

Shoreline Energy Corp. Announces Financial and Operating Results for the First Quarter 2014

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CALGARY, ALBERTA -- (Marketwired - May 15, 2014) - [Shoreline Energy Corp.](#) (TSX:SEQ) ("Shoreline" or the "Corporation") is pleased to report its financial and operating results from the first quarter 2014. A complete copy of the financial statements and w management's discussion and analysis may be obtained at www.sedar.com or on the Company's website at www.shorelineenergy.ca.

First Quarter 2014 Financial and Operating Highlights

- Petroleum and natural gas sales increased 32% to \$7,281,000 from the fourth quarter of 2013.
- Funds from operations increased 148% to \$1,136,000 from the fourth quarter of 2013, due to higher netbacks as a result of higher commodity prices this quarter.
- Sales volumes averaged 1,541 barrels of oil equivalent per day (boe/d) and decreased by 9% from the fourth quarter of 2013.
- Oil and NGL production as a percentage of total production was 29% and increased from 25% for the fourth quarter of 2013.

Financial Tables

Three months ended

March 31,

2014 December 31,

2013

Change

(in thousand dollars except as otherwise indicated)

Financial

Revenue, before royalties and financial instruments

7,281 5,492 32%

Funds from operations (1) 1,136 458 148%

Basic & diluted

(\$/ common share) 0.13 0.05 160%

Net (loss) -1,792 -3,567 -50%

Basic & diluted (\$/common share) (2) -0.19 -0.42 -55%

Three months ended

March 31,

2014 December 31,

2013

Change

Capital expenditures (excluding acquisitions)

788 339 132%

Acquisitions - 1,994 -100%

Total assets 116,964 116,083 1%

Working capital (deficiency) -40,870 -40,052 2%

Shareholders' equity 30,700 32,462 -5%

Weighted average common shares outstanding

Basic and diluted(2) 9,041 9,037 0%

Operating

Production

Oil & NGL's (bbls/d) 448 432 4%

Gas (mcf/d) 6,563 7,583 -13%

Total (boe/d) (3) 1,541 1,695 -9%

Average realized prices

Oil & NGL's (\$/bbl) 90.95 70.36 29%

Gas (\$/mcf) 5.93 3.57 66%

Operating netbacks (\$/boe)

Petroleum and natural gas sales 52.50 35.22 49%

Realized gain (loss) on financial instrument

-1.23 0.90 -237%

Royalties -7.03 -2.60 170%

Operating expenses -18.03 -11.97 51%

Transportation expenses -0.91 -1.43 -36%

Operating netback 25.30 20.12 26%

Drilling activity

Gross wells 4 8 -50%

Net interest wells 0.20 0.26 -23%

(1) See "Non-GAAP Terms".

(2) The effect of outstanding options and warrants on loss per share for the three month periods ended March 31, 2014 and December 31, 2013 is anti-dilutive.

(3) Boe means barrels of oil equivalent. Boe may be misleading, particularly is used in isolation. A boe conversion rate of 1 boe: 6 mcf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead

Subsequent Events

After the termination of the merger negotiations with Lillis Energy, the Board of Directors formed a Special Committee and initiated a process to identify, examine and consider strategic and financial alternatives available to Shoreline with a view to enhancing shareholder value. RBC Capital Markets has been retained as financial advisor to assist Shoreline and the Special Committee with this process

With a year end 3rd party Proven Plus Probable (2P) reserves value of \$102 Million as published on March 31, 2014, stable production in the first quarter with relatively low capital expenditure, and continued strong commodity prices, the Special Committee expects the strategic alternatives process will provide satisfactory results to all stakeholders.

The Corporation cautions that there are no assurances or guarantees that (i) the process will result in a transaction; (ii) if a transaction is undertaken, the terms or timing of such transaction will be satisfactory to all stakeholders; (iii) the ongoing conditions of the Forbearance will be met to the satisfaction of the lender; or (iv) negotiations currently underway with the Corporation's other lenders will yield satisfactory results.

About Shoreline Energy Corp.

Shoreline is a Calgary, Alberta based corporation engaged in the exploration, development and production of petroleum and natural gas. Shoreline offers investors a combination of value growth via lower risk

development of additional oil reserves and production on its current lands. Shoreline has 9,040,522 Common Shares outstanding and convertible debentures in the aggregate principal amount of \$17,000,000 outstanding. The Common Shares are currently listed on the TSX under the trading symbol "SEQ" and the debentures under the trading symbol "SEQ.DB". Additional information regarding Shoreline is available under the Company's profile at www.sedar.com or at the Corporation's website, www.shorelineenergy.ca.

Forward-Looking and Cautionary Statements

This news release contains forward-looking statements relating to the Corporation's plans and other aspects of the Corporation's anticipated future operations, strategies, financial and operating results and business opportunities. These forward-looking statements may include opinions, assumptions, estimates, management's assessment of value, reserves, future plans and operations.

Forward-looking statements typically use words such as "will", "anticipate", "believe", "estimate", "expect", "intend", "may", "project", "should", "plan", and similar expressions suggesting future outcomes, and include statements that actions, events or conditions "may", "would", "could", or "will" be taken or occur in the future. The forward-looking statements are based on various assumptions including expectations regarding the success of current or future drill wells; the outlook for petroleum and natural gas prices; estimated amounts and timing of capital expenditures; estimates of future production; assumptions concerning the timing of regulatory approvals; the state of the economy and the exploration and production business; results of operations; business prospects and opportunities; future exchange and interest rates; the Corporation's ability to obtain equipment in a timely manner to carry out development activities; and the ability of the Corporation to access capital and credit. While the Corporation considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

Forward-looking statements are subject to a wide range of assumptions, known and unknown risks and uncertainties and other factors that contribute to the possibility that the predicted outcome will not occur, including, without limitation: risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation; loss of markets; volatility of commodities prices; currency fluctuations; imprecision of reserves estimates; environmental risks; competition from other producers; inability to retain drilling rigs and other services; incorrect assessment of the value of acquisitions; failure to realize the anticipated benefits of acquisitions; general economic conditions; delays resulting from or inability to obtain required regulatory approvals and to satisfy various closing conditions; and ability to access sufficient capital from internal and external sources. Readers are cautioned that the foregoing list of factors is not exhaustive.

Although Shoreline believes that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will be realized. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements and you should not rely unduly on forward-looking statements. The forward-looking statements contained in this news release are made as of the date of this news release. Except as required by applicable law, Shoreline does not undertake any obligation to publicly update or revise any forward-looking statements.

Non-GAAP Financial Measures

This press release contains references to measures used in the oil and natural gas industry such as "netback" and "net debt". These measures do not have any standardized meanings within International Financial Reporting Standards ("IFRS") and, therefore, reported amounts may not be comparable to similarly titled measures reported by other companies. These measures have been described and presented in this press release in order to provide shareholders and potential investors with additional information regarding Shoreline's liquidity and its ability to generate funds to finance its operations.

Netback, as used in this press release, denotes net earnings plus non-cash items, including future income taxes expense (less any recovery), depletion, depreciation and accretion expense and non-cash stock-based compensation expense.

Shoreline uses net debt as a measure to assess its financial position. Net debt includes current liabilities (including Shoreline's credit facility and excluding the current portion of decommissioning obligations) less current assets (excluding property, plant and equipment, held for sale and risk management contracts).

Note Regarding BOEs

The term barrel of oil equivalent ("boe") may be misleading, particularly if used in isolation. A conversion ratio

for gas of 6 mcf:1 boe is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly equivalency conversion ratio of 6:1, utilizing a conversion on a 6:1 basis is misleading as an indication of value.

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