum Ltd.](#) ("Renegade" or the "Company") (TSX VENTURE:RPL) announced today that its Board of Directors has approved a \$57.7 million capital budget for 2014 directed at exploitation of its high quality light-oil assets in southeast and west central Saskatchewan. This capital program is consistent with the Company's long-term objectives of drilling low-risk, high impact wells while maintaining a strong focus on cost reduction in all areas and safe-guarding the dividend.

2014 CAPITAL BUDGET STRATEGIC OBJECTIVES

Profitability	- 97% light-oil with top tier operating netbacks
Sustainability	- 25% corporate declines - Strong capital efficiencies in core areas
Cost Reduction	- Renewed focus on reduction of G&A and operating costs
Sustainable Dividend	- 27% dividend payout ratio - 102% all-in payout ratio
Long-Term Growth	- 260+ net light-oil development drilling locations

2014 GUIDANCE

The 2014 capital program is designed to position Renegade for long-term sustainable production, reserve replacement and funds flow from operations with a focus on sustainable dividend payments.

The \$57.7 million capital program and the expected dividend payment of \$20.6 million are forecasted to be substantially funded through the Company's funds flow from operations with an all-in annual payout ratio estimated at 102%.

Management is pleased to provide the following estimated 2014 guidance:⁽¹⁾⁽²⁾

Average Production (boe/d)	5,700 - 5,900
Percentage Light-Oil and NGL Weighting (%)	97
Funds Flow From Operations (\$000)	76.6
Funds Flow From Operations Per Diluted Share (\$) ⁽³⁾	0.36
Exit Net Debt (\$000)	150.8
Bank Line (\$000) ⁽²⁾	250.0
Total Capital Expenditures (\$000)	57.7
Annual Cash Dividends (\$000)	20.6
Annual Cash Dividends Per Basic Share (\$)	0.10
Total All-In Payout Ratio (%)	102

(1) Based on a WTI USD\$95/bbl, CAD/USD exchange rate of 0.94, Edmonton Par price of C\$92/bbl and an AECO gas price of C\$2.00 with 4,000 bbl/d of 2014 production hedged at an average price of C\$92.46

(2) Pending the successful closing of the previously announced \$109 million asset disposition

(3) Based on 209.9 million fully diluted shares currently outstanding

The Company maintains a disciplined hedging program in order to provide certainty over the funds flow from operations used to fund the capital program and protect the long-term viability of its dividend payments. Renegade has 4,000 bbl/d of 2014 production hedged at WTI C\$92.46 per barrel.

2014 Capital Forecast

In southeast Saskatchewan, Renegade plans to drill 18 gross (16.0 net) wells across the Company's recently

high-graded land position which represents approximately 54% of the Company's 2014 development budget. In the west central Saskatchewan Viking play, Renegade plans to drill 21 gross (20.0 net) wells which represent approximately 46% of the Company's 2014 development budget.

The breakdown of the 2014 capital expenditures program is set forth below:

	<u>2014</u>
Development Capital (\$000)	43,106
Maintenance Capital (\$000)	10,133
Land and Seismic (\$000)	3,000
Corporate (\$000)	<u>1,444</u>
Total Capital Expenditures (\$000)	57,680

OPERATIONS UPDATE

Based on field estimates, Renegade's annualized 2013 production average was 7,450 boe/d which is within the Company's previously disclosed guidance of 7,400 to 7,700 boe/d. During the fourth quarter of 2013, the key operational focus was managing the capital program in areas that provided strong capital efficiencies, defined additional low risk drilling inventory and completed the company's flow through commitment.

Renegade drilled a total of 5 gross (3.5 net) development wells in the fourth quarter of 2013, bringing the 2014 development total to 53 gross (46.8 net) wells of which 17 gross (11.3 net) were in drilled in southeast Saskatchewan and 36 gross (35.5 net) were drilled in west central Saskatchewan.

Strategically, as part of the companies flow through obligations, Renegade completed the acquisition of over 190 sq kms of 3D seismic and an additional 4 gross (4.0 net) vertical test wells were drilled on the asset base during the fourth quarter of 2013. The vertical delineation wells and the acquisition of seismic data will be used to further de-risk the existing land base and provide support for future drilling inventory with a focus on the Frobisher and Alida trends in southeast Saskatchewan.

To date in 2014, the Company has been actively drilling in both fields with 2 gross (1.6 net) wells drilled in southeast Saskatchewan and 9 gross (9.0 net) in the Viking, all of which are in various stages of completion and being brought on production. For the remainder of the quarter, Renegade will be active with one drilling rig in southeast Saskatchewan.

CORPORATE INFORMATION

Renegade is a light oil focused development and production company with assets located in Saskatchewan, Alberta, Manitoba and North Dakota. Renegade's common shares trade on the TSX Venture Exchange under the symbol RPL.

Renegade is also pleased to announce that it has updated its corporate presentation which is available at www.renegadepetroleum.com.

READER ADVISORIES

Forward-Looking Statements

This press release contains forward-looking statements. More particularly, this press release contains statements concerning, but not limited to, Renegade's long-term objectives, Renegade's plans to continue to create value for shareholders by investing in low-risk, high rate of return projects, Renegade's capital expenditure program, Renegade's capital budget strategic objectives (including projected commodity mix, corporate declines, capital efficiencies, focus on reduction of G&A and operating costs, dividend payout ratio, all-in payout ratio and number of development drilling locations), Renegade's drilling plans, the expected ability of Renegade to execute on its exploration and development program, anticipated dividend payments, expected sources of funding for capital program and dividend payments, potential drilling locations and drilling plans, expected well economics, commodity pricing and Renegade's anticipated production (both in terms of quantity and raw attributes), funds flow from operations, operating net backs, pay-out ratio net debt, dividends and capital expenditures for 2014, anticipated use of vertical delineation wells and the acquisition of seismic data on Renegade's land base and drilling inventory and other similar matters.

The forward-looking statements contained in this document are based on certain key expectations and

assumptions made by Renegade, including: (i) with respect to capital expenditures, generally, and at particular locations, the availability of adequate and secure sources of funding for Renegade's proposed capital expenditure program and the availability of appropriate opportunities to deploy capital; (ii) with respect to drilling plans, the availability of drilling rigs, expectations and assumptions concerning the success of future drilling and development activities and prevailing commodity prices; (iii) with respect to Renegade's ability to execute on its exploration and development program, the performance of Renegade's personnel, the availability of capital and prevailing commodity prices; (iv) with respect to anticipated production, the ability to drill and operate wells on an economic basis, the performance of new and existing wells and risks typically associated with oil and gas exploration and production and that the Company's production volumes and assumptions related thereto are accurate in all material respects; (v) oil prices; (vi) currency exchange rates; (vii) royalty rates; (viii) operating costs; and (ix) transportation costs.

Although Renegade believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Renegade can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the failure to obtain necessary regulatory approvals, risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses; health, safety and environmental risks; commodity price and exchange rate fluctuations; and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures), changes in general economic, market and business conditions; actions by governmental or regulatory authorities including increasing taxes and changes in investment or other regulations; Renegade's success at acquisition, exploitation and development of reserves; unexpected drilling results; individual well productivity; the lack of availability of qualified personnel or management; competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; incorrect assessments of the value of acquisitions; and ability to access sufficient capital from internal and external sources.

Management has included the above summary of assumptions and risks related to forward-looking information provided in this press release in order to provide shareholders with a more complete perspective on Renegade's future operations and such information may not be appropriate for other purposes. Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this document are made as of the date hereof and Renegade is not under any obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. Please refer to Renegade's Annual Information Form dated April 29, 2013 for additional risk factors relating to Renegade, which is available for viewing on www.sedar.com.

This news release shall not constitute an offer to sell or the solicitation of an offer to buy any securities nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. The securities issued pursuant to the plan of arrangement and financing described herein have not been and will not be registered under the United States Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from such registration.

Dividends

The payment and the amount of dividends declared in any month will be subject to the discretion of the board of directors and will depend on the board of director's assessment of Renegade's outlook for growth, capital expenditure requirements, funds from operations, potential acquisition opportunities, debt position and other conditions that the board of directors may consider relevant at such future time. The amount of future cash dividends, if any, may also vary depending on a variety of factors, including fluctuations in commodity prices and differentials, production levels, capital expenditure requirements, debt service requirements, operating costs, royalty burdens and foreign exchange rates.

Conversion

The term "boe" may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet of natural gas to one boe (6 mcf/bbl) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. All boe conversions in this report are derived from converting gas to oil in the ratio of six thousand cubic feet of gas to one barrel of oil. Given that the value ratio based on the current price of crude oil as compared to natural

gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

Non-IFRS Measures

The Company discloses several financial measures that do not have any standardized meaning prescribed under International Financial Reporting Standards ("IFRS"). These financial measures include funds from operations and funds flow from operations per diluted share. Management believes that these financial measures are useful supplemental information to analyze operating performance and provide an indication of the results generated by the Company's principal business activities. Investors should be cautioned that these measures should not be construed as an alternative to net income, cash provided by operating activities or other measures of financial performance as determined in accordance with IFRS. The Company's method of calculating these measures may differ from other companies, and accordingly, they may not be comparable to similar measures used by other companies. Please see the Company's most recent Management's Discussion and Analysis, which is available at www.sedar.com for additional information about these financial measures.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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