MARQUEE ENERGY LTD. ANNOUNCES RECORD PRODUCTION IN THE SECOND QUARTER 2012 AND PROVIDES OPERATIONAL UPDATE

CALGARY, August 23, 2012 /CNW/ - Marquee Energy Ltd. ("Marquee" or the "Company") (TSX: "MQL") is pleased to announce its second quarter operating and financial results and provide an update on recent operations and activities.

ACHIEVEMENTS AND HIGHLIGHTS

The Company achieved a significant milestone in the second quarter of 2012, transforming its production base from deeper, gas weighted Cardium assets to lower cost, shallower, oil weighted properties in Eastern Alberta. This shift occurred primarily through the drill bit at Michichi and Lloydminster where a total of 10 wells have been drilled to date in 2012 with a 100% success rate. These two properties accounted for more than 46% of the Company's total daily production at the end of June, 2012.

Marquee realized significant production growth in the second quarter 2012 largely due to the first five horizontal wells drilled by the Company at Michichi being placed on production beginning in late March 2012. The Company continued to de-risk the property with the drilling of two more successful horizontal wells that should both be on production by the end of Q3 2012.

Highlights for the quarter include:

- 100% success rate on 7 (6.9 net) wells drilled in Q2, consisting of 2 (2.0 net) wells at Michichi targeting light oil and 5 (4.9) wells at Lloydminster targeting heavy oil. All of the heavy oil wells and one of the Michichi wells are now on production. The second Michichi well is expected to be on production in late Q3.
- Achieved record quarterly production of 2,396 BOE per day, an increase of 72% over the Q2-2011 average of 1,393 BOE per day and an increase of 36% over the Q1-2012 average of 1,767 BOE per day.
- Increased oil and natural gas liquids weighting in the quarter to 51%, compared to 40% in Q2-2011 and 46% in Q1-2012.
- Generated funds flow from operations of $2.0 million or $0.04 per basic and diluted share, an increase of 58.1% over Q1-2012 despite a 4% decline in average realized commodity prices.
- Increased bank credit facility to $70.0 million from $45.0 million
- Capital investment of $13.2 million in Q2-2012, including $2.8 million for land additions. Year-to-date capital expenditures of $26.0 million, including $3.8 million for land.
- Increased undeveloped land holdings in the core Michichi area by 16,960 net acres (26.5 net sections) through land sales and acquisitions.

Financial and Operational Highlights

(unaudited)

	Three months ended June 30		Six months ended June 30	
	2012	2011	**2012**	2011
Financial *(000's except per share)*				
Oil and natural gas sales (1)	**$ 9,199**	$ 7,116	**$ 16,230**	$ 14,099
Funds flow from operations	**$ 2,011**	$ 3,311	**$ 3,283**	$ 6,537
Per share - basic	**$ 0.04**	$ 0.13	**$ 0.07**	$ 0.26
Per share - diluted	**$ 0.04**	$ 0.13	**$ 0.07**	$ 0.26
Net Income (loss)	**($1,414)**	$102	**($3,305)**	($38)
Per share - basic and diluted	**($0.03)**	$0.00	**($0.07)**	$0.00
Capital expenditures, net	**$ 13,211**	$ 3,655	**$ 26,049**	$ 21,259
Corporate Acquisitions	**$ -**	$ -	**$ 19,885**	$ -
Net debt (2)			**($44,176)**	($15,362)
Total Assets			**$ 176,444**	$ 114,465
Weighted average basic shares outstanding (3)	**52,697,918**	25,312,394	**48,281,179**	25,297,050
Operational				
Daily sales volumes				
Oil *(bbls per day)*	**669**	466	**610**	515
Heavy Oil *(bbls per day)*	**386**	-	**234**	-
NGL's *(bbls per day)*	**168**	87	**171**	103
Gas *(mcf per day)*	**7,037**	5,042	**6,406**	5,352
Total *(boe per day)*	**2,396**	1,393	**2,083**	1,510
Realized prices				
Oil ($/bbl)	**$ 81.07**	$ 97.52	**$ 85.34**	$ 88.45
Heavy Oil ($/bbl)	**$ 57.77**	$ -	**$ 58.05**	$ -
NGL's ($/bbl)	**$ 61.72**	$ 79.00	**$ 59.80**	$ 66.87
Gas ($/mcf)	**$ 2.01**	$ 3.96	**$ 2.07**	$ 4.10
Combined ($/boe)	**$ 42.18**	$ 56.11	**$ 42.80**	$ 51.60
Royalties ($/boe)	**$ 4.54**	$ 4.62	**$ 5.20**	$ 4.77
Opex and transportation ($/boe)	**$ 18.31**	$ 16.54	**$ 17.90**	$ 15.24
Field operating netbacks	**$ 19.33**	$ 34.95	**$ 19.71**	$ 31.59

(1) Before royalties.
(2) Net debt is calculated as currents assets less current liabilities.
(3) The Company consolidated its shares on an 8:1 basis on December 5, 2011 and all figures have been restated to reflect this consolidation.

SECOND QUARTER FINANCIAL HIGHLIGHTS

Marquee reported funds flow from operations of $2.0 million for the quarter ended June 30, 2012, compared to $1.3 million for the first quarter of 2012. The increase in Q2 2012 over Q1 2012 is a result of the increase in both production and oil and liquids weighting, offset by a 4% decline in average realized prices. Operating costs per boe increased slightly in the second quarter compared to Q1-2012 as a result of higher costs associated with the increase in the oil weighted production, and the cleanup of an oil spill at Weyburn. Royalties as a percentage of revenue declined from 13.9% in Q1-2012 to 10.8% in Q2-2012 as a result of reduced rates on new production. G&A costs increased by $0.5 million in Q2-2012 over Q1-2012 as a result of an increase in staff and consultants to accommodate the growth in drilling, production and land activity together with the heavy oil acquisition in March 2012.

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

OPERATIONS UPDATE

Continued drilling success by the Company at Michichi and from the first drilling program at Lloydminster in the second quarter of 2012 has contributed to significant production growth for Marquee entering the third quarter 2012. Current production based on field estimates for the month of August is approximately 2,900 BOE per day (55% oil and natural gas liquids), a 21% increase over the second quarter average production rate. .

Michichi

During the second quarter, Marquee drilled 2 (2.0 net) horizontal wells targeting light oil in the Banff zone. The first of these wells was on production in early August and the second is expected to be on production in Q3. The Company has drilled and completed 7 successful horizontal wells since late 2011 at Michichi targeting oil prospects in the Banff, Detrital and Ellerslie zones. Six of these wells are now on production. Pressure data suggests that four of the first seven horizontal wells should be classified as new pool discoveries. Total production in the area now exceeds 850 boe/d (60% oil and liquids). The Company is waiting on approvals to complete and tie in the remaining horizontal well and four vertical wells.

The Company further expanded its significant land position in the Michichi area adding an additional 16,960 acres during the quarter, for a total 26,522 acres (41 sections) acquired to date in 2012. This land was acquired at an average cost of $150/acre ($96,000/section). Recent land sales offsetting Marquee lands have generated bids of $1,175/acre ($750,000 per section).

The Company has been successful in reducing the time required to place recently drilled wells at Michichi on production and is exploring other options to further accelerate tie-ins. Marquee is planning to drill an additional 2 horizontal wells in the remainder of 2012 to further delineate the Banff oil play.

The table below highlights production results of Marquee's horizontal drilling program at Michichi to date:

		Average Daily Production Rate (boe/d)			Oil
	% oil	30 days	60 days	90 days	Cumulative (bbls)
Well #1 Banff HZ	69%	118	234	197	11981
Well #2 Detrital HZ	61%	52	100	72	6684
Well #3 Ellerslie HZ	20%	99	171	158	2330
Well #4 Detrital HZ	78%	128	221	*	13457
Well #5 Banff HZ	48%	109	*	*	2404
Well #6 Banff HZ	95%	82 (on 15 days)	*	*	
Well #7 Banff HZ	65%	tie-in underway	*	*	
Average Well Cost:		$2,250,000			

Based on these results oil cuts from the wells currently producing from the Banff and Detrital zones average 69%. Higher 60 day production rates reflect optimization of well performance.

Lloydminster

At Lloydminster, Marquee drilled 5.0 (4.90 net) wells targeting heavy oil in the Cummings, Sparky, McLaren and G.P. formations. All of these wells are now on production with initial production rates and costs in line with expectations. Optimization is ongoing with these wells. Production for the second quarter was off approximately 60 bbls/day due to; shut in production while drilling offsetting wells (30 bbls/day), wet weather (20 bbls/day) and natural declines (10 bbls/day). The Company expects to drill an additional 3 wells in the Lloydminster area in 2012.

Willesden Green

The Company is very pleased with production results from the last well drilled at 16-15-43-9W5M late in 2011. Management believes that these results, combined with much lower drilling and completion costs should produce very favorable economic returns for future drilling offsetting 16-15. All wells drilled in 2011 are past their initial high decline rates and all production at Willesden Green now shows modest declines.

Coutts, Provost

The first horizontal well at Coutts was completed in the sunburst zone in Q2 and is expected to be on production in late Q3. The Company drilled two vertical test wells in its Provost area in late 2011. Equipping of the first test well is underway based on oil shows encountered during production testing.

OUTLOOK

Beginning in late 2011 the Company shifted its production base, oil weighting and the focus of its capital program with the establishment of two oil focussed core areas at Michichi and Lloydminster. Successful drilling to date in 2012 will continue to grow cash flows and production through the remainder of the year as the remaining 7 wells awaiting equipping and tie-in are placed on production.

Marquee has been successful in building its land inventory at Michichi to more than 86 sections through land sales and land purchases since September 2011. The Company now possesses significant running room and prospect inventory at Michichi. De-risking of the Michichi land base will continue by additional drilling through the remainder of 2012 and into 2013.

The Company expects to see lower G&A through the remainder of 2012. Marquee incurred higher expenses in the first six months of the year attributable to organizational and transition matters following the completion of the December 5, 2011 business combination involving Marquee Petroleum Ltd. and SkyWest Energy Ltd., the corporate predecessors of Marquee, along with the heavy oil acquisition on March 16, 2012. These increases included consulting and software costs relating to land, engineering and financial systems, along with professional fees relating to organizational and governance matters.

In light of weaker commodity prices, the Company is closely monitoring its financial position to maintain flexibility with future capital. The capital program for the remainder of 2012 is expected to be funded by anticipated cash flow. The Company will continue to pursue opportunities to dispose of non-core assets with proceeds being used to pay down debt or fund additional opportunities on core properties. With the growth in its core area production, Marquee will be looking to increase its commodity hedges for the balance of 2012 and establish a hedging program for 2013.

Results of the 2012 capital program to date have met or exceeded management expectations. However, production delays and falling commodity prices have prompted the Company to revise its guidance for 2012. Production is now expected to average between 2,900 and 3,100 BOE per day for the second half of 2012. The 2012 exit production rate is expected to be between 3,200 and 3,400 BOE per day funded by a capital program of approximately $38 million, which is a reduction from our previous budget of $41 million.

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, and secure such transportation in a timely manner; the ability to obtain qualified staff, equipment and services in a timely and cost efficient manner to develop its business; the ability to operate its 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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