**Marquee Energy Ltd. Announces First Quarter Results and Provides Operations Update**

CALGARY, May 23, 2012 /CNW/ - Marquee Energy Ltd. ("Marquee" or the "Company") (TSX: "MQL") announces its first quarter operating and financial results and provides an update on recent operations and activities.

## RECENT HIGHLIGHTS

### Current Update

- 100% success rate on five horizontal oil wells drilled in the Michichi area. Since late in Q1-2012, four of these wells have been placed on production. Total production in the area now exceeds 850 boe/d (54% oil and NGLs), compared to 110 boe/d on December 31, 2011.

- Increased overall corporate production, and increased oil and NGL weighting:

| | Production (Boe/d) | Oil & NGL % |
|---|---|---|
| Fiscal 2011 average | 1,555 | 41% |
| Fourth quarter 2011 average | 1,655 | 42% |
| First quarter 2012 average | 1,767 | 46% |
| May 23, 2012 (field estimates) | 2,850 | 54% |

- Q2 capital program of $13 million, including 3 horizontal wells at Michichi and 7 vertical wells at Lloydminster, all targeting oil prospects

- Average production target for 2012 of 3,100 boe/d and exit rate of 3,600 boe/d remain unchanged

### First Quarter and Subsequent Events

- Completed the acquisition of a private company (“PrivateCo”) on March 16, 2012 that included approximately 475 bopd of concentrated production at Lloydminster.

- Increased credit facilities by 55% to $70 million in May 2012, as previously announced on May 17.

- Added 21,344 acres (33.3 sections) of undeveloped land in 2012 to date through the corporate acquisition noted above, two small property acquisitions and landsales, primarily targeting oil focused opportunities at Michichi, Lloydminster and Coutts.

## FINANCIAL RESULTS AND OPERATING SUMMARY

| | Three Months Ended March 31, 2012 | Three Months Ended March 31, 2011 |
|---|---|---|
| **Financial ($)** | | |
| Revenue | 7,031,140 | 6,982,936 |
| Net loss | (1,891,155) | (139,462) |
| Per share, basic and diluted | (0.04) | (0.01) |
| Funds flow from operations | 1,272,203 | 3,225,442 |
| Per share, basic and diluted | 0.03 | 0.13 |
| **Production Volumes** | | |
| Natural gas (Mcf/d) | 5,774 | 5,849 |
| Light and medium crude oil (bbl/d) | 550 | 550 |
| Heavy oil (bbls/d) | 82 | - |
| Natural gas liquids (bbls/d) | 173 | 112 |

| | | |
|---|---|---|
| Total (boe/d) | 1,767 | 1,636 |
| Percentage oil and NGLs | 46% | 40% |
| | | |
| **Sales Prices** | | |
| Natural gas ($/Mcf) | 2.14 | 4.29 |
| Light and medium crude oil ($/bbl) | 90.82 | 82.90 |
| Heavy oil ($/bbl) | 59.34 | - |
| Natural gas liquids ($/bbl) | 58.28 | 61.49 |
| **Combined average** | 43.72 | 47.43 |
| | | |
| **Operating Netbacks ($/boe)** | | |
| Revenue | 43.72 | 47.43 |
| Royalties | (6.10) | (4.88) |
| Operating | (14.84) | (12.10) |
| Transportation | (2.56) | (2.01) |
| Operating netback | 20.22 | 28.44 |
| | | |
| Capital expenditures, net of proceeds | 12,837,504 | 17,604,191 |
| Corporate acquisitions (1) | 29,600,426 | - |
| Total capital expenditures (1) | 42,437,930 | 17,604,191 |
| | | |
| Net debt and working capital (deficiency) | (34,493,496) | (15,541,227) |
| Weighted average shares outstanding (basic and diluted) | 43,845,480 | 25,281,535 |
| Undeveloped land (net acres) | 122,900 | |

(1) Includes approximately 10.6 million shares issued to former privateco shareholders at a deemed price of $1.85 per common share.

## First Quarter Financial Highlights

For the quarter ended March 31, 2012, Marquee reported funds flow from operations of $1.3 million ($1.7 million before transaction costs) compared to $3.2 million in the first quarter of 2011. Realized natural gas prices in the first quarter of 2012 declined by 50% over the same period in 2011, resulting in a $1.1 million decline in revenue. This decline was offset by the combination of increased oil and natural gas liquid volumes and average realized prices. Royalty costs have increased as a result of the higher weighting to oil and NGLs versus natural gas. The operating cost increase in the first quarter of 2012 was primarily the result of pipeline repair costs on a well in the Ricinus area. G&A costs increases were attributable to organizational and transition matters following the completion of the business combination with Marquee Petroleum Ltd. on December 5, 2011. These increases included consulting and software costs relating to land and financial systems, along with professional fees relating to organizational and governance matters.

Net debt to annualized cash flow (net of $475,827 transaction costs) based on the first quarter financial results is 6.8 times. Current production is 2,850 boe/d, which is a 61% increase over the Q1 2012 average due to drilling and acquisition. Oil and NGL weighting has also grown to 54%. Marquee is continuing to execute its 2012 capital plan and expects to exit 2012 at a debt to annualized cash flow ratio below 2 times.

The Company's financial statements and management's discussion and analysis for the first quarter of 2012 are available on SEDAR at www.sedar.com.

## Operations Update

Marquee has drilled and completed 5 successful horizontal wells to date at Michichi targeting oil prospects in the Detrital and Banff zones. Four of these wells are now on production. All of the horizontal wells and recompletions at Michichi met or exceeded expectations. Total production in the area now exceeds 850 boe/d (54% oil and liquids). Tie-ins are now underway for the fifth horizontal well and four other standing vertical wells. Tie-ins for the Michichi wells were delayed as it took more time than expected to obtain approvals from the infrastructure owner. Combined with some surface issues and weather delays, tie-ins took 3-4 months to complete. The process is being streamlined to reduce the tiein delays. The Company will drill 3 horizontal wells at Michichi in the second quarter of 2012 with operations already underway on the first 2 wells. Marquee has added 6,226 acres (9.7 net sections) of undeveloped land at Michichi in 2012 through 2 small property acquisitions and landsales.

The company drilled its first horizontal well at Coutts in February 2012 targeting oil in the Sunburst sand. Completion of this well has resumed after being delayed by breakup. The Company completed a property acquisition in the Coutts area in late March that included the acquisition of 4,160 net acres (6.5 net sections) of land offsetting existing Marquee lands. Further plans for this property await completion results of the first horizontal well.

The Company plans to drill 7 vertical wells in the second quarter of 2012 on the newly acquired property at Lloydminster.

**PrivateCo Acquisition**
On March 16, 2012 Marquee completed the acquisition of a private company to add high netback, high working interest oil focused assets in the Lloydminster area, including seven sections of undeveloped acreage with multi-zone potential. Consideration for the acquisition was approximately10.6 million common shares of the Company and included the assumption of $3.3 million in debt. Current production is approximately 475 bbls/d. The Company's second quarter capital program includes drilling seven vertical wells at Lloydminster.

The PrivateCo's reserves at December 31, 2011 as reported by Sproule Associates Limited on May 10, 2012, were as follows:

| | | **Oil (Mbbl)** | **Gas (mmcf)** | **NGL (MBbl)** | **Total (MBOE)** | **NPV@10% (000's)** |
|---|---|---|---|---|---|---|
| **PrivateCo acquisition** | Proved | 936 | 157 | 1 | 963 | $23,893 |
| | Probable | 750 | 53 | - | 759 | $12,914 |
| | Proved plus probable | 1,686 | 210 | 1 | 1,722 | $36,807 |

The December 31, 2011 report was a mechanical update from the September 30, 2011 full evaluation, also updating to the Sproule December 31, 2011 price deck.

Marquee's reserves at December 31, 2011 (prior to the acquisition), as previously released on March 28, 2012 are summarized as follows:

| | | Oil (Mbbl) | Gas (mmcf) | NGL (MBbl) | Total (MBOE) | NPV@10% (000's) |
|---|---|---|---|---|---|---|
| **Marquee Energy Ltd.** | Proved | 2,183 | 14,983 | 396 | 5,077 | $65,557 |
| | Probable | 1,938 | 20,030 | 560 | 5,836 | $47,714 |
| | Proved plus probable | 4,121 | 35,013 | 956 | 10,913 | $113,271 |

**Increased Credit Facilities**
On May 17, 2012 the Company executed a binding commitment letter with the National Bank of Canada for a credit facility of up to $70 million. The credit facility is comprised of a revolving operating demand loan of $55 million and an acquisition/development demand loan of $15 million, and represents a 55% increase over its existing credit facility. As of May 23, 2012 the current amount drawn on the existing bank lines is $35.5 million.

**Outlook**
Marquee has increased its capital program for 2012 to $41 million which includes drilling 14 horizontal wells and 16 vertical wells and property and land acquisitions. In response to commodity prices, substantially all of the capital program will be directed to low cost, oil prospects in Eastern and Southern Alberta. The company expects to have all of the remaining wells from the late 2011 and Q1 2012 drilling and recompletion program on production by the end of Q2 2012. Marquee continues to expect to attain an average production rate of 3,100 boe/d for 2012 with an exit rate exceeding 3,600 boe/d.

The company will continue to pursue consolidation opportunities in its core areas, including Michichi and Lloydminster. At the same time Marquee is pursuing rationalization of its non-core properties, including those acquired with the Privateco and legacy assets from Skywest Energy and Marquee Petroleum. The company will continue to shorten the time needed to place wells on production at Michichi and is pleased with early results of this initiative.

**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 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.

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***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; reserve information; 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.*

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