Marquee Energy Ltd. Announces 2011 Year End Reserves and Financial Results and Provides Operations Update

CALGARY, March 29, 2012 /CNW/ - Marquee Energy Ltd. ("Marquee" or the "Company") (TSX: "MQL") is pleased to announce its 2011 year end reserves, operating and financial results and provide an update on recent operations.

The Company is very pleased with the progress it has achieved since December, 2011. Current production is 2,570 boe/d (59% oil and liquids). The remaining wells from the Q4 2011/Q1 2012 capital program are expected to be tied in and on production during Q2 2012. Marquee's Q2 capital program will commence in early April 2012 and includes a total of 11 wells at Michichi and Lloydminster.

ACHIEVEMENTS AND HIGHLIGHTS

- Completed a merger between SkyWest Energy Corp. Ltd. and Marquee Petroleum Ltd. on December 5, 2011 resulting in a name change to Marquee Energy Ltd. This transaction resulted in the appointment of a new management team and the acquisition of oil focussed prospects in Eastern Alberta.

- Significant growth in net undeveloped lands from 35,000 acres in 2010 to 96,000 acres in 2011, an increase of 174%.

- Total proved plus probable reserves of 10.9 MMboe, comprised of 5.1 MMboe of oil and NGLs and 5.8 MMboe of natural gas.

- Replaced 2011 production of 605 Mboe by 155% on proved developed producing reserves.

- Increased average production to 1,655 boe/d for the fourth quarter 2011, a 9% increase over Q3-2011, and a 144% increase over the fourth quarter of 2010.

- Based on 2011 average production of 1,555 boe/d, Marquee has a reserve life index of 8.9 years on a proved basis and 19.2 years on a proved plus probable basis.

- Initiated successful horizontal drilling program on new light oil property in East Central Alberta with tie-ins commencing March 2012.

- Increased annual revenue to $28.6 million from $4.0 million in 2010. Q4 2011 revenue increased to $7.4 million from $7.1 million in Q3 2011.

- Increased cash flow from operating activities to $10.9 million for the year from ($0.6) million in 2010.

- Increased 2011 netbacks by 92% to $29.75/boe from $15.50/boe in 2010.

- Tie-in of the first two of five light oil horizontal wells drilled to date on the Michichi property have been completed.

FINANCIAL RESULTS AND OPERATING SUMMARY

	Three months ended December 31, 2011	Year Ended December 31, 2011
Financial ($)		
Production Revenue	7,399,424	28,605,073
Comprehensive loss (1)	(26,549,003)	(25,906,273)
Per share, basic and diluted	(0.89)	(0.98)
Funds flow from operations	834,502	10,856,876
Per share, basic and diluted	0.02	.41
Production Volumes		
Natural Gas (Mcf/d)	5,809	5,506
Light and Medium Crude oil (bbl/d)	533	513
Natural gas liquids (bbls/d)	153	125
Total (boe/d)	1,655	1,555
Sales Prices		
Natural Gas ($/Mcf)	3.41	3.81
Light and Medium Crude oil ($/bbl)	85.41	88.11
Natural gas liquids ($/bbl)	68.20	66.00
Operating Nebacks ($/boe)		
Price	51.33	50.39
Royalties	(4.42)	(4.44)
Operating	(15.48)	(13.86)
Transportation	(2.85)	(2.34)
Operating netback	28.58	29.75
Capital expenditures, net of proceeds	7,546,048	38,741,000
Corporate acquisitions	27,058,647	27,058,647
Total capital expenditures	34,604,695	65,799,647
Net debt and working capital (deficiency) – excluding flow-through share premium		(26,352,581)
Weighted average shares outstanding (basic and diluted)		26,463,666
Undeveloped land (net acres)		96,000

(1) Comprehensive loss includes a $23 million impairment loss relating primarily to the Company's Carrot Creek ($10.0 million) and Pembina ($10.8 million) properties as a result of a significant decline in the forecast natural gas prices and changes in proved and probable reserves.

Fourth Quarter Financial Highlights

For the quarter ended December 31, 2011, Marquee reported funds flow from operations of $0.8 million ($2.5 million before transaction costs) compared to $0.2 million in the fourth quarter of 2010. The increase in funds flow from operations is a result of increased production volumes from successful drilling operations on the Company's Cardium assets. Capital expenditures in the fourth quarter of 2011 totalled $7.5 million and were focused on drilling and completion expenditures at Willesden Green and Michichi.

Year End Financial Highlights

For the year ended December 31, 2011, Marquee recorded significant increases in revenue, funds flow from operations and capital expenditures over the prior year. In December of 2011, Marquee completed the acquisition of Marquee Petroleum Ltd. for total consideration of $25.9 million that significantly increased the size of the Company's undeveloped land base and light oil drilling opportunities.

The Company increased revenue to $28.6 million in 2011 from $4.0 million in 2010. Funds flow from operations for the year ended December 31, 2011 increased to $10.9 million from ($0.6) million in the prior year due to the significant growth in production during 2011.

The Company exited 2011 with net debt of $26 million against an existing bank facility of $45 million. Marquee provided updated 2012 capital budget guidance on March 16, 2012 with a 26 well program for estimated costs of $36 million, which is expected to be funded from existing bank facilities and operating cash flow.

The Company's financial statements and management's discussion and analysis for the periods ended December 31, 2011 and the annual information form for the year ended December 31, 2011, which includes information concerning the reserves and other oil and gas information in the form required by National Instrument 51-101 ("NI 51-101"), are available on SEDAR at www.sedar.com.

Operating Highlights and Recent Developments

With the new management team joining the Company in December 2011, an aggressive light oil capital program was initiated with a total of 11 well operations completed to date including 3 reactivations, 2 vertical new drills and 6 horizontal wells. All production resulting from this program is expected be tied-in by the end of Q2 2012.

During 2011 a total of 9 gross (4.9 net) horizontal wells were drilled and completed on the Company's Cardium play at Carrot Creek and Willesden Green. The Company expects to drill 2 Cardium horizontal wells at Willesden Green in Q3 2012 and may drill a horizontal well in the same area targeting a liquids rich Notikewin/Falher play in late 2012.

The Company drilled 2 gross (2 net) horizontal oil wells in East Central Alberta at Michichi in late 2011, and an additional 3 gross (3 net) horizontal wells in Q1 2012. Two of these wells were recently put on production and the remaining 3 well are expected to be tied-in during Q2 2012. Production numbers will be disclosed in Q2 following stabilization of production. The Company also successfully recompleted 3 wells for Banff light oil production late in 2011 which are also projected for tie-in during Q2 2012.

The Michichi asset was purchased by Marquee Petroleum Ltd. in September 2011 for a total cash consideration of $7.8 million. The Company drilled 2 light oil horizontal wells on the property in late 2011 for a cost of $3 million. The total proved plus probable value at year end 2011 was determined by Sproule to be $17.0 million (NPV 10%). This increase in value for the property supports the Company’s strategy to pursue similar opportunities in the new Eastern Alberta focus area.

The first horizontal well was drilled on the Coutts light oil Sunburst sand play during Q1 2012. Completion of this well was interrupted by break-up and will resume once conditions permit.

At Provost, 2 vertical evaluation wells were drilled to test the Viking resource oil play late in 2011. Completion and evaluation of the results will be available in Q2 2012 and used to determine the viability of horizontal drilling.

On March 16, 2012, the Company closed the previously announced the acquisition of a private oil company. Current production from the acquired properties is approximately 475 boe/day with netbacks currently exceeding $35/bbl. The Company has identified more than 20 oil prospects on the acquired lands and has commenced a 7 well drilling program which is expected to be completed and on production by the end of Q2 2012.

Outlook

Marquee announced a 2012 drilling program of $36 million including 13 horizontal wells, 7 vertical wells and a number of recompletions. More than 60% of the capital program will be directed to low cost, light oil drilling opportunities in Eastern Alberta. The company expects to have all wells on production from the late 2011 and Q1 2012 drilling program by the end of Q2 2012. Current guidance for 2012 reflects an average production rate of 3,100 boe/d with an exit rate of 3,600 boe/d and cash flow of $34.5 million. The company expects to continue to pursue consolidation opportunities in its core areas, including Michichi and Lloydminster. Marquee is also pursuing a rationalization of all of its non-core properties.

RESERVES

In accordance with NI 51-101, Sproule Associates Limited ("Sproule") prepared a reserve report, effective as at December 31, 2011 for the oil, natural gas liquids ("NGL") and natural gas reserves attributable to the properties of Marquee (the "Sproule Report").

Marquee Energy shifted its capital focus in late 2011 towards lower cost, higher rate of return oil opportunities secured with the Marquee Petroleum Ltd. merger. As a result, the Company has taken a proactive position with respect to previously booked Cardium reserves and prudently reduced the number of previously booked undeveloped Cardium locations in its reserve report, particularly at Pembina South. This position is supported by a regional study conducted by Sproule Associates Ltd. with respect to Cardium horizontal well performance in the greater Pembina area to aid their reserves evaluations for 2011.

The tables below are a summary of the oil, NGL and natural gas reserves attributable to the properties of Marquee and the net present value of future net revenue attributable to such reserves as evaluated in the Sproule Report based on forecast price and cost assumptions. It should not be assumed that the estimates of future net revenues presented in the tables below represent the fair market value of the reserves. There is no assurance that the forecast prices and cost assumptions will be attained and variances could be material. The recovery and reserves estimates of Marquee's crude oil, natural gas liquids and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas and natural gas liquids reserves may be greater than or less than the estimates provided herein.

Summary of Oil and Gas Reserves

	Light and Medium Crude Oil		NGL		Natural Gas		Total Oil Equivalent	
Reserves Category	Gross (Mbbl)	Net (Mbbl)	Gross (Mbbl)	Net (Mbbl)	Gross (MMcf)	Net (MMcf)	Gross (MBOE)	Net (MBOE)
Proved								
Developed Producing	780.9	682.4	170.7	113.4	6,282	5,603	1,998.5	1,729.6
Developed Non-Producing	189.5	166.2	24.1	17.8	1,849	1,572	521.8	446.1
Undeveloped	1,213.1	1,026.1	201.3	147.8	6,852	5,894	2,556.5	2,156.2
Total Proved	2,183.5	1,874.7	396.1	279.0	14,983	13,068	5,076.8	4,331.8
Probable	1,937.8	1,637.3	560.3	395.4	20,030	17,036	5,836.5	4,872.0
Total Proved plus Probable	4,121.3	3,512.0	956.4	674.5	35,013	30,104	10,913.2	9,203.8

Summary of Net Present Value of Future Net Revenue

	Before Future Income Tax Expenses Discounted at (%/year)				
Reserves Category	0 (M$)	5 (M$)	10 (M$)	15 (M$)	20 (M$)
Proved					
Developed Producing	57,153	47,847	41,369	36,607	32,967
Developed Non-Producing	14,242	11,821	10,093	8,807	7,815
Undeveloped	46,285	25,933	14,095	6,796	2,103
Total Proved	117,680	85,601	65,557	52,210	42,885

	Before Future Income Tax Expenses Discounted at (%/year)				
Reserves Category	0 (M$)	5 (M$)	10 (M$)	15 (M$)	20 (M$)
Probable	147,314	81,041	47,715	29,053	17,778
Total Proved plus Probable	264,994	166,642	113,272	81,262	60,663

	After Future Income Tax Expenses Discounted at (%/year)				
Reserves Category	0 (M$)	5 (M$)	10 (M$)	15 (M$)	20 (M$)
Proved					
Developed Producing	57,153	47,847	41,369	36,607	32,967
Developed Non-Producing	14,242	11,821	10,093	8,807	7,815
Undeveloped	37,982	20,835	10,814	4,604	594
Total Proved	109,377	80,503	62,276	50,018	41,376
Probable	110,341	59,483	33,861	19,516	10,871
Total Proved plus Probable	219,718	139,986	96,138	69,535	52,247

Summary of Pricing Assumptions and Inflation Rate Assumptions

Sproule employed the following pricing, exchange rate and inflation rate assumptions as of December 31, 2011 in the Sproule Report in estimating Marquee's reserves data using forecast prices and costs:

	Natural Gas		Light Crude Oil		Pentanes Plus		
	Henry Hub	AECO Gas Price	WTI	Edmonton	Edmonton	Inflation Rates	Exchange Rate
Year	$US/MMBtu	($Cdn/MMBt)	($US/bbl)	($Cdn/bbl)	($Cdn/bbl)	%/year	($US/$Cdn)
Forecast							
2012	3.55	3.16	98.07	96.87	103.57	2.0	1.012
2013	4.18	3.78	94.90	93.75	100.23	2.0	1.012
2014	4.54	4.13	92.00	90.89	97.17	2.0	1.012
2015	5.95	5.53	97.42	96.23	102.89	2.0	1.012
2016	6.07	5.65	99.37	98.16	104.94	2.0	1.012
2017	6.19	5.77	101.35	100.12	107.04	2.0	1.012
2018	6.32	5.89	103.38	102.12	109.18	2.0	1.012
2019	6.44	6.01	105.45	104.17	111.37	2.0	1.012
2020	6.57	6.14	107.56	106.25	113.59	2.0	1.012
2021	6.70	6.27	109.71	108.38	115.87	2.0	1.012

Thereafter escalation rate of 2%

About Marquee

Marquee Energy Ltd. is a publicly traded Calgary-based growth oriented junior oil and gas company currently focused on high rate of return oil and liquids rich gas production in Central and Southern Alberta. Additional information about Marquee may be found in its continuous disclosure documents filed with Canadian securities regulators at www.sedar.com. Marquee intends to continue to grow the company organically and through strategic acquisitions in each of its core areas.

Forward looking Statements or Information

Certain information included in this press release constitutes forward-looking information under applicable securities legislation. Such forward-looking information is provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that reliance on such information may not be appropriate for other purposes, such as making investment decisions. Forward-looking information typically contains statements with words such as "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose", "project" or similar words *suggesting future outcomes or statements regarding an outlook. Forward-looking information in this press release may include, but is not limited to information with respect to: operational decisions and the timing thereof, development and exploration plans and the timing thereof; and future production levels. Forward-looking information is based on a number of factors and assumptions which have been used to develop such information but which may prove to be incorrect. Although Marquee believes that the expectations reflected in such forward-looking information is reasonable, undue reliance should not be placed on forward-looking information because Marquee cannot give assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this press release, assumptions have been made regarding and are implicit in, among other things: the ability of Marquee to realize the anticipated benefits of previous acquisitions and other transactions; field production rates and decline rates; the ability of Marquee to secure adequate product transportation; the ability to obtain qualified staff, equipment and services in a timely and cost efficient manner to develop its business; the ability to operate the properties in a safe, efficient and effective manner; the ability to obtain financing on acceptable terms; the ability to replace and expand oil and natural gas reserves through acquisition, development of exploration; the timing and costs of pipeline, storage and facility construction and expansion; future oil and natural gas prices; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters; and the ability to successfully market its oil and natural gas products. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which have been used.*

Forward-looking information is based on current expectations, estimates and projections that involve a number of risks and uncertainties which could cause actual results to differ materially from those anticipated by Marquee and described in the forward-looking information.

The forward-looking information contained in this press release is made as of the date hereof and Marquee does not undertake any obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless required by applicable securities laws. The forward looking information contained in this press release is expressly qualified by this cautionary statement.

Additional Advisories

Boes are presented on the basis of one Boe for six Mcf of natural gas. Disclosure provided herein in respect of Boes may be misleading, particularly if used in isolation. A Boe conversion ratio of 6 Mcf:1 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.

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.