BIRCHCLIFF ENERGY LTD.

Year Ended December 31, 2011

National Instrument 51-101

Form 51-101F1

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

March 14, 2012

DEFINITIONS

Definitions

In this Statement of Reserves Data and Other Oil and Gas Information, certain terms are used but not defined herein. These terms are defined in NI 51-101 and CSA Staff Notice 51-324 and, unless the context otherwise requires, shall have the same meanings herein as in NI 51-101 and CSA Staff Notice 51-324. The capitalized terms set forth below have the following meanings:

"**AJM Deloitte Evaluation**" means the Reserves Assessment and Economic Evaluation effective December 31, 2011 in respect of Birchcliff's oil and natural gas properties, which is contained in a report prepared by AJM Deloitte dated February 21, 2012;

"**AJM Deloitte**" means Deloitte & Touche LLP, independent qualified reserves evaluators and auditors of Calgary, Alberta;

"**AJM Deloitte Price Forecast**" means AJM Deloitte's December 31, 2011 forecast price assumptions set out in Table 5 of this NI 51-101F1;

"**Birchcliff**" or "**Corporation**" means Birchcliff Energy Ltd.;

"**CSA Staff Notice 51-324**" means Canadian Securities Administrators Staff Notice 51-325 – *Glossary to NI 51-101*;

"**COGEH**" means the Canadian Oil and Gas Evaluation Handbook;

"**Economic assumptions**" means the forecast price and costs used in the estimate;

"**Gross**" means:

(i) in relation to the Corporation's interest in production or reserves, the Corporation's working interest (operating or non-operating) share before deduction of royalty obligations and without including any royalty interests;

(ii) in relation to wells, the total number of wells in which the Corporation has an interest; and

(iii) in relation to properties, the total area in which the Corporation has an interest;

"**NI 51-101**" means National Instrument 51 101 - *Standards of Disclosure for Oil and Gas Activities;*

"**NI 51-101F1**" means Form 51-101F1 – Statement of Reserves Data and Other Oil and Gas Information;

"**Net**" means

(i) in relation to the Corporation's interest in production or reserves, the Corporation's working interest (operating or non-operating) share after deduction of royalty obligations, plus the Corporation's royalty interests in such production or reserves;

(ii) in relation to wells, the number of wells obtained by aggregating the Corporation's working interest in each of the Corporation's gross wells; and

(iii) in relation to properties, the total area in which the Corporation has an interest multiplied by the working interest owned by the Corporation;

"**Reserves**" means estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on the analysis of drilling, geological, geophysical and engineering data; the use of established technology; and specified economic conditions, which are generally accepted as being reasonable. Reserves are classified according to the degree of certainty associated with the estimates:

Possible Reserves are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves;

Probable Reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves; and

Proved Reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves;

"**Uncertainty ranges**" means the low, best and high estimates for reserves described in COGEH as follows:

Best Estimate: This is considered to be the best estimate of the quantity that will actually be recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. If probabilistic methods are used, there should be at least a 50 percent probability (P50) that the quantities actually recovered will equal or exceed the best estimate;

High Estimate: This is considered to be an optimistic estimate of the quantity that will actually be recovered. It is unlikely that the actual remaining quantities recovered will exceed the high estimate. If probabilistic methods are used, there should be at least a 10 percent probability (P10) that the quantities actually recovered will equal or exceed the high estimate; and

Low Estimate: This is considered to be a conservative estimate of the quantity that will actually be recovered. It is likely that the actual remaining quantities recovered will exceed the low estimate. If probabilistic methods are used, there should be at least a 90 percent probability (P90) that the quantities actually recovered will equal or exceed the low estimate; and

"**Working interest**" means a percentage of ownership in an oil and gas property, obligating the owner to share in the costs of exploration, development and operations and granting the owner the right to share in production revenues after royalties are paid.

ABBREVIATIONS, CONVERSIONS AND CONVENTIONS

Abbreviations

In this NI 51-101F1, the abbreviations set forth below have the following meanings:

Oil and Natural Gas Liquids

bbl	barrel
bbls	barrels
bbls/d	barrels per day
Mbbls	thousand barrels
MMbbls	million barrels
boe	barrel of oil equivalent
boe/d	barrels of oil equivalent per day
Mboe	thousand barrels of oil equivalent
MMboe	million barrels of oil equivalent
NGLs	natural gas liquids

Natural Gas

Mcf	thousand cubic feet
MMcf	million cubic feet
Bcf	billion cubic feet
Mcf/d	thousand cubic feet per day
MMcf/d	million cubic feet per day
m^3	cubic metres
GJ	Gigajoule

Other

AECO	benchmark natural gas price determined at the AECO 'C' hub in southeast Alberta
WTI	West Texas Intermediate crude oil, a benchmark oil price determined at Cushing, Oklahoma
°API	the measure of the density or gravity of liquid petroleum products
psi	pounds per square inch
kPa	kilopascals
$000s	thousands of dollars

Conversions

The following table sets forth certain conversions between Standard Imperial Units and the International System of Units (metric units).

From	To	Multiply By
Mcf	cubic metres	28.174
Mcf	GJ	1.055
cubic metres	cubic feet	35.494
bbls	cubic metres	0.159
cubic metres	bbls	6.289
feet	metres	0.305
metres	feet	3.281
miles	kilometres	1.609
kilometres	miles	0.621
acres	hectares	0.405
hectares	acres	2.471
sections	acres	640
sections	hectares	256
kPa	psi	0.145

Conventions

Unless otherwise indicated, references herein to "$" or "dollars" are to Canadian dollars. All financial information herein has been presented in Canadian dollars in accordance with International Financial Reporting Standards ("**IFRS**").

ADVISORIES

Non-GAAP Measures: *This Form NI 51-101F1 uses "cash flow" and "netback", which do not have standardized meanings prescribed by GAAP and therefore may not be comparable to measure by other companies where similar terminology is used.*

BOE Conversions: *Barrels of oil equivalent ("**boe**") amounts have been calculated by using the conversion ratio of six thousand cubic feet (6 Mcf) of natural gas to one barrel of oil (1 bbl). Boe amounts may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf to 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.*

Reserves For A Portion Of Properties: *Certain reserves disclosure contained in this Form NI 51-101F1 relates to a portion of the Corporation's properties. Accordingly, the estimates of reserves for individual properties may not reflect the same confidence level as estimates of reserves for all properties due to the effects of aggregation.*

Forward Looking Information: *This Form NI 51-101F1 contains forward-looking information within the meaning of applicable Canadian securities laws. Forward-looking information relates to future events or future performance and is based upon the Corporation's current internal expectations, estimates, projections, assumptions and beliefs. All information other than historical fact is forward-looking information. Information relating to "reserves" is forward-looking as it involves the implied assessment, based on certain estimates and assumptions, that the reserves exist in the quantities estimated and that they will be commercially viable to produce in the future. Words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "may", "will", "potential", "proposed" and other similar words*

that convey certain events or conditions "may" or "will" occur are intended to identify forward-looking information. In particular, this Form NI 51-101F1 contains forward-looking information, including among other places, under the headings "Proven Undeveloped Reserves and Probable Undeveloped Reserves", "Future Development Costs", "Properties With No Attributed Reserves", "Abandonment and Reclamation Costs", "Tax Horizon" and "Production Estimates" . This forward-looking information includes but is not limited to statements regarding: business strategy, plans and priorities; planned drilling, exploration and development; the quantity and development of oil and gas reserves; and other expectations, beliefs, plans, goals, objectives, assumptions, information and statements about possible future events, conditions, results of operations or performance.

The forward-looking information is based upon assumptions as to future commodity prices, currency exchange rates, inflation rates, well production rates, well drainage areas, success rates for future drilling and availability of labour and services. With respect to estimates of reserves and resource volumes, a key assumption is the validity of the data used by AJM Deloitte in their independent reserves evaluation and resource assessment. With respect to estimates of numbers of future wells to be drilled a key assumption is that geological and other technical interpretations performed by the Corporation's technical staff, which indicate that commercially economic reserves can be recovered from the Corporation's lands as a result of drilling such future wells, are valid.

Undue reliance should not be placed on forward-looking information, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. Although the Corporation believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. As a consequence, actual results may differ materially from those anticipated.

Forward-looking information necessarily involves both known and unknown risks associated with oil and gas exploration, production, transportation and marketing such as uncertainty of geological and technical data, imprecision of reserves and resources estimates, operational risks, environmental risks, loss of market demand, general economic conditions affecting ability to access sufficient capital, changes in governmental regulation of the oil and gas industry and competition from others for scarce resources.

The foregoing list of risk factors is not exhaustive. Additional information on these and other risk factors that could affect operations or financial results are included in the Corporation's most recent Annual Information Form, in the Report on Reserves Data by Birchcliff's Independent Qualified Reserves Evaluator; and in the Report of Management and Directors on Oil and Gas Disclosure and in other reports filed with Canadian securities regulatory authorities. Forward-looking information is based on estimates and opinions of management at the time the information is presented. The Corporation is not under any duty to update the forward-looking information after the date of this Press Release to conform such information to actual results or to changes in the Corporation's plans or expectations, except as otherwise required by applicable securities laws.

DATE OF STATEMENT

This Statement of Reserves Data and Other Oil and Gas Information of Birchcliff Energy Ltd. ("**Birchcliff**" or the "**Corporation**") is dated March 14, 2012. The effective date of the reserves and future net revenues information provided is December 31, 2011, unless otherwise indicated. The information contained herein was prepared between December 31, 2011 and March 14, 2012.

DISCLOSURE OF RESERVES DATA

Deloitte & Touche LLP ("**AJM Deloitte**"), independent qualified reserves evaluators and auditors of Calgary, Alberta prepared a Reserves Assessment and Economic Evaluation effective December 31, 2011 in respect of Birchcliff's oil and natural gas properties, which is contained in a report dated February 21, 2012 (the "**AJM Deloitte Evaluation**"). AJM Deloitte has confirmed to the Reserves Evaluation Committee of Birchcliff's Board of Directors that the AJM Deloitte Evaluation has been prepared in accordance with the standards contained in the Canadian Oil and Gas Evaluation Handbook ("**COGEH**") and National Instrument 51 101 - *Standards of Disclosure for Oil and Gas Activities* ("**NI 51-101**").

In preparing its report, AJM Deloitte obtained basic information from Birchcliff, which included land data, well and accounting information, reservoir and geological studies, estimates of on-stream dates for certain properties, contract information, budget forecasts and financial data. Other engineering, geological or economic data required to conduct the evaluation, and upon which the AJM Deloitte Evaluation is based, were obtained from public records, other operators and from AJM Deloitte's non-confidential files. The extent and character of ownership and the accuracy of all factual data supplied for the independent evaluation, from all sources, was accepted by AJM Deloitte.

For the purposes of properly understanding the reserves and future net revenue data presented from AJM's Evaluation it is important to understand each of the following:

- Due to rounding, certain columns may not add exactly.
- The net present value of future net revenue attributable to the Corporation's reserves is based on AJM Deloitte's December 31, 2011 forecast price assumptions set out in Table 5 ("**AJM Deloitte Price Forecast**") and is stated without provision for interest costs and general and administrative costs, but after providing for estimated royalties, production costs, transportation and marketing costs, development costs, other income, future capital expenditures and well abandonment costs for only those wells assigned reserves by AJM Deloitte.
- It should not be assumed that the undiscounted or discounted net present value of future net revenue attributable to the Corporation's reserves estimated by AJM Deloitte represent the fair market value of those reserves.
- The recovery and reserve estimates of the Corporation's oil, NGL and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual reserves may be greater than or less than the estimates provided herein. Reservoir performance after December 31, 2011 may justify revision of assessed reserves, either upward or downward.
- The tables below are a summary of the oil, natural gas liquids and natural gas reserves of the Corporation and the net present value of future net revenue attributable to such reserves as evaluated in the AJM Deloitte Evaluation based on the AJM Deloitte Price Forecast. The tables summarize the data contained in the AJM Deloitte Evaluation.
- The AJM Deloitte Evaluation is based on certain factual data supplied by the Corporation and AJM Deloitte's opinion of reasonable practice in the industry. The extent and character of ownership and all factual data pertaining to Birchcliff's petroleum properties and contracts (except for certain information residing in the public domain) were supplied by Birchcliff to AJM Deloitte and accepted without any further investigation. AJM Deloitte accepted this data as presented and neither title searches nor field inspections were conducted.
- Estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.

All of our reserves are in Canada, specifically, in the Peace River Arch area in the province of Alberta.

Reserves Data (Forecast Prices and Costs)

The following table summarizes AJM Deloitte's estimates of Birchcliff's oil and natural gas reserves at December 31, 2011, using the AJM Deloitte Price Forecast.

Table 1

SUMMARY OF OIL AND GAS RESERVES AT DECEMBER 31, 2011

(Forecast Prices and Costs)

	LIGHT AND MEDIUM OIL		NATURAL GAS[1]		NATURAL GAS LIQUIDS		BOEs	
RESERVES CATEGORY	**Gross (mbbl)**	**Net (mbbl)**	**Gross (MMcf)**	**Net (MMcf)**	**Gross (mbbl)**	**Net (mbbl)**	**Gross (mboe)**	**Net (mboe)**
PROVED								
Developed Producing	7,520.2	6,339.1	180,314.5	163,106.1	1,135.8	772.7	38,708.4	34,296.2
Developed Non-Producing	1,802.8	1,594.6	8,781.5	7,613.2	109.1	71.9	3,375.5	2,935.4
Undeveloped	10,128.5	8,410.5	602,136.7	548,525.3	3,594.1	2,731.0	114,078.7	102,562.4
TOTAL PROVED	19,451.5	16,344.2	791,232.7	719,244.6	4,839.0	3,576.5	156,162.6	139,793.9
PROBABLE	13,126.2	10,772.0	610,955.7	543,958.9	4,325.0	3,021.3	119,277.2	104,453.1
PROVED PLUS PROBABLE	32,577.7	27,116.2	1,402,188.4	1,263,203.5	9,164.0	6,596.9	275,439.8	244,247.0

(1) Estimates of reserves of natural gas include both associated and non-associated gas.

The following table is a summary of the net present values of future net revenues associated with such reserves at December 31, 2011, using the AJM Deloitte Price Forecast, before and after deducting future income tax expense, and calculated without discount and using discount rates of 5%, 8%, 10%, 15% and 20%. Future net revenue includes estimated future abandonment costs related to wells and production facilities required to produce the reserves.

Table 2

NET PRESENT VALUE OF FUTURE NET REVENUE[1] AT DECEMBER 31, 2011

(Forecast Prices And Costs)

	Before Income Taxes Discounted at (%/year)						After Income Taxes Discounted at (%/year)					
	0% (MM$)	5% (MM$)	8% (MM$)	10% (MM$)	15% (MM$)	20% (MM$)	0% (MM$)	5% (MM$)	8% (MM$)	10% (MM$)	15% (MM$)	20% (MM$)
PROVED												
Developed Producing	1,291.1	992.1	871.1	806.1	681.1	592.0	1,209.5	942.7	833.7	774.8	660.5	578.1
Developed Non-Producing	178.3	139.2	122.3	113.0	94.5	80.9	131.3	105.0	93.7	87.5	75.0	65.7
Undeveloped	2,764.2	1,697.6	1,284.9	1,070.2	677.4	418.9	2,030.1	1,212.9	895.7	730.6	428.2	229.4
TOTAL PROVED	4,233.6	2,828.9	2,278.3	1,989.3	1,453.0	1,091.8	3,370.8	2,260.6	1,823.2	1,592.9	1,163.7	873.2
PROBABLE	4,187.1	2,252.1	1,627.7	1,330.8	838.7	552.9	3,082.9	1,640.1	1,174.9	954.0	588.4	377.2
PROVED PLUS PROBABLE	8,420.7	5,081.0	3,906.0	3,320.2	2,291.7	1,644.7	6,453.7	3,900.6	2,998.0	2,546.8	1,752.2	1,250.4

(1) National Instrument 51-101 requires the inclusion of the following statement: Estimates of future net revenues whether discounted or not do not represent fair market value.

Future Net Revenue by Production Group

The following table provides additional information derived from the AJM Deloitte Evaluation, by production group, regarding the future net revenues associated with the Corporation's reserves, before deducting future income tax expenses and calculated using a 10% discount rate.

Table 3

NET PRESENT VALUE OF PRE-TAX FUTURE NET REVENUE AT DECEMBER 31, 2011

(Forecast Prices And Costs) (10% discount rate)

	LIGHT AND MEDIUM OIL		NATURAL GAS	
	(MM$)	($/boe)	(MM$)	($/boe)
PROVED				
Developed Producing	354.8	42.5	451.3	17.4
Developed Non-Producing	95.5	50.8	17.5	16.6
Undeveloped	298.0	31.2	772.2	8.3
TOTAL PROVED	**748.3**	**37.8**	**1,241.0**	**10.3**
PROBABLE	375.9	28.9	954.9	10.4
PROVED PLUS PROBABLE	**1,124.2**	**34.3**	**2,195.9**	**10.4**

(1) National Instrument 51-101 requires the inclusion of the following statement: Estimates of future net revenues whether discounted or not, do not represent fair market value.

(2) Estimates of reserves include both associated and non-associated gas and by-products. The production groupings are determined based upon the primary product produced from each reserve entity. The values and volumes of associated gas and the by-products derived from such associated gas are included with oil. The values and volumes of the by-products derived from non-associated gas are included with natural gas.

(3) Unit amounts are derived using net reserves volumes.

(4) Future net revenues are after deduction of estimated costs of abandonment of existing and future wells and costs of reclamation of future wells only.

Components of Future Net Revenue

The following table sets out, in the aggregate, the various elements of the Corporation's future net revenue associated with the Corporation's reserves, calculated using the AJM Deloitte Price Forecast and without discount.

Table 4

COMPONENTS OF FUTURE NET REVENUE[(1)] AT DECEMBER 31, 2011

(Forecast Prices And Costs) (Undiscounted)

	Future Net Revenue (MM$)	Royalties (MM$)	Operating Costs (MM$)	Development Costs (MM$)	Abandonment and Reclamation Costs (MM$)[(2)]	Future Net Revenue Before Future Income Tax Expenses (MM$)	Future Income Tax Expenses (MM$)	Future Net Revenue After Future Income Tax Expenses (MM$)
PROVED								
Developed Producing	1,948.1	249.0	348.8	0.0	59.2	1,291.1	81.6	1,209.5
Developed Non-Producing	244.7	30.9	30.1	5.3	0.0	178.4	47.1	131.3
Undeveloped	5,366.5	602.6	785.9	1,184.7	29.1	2,764.2	734.1	2,030.1
TOTAL PROVED	**7,559.2**	**882.5**	**1,164.9**	**1,190.0**	**88.3**	**4,233.6**	**862.8**	**3,370.8**
PROBABLE	6,931.1	918.9	1,083.2	710.4	31.5	4,187.1	1,104.2	3,082.9
PROVED PLUS PROBABLE	**14,490.3**	**1,801.4**	**2,248.0**	**1,900.4**	**119.8**	**8,420.7**	**1,967.0**	**6,453.7**

(1) National Instrument 51-101 requires the inclusion of the following statement: Estimates of future net revenues whether discounted or not, do not represent fair market value.

(2) Does not include abandonment costs for facilities and reclamation costs for facilities and existing wells.

PRICING ASSUMPTIONS

Forecast Prices Used in Estimates

The following table sets out the forecast price assumptions used by AJM Deloitte for the AJM Deloitte Evaluation. The pricing and cost assumptions used were determined by AJM Deloitte using information available from numerous governmental agencies, industry publications, oil refineries, natural gas marketers and industry trends. These forecast price assumptions are subject to many uncertainties that exist in both the domestic and international petroleum industries.

Table 5

AJM Deloitte PRICE FORECAST AT DECEMBER 31, 2011

Year	CRUDE OIL WTI Crude Oil ($US/bbl)	CRUDE OIL Edmonton City Gate ($CDN/bbl)	NATURAL GAS Natural Gas at AECO ($CDN/Mcf)	NATURAL GAS LIQUIDS Edm Propane ($CDN/bbl)	NATURAL GAS LIQUIDS Edm Butane ($CDN/bbl)	NATURAL GAS LIQUIDS Edm C^{5+} ($CDN/bbl)	Currency Exchange Rate ($US/$Cdn.)	Inflation Rate (%)
2012	100.00	98.00	3.50	53.90	83.30	102.90	1.000	0.0
2013	102.00	100.00	4.10	55.00	85.00	105.00	1.000	2.0
2014	104.05	102.00	4.70	56.10	86.70	107.10	1.000	2.0
2015	106.10	104.00	5.15	57.20	88.40	109.20	1.000	2.0
2016	108.25	106.10	5.55	58.35	90.20	111.40	1.000	2.0
2017	110.40	108.20	6.00	59.50	91.95	113.60	1.000	2.0
2018	112.60	110.35	6.40	60.70	93.80	115.85	1.000	2.0
2019	114.85	112.55	6.90	61.90	95.65	118.20	1.000	2.0
2020	117.15	114.80	7.40	63.15	97.60	120.55	1.000	2.0
2021	119.50	117.10	7.75	64.40	99.55	122.95	1.000	2.0
Thereafter	Escalate at 2.0% per annum							

Actual Weighted Average Commodity Prices

The actual weighted average commodity prices received by Birchcliff in 2011 are as follows:

- Crude Oil: $92.00 per bbl
- Natural Gas: $3.85 per Mcf
- Natural Gas Liquids: $89.33 per bbl

RECONCILIATION OF CHANGES IN RESERVES

The following tables set forth a reconciliation of the Corporation's gross reserves using the AJM Deloitte Price Forecast for the year ended December 31, 2011 as derived from the AJM Deloitte Evaluation against the AJM evaluation of such reserves for the year ended December 31, 2010, using the AJM price forecast provided in the AJM evaluation for the year ended December 31, 2010.

Table 6

2011 RECONCILIATION OF GROSS TOTAL PROVED RESERVES

(Forecast Prices And Costs)

	Light and Medium Crude Oil (mbbl)	Natural Gas (MMcf)	NGLs (mbbl)	Oil Equivalent (mboe)
Opening Balance December 31, 2010	**18,571.0**	**548,069.9**	**4,066.4**	**113,982.4**
Discoveries	0.0	0.0	0.0	0.0
Extensions[(1)] & Improved Recovery	2,267.4	211,973.0	1,369.7	38,966.0
Infill Drilling	73.7	9,078.2	70.2	1,656.9
Technical Revisions[(2)]	198.2	56,998.9	-452.1	9,245.5
Acquisitions	282.9	303.3	1.2	334.7
Dispositions	-518.8	-5,233.5	-16.1	-1,407.2
Economic Factors[(3)]	2.2	15.0	-1.2	3.5
Production[(4)]	-1,425.2	-29,972.2	-199.0	-6,619.6
Closing Balance December 31, 2011	**19,451.4**	**791,232.6**	**4,839.1**	**156,162.6**

(1) The majority of reserve changes comprising "Extensions" were the result of drilling activities in the Montney/Doig Natural Gas Resource Play. Wells were drilled extending the resource play beyond lands to which reserves had previously been attributed. As a result of these successful wells, reserves were attributed to future well locations proximal to these wells.

(2) The majority of the Natural Gas and NGLs technical revisions are a result of a lower ultimate exponential decline rate, a higher initial type curve rate and lowered NGL yields in the Montney/Dog Natural Gas Resource Play.

(3) "Economic Factors", although not significant, result from natural gas prices forecast by AJM Deloitte that were significantly lower than the 2010 AJM evaluation for the entire forecast period, and resulted in negative impacts on reserve volumes.

(4) Represents production for 2011.

Table 7

2011 RECONCILIATION OF GROSS PROBABLE RESERVES
(Forecast Prices And Costs)

	Light and Medium Crude Oil (mbbl)	Natural Gas (MMcf)	NGLs (mbbl)	Oil Equivalent (mboe)
Opening Balance December 31, 2010	**9,829.1**	**443,885.3**	**3,344.4**	**87,154.4**
Discoveries	0.0	0.0	0.0	0.0
Extensions[1] and Improved Recovery	3,154.0	192,615.0	1,403.0	36,659.5
Infill Drilling	686.1	3,721.8	33.1	1,339.5
Technical Revisions[2]	-446.7	-25,106.7	-453.5	-5,084.7
Acquisitions	62.9	863.5	10.0	216.8
Dispositions	-158.4	-4,995.1	-11.5	-1,002.4
Economic Factors [3]	-0.8	-28.1	-0.5	-6.0
Production [4]	0.0	0.0	0.0	0.0
Closing Balance December 31, 2011	**13,126.2**	**610,955.7**	**4,325.0**	**119,277.2**

(1) The majority of reserve changes comprising "Extensions" were the result of drilling activities in the Montney/Doig Natural Gas Resource Play. Wells were drilled extending the resource play beyond lands to which reserves had previously been attributed. As a result of these successful wells, reserves were attributed to future well locations proximal to these wells.

(2) The majority of the Natural Gas and NGLs technical revisions are a result of probable reserves being converted to proved reserves due to the lower proved decline rate and lowered NGL yields in the Montney/Dog Natural Gas Resource Play.

(3) "Economic Factors", although not significant, result from natural gas prices forecast by AJM Deloitte that were significantly lower than the 2010 AJM evaluation for the entire forecast period, and resulted in negative impacts on reserve volumes.

(4) Represents production for 2011.

Table 8

2011 RECONCILIATION OF GROSS PROVED PLUS PROBABLE RESERVES
(Forecast Prices And Costs)

	Light and Medium Crude Oil (mbbl)	Natural Gas (MMcf)	NGLs (mbbl)	Oil Equivalent (mboe)
Opening Balance December 31, 2010	**28,400.1**	**991,955.2**	**7,410.8**	**201,136.8**
Discoveries	0.0	0.0	0.0	0.0
Extensions[1] & Improved Recovery	5,421.4	404,588.0	2,772.7	75,625.5
Infill Drilling	759.8	12,800.0	103.3	2,996.4
Technical Revisions[2]	-248.5	31,892.2	-905.6	4,161.3
Acquisitions	345.8	1,166.8	11.2	551.5
Dispositions	-677.2	-10,228.6	-27.6	-2,409.6
Economic Factors[3]	1.4	-13.1	-1.7	-2.5
Production[4]	-1,425.2	-29,972.2	-199.0	-6,619.6
Closing Balance December 31, 2011	**32,577.6**	**1,402,188.3**	**9,164.1**	**275,439.8**

(1) The majority of reserve changes comprising "Extensions" were the result of drilling activities in the Montney/Doig Natural Gas Resource Play. Wells were drilled extending the resource play beyond lands to which reserves had previously been attributed. As a result of these successful wells, reserves were attributed to future well locations proximal to these wells.

(2) The majority of the Natural Gas and NGLs technical revisions are a result of a lower ultimate exponential decline rate, a higher initial type curve rate and lowered NGL yields in the Montney/Dog Natural Gas Resource Play.

(3) "Economic Factors", although not significant, result from natural gas prices forecast by AJM Deloitte that were significantly lower than the 2010 AJM evaluation for the entire forecast period, and resulted in negative impacts on reserve volumes.

(4) Represents production for 2011.

ADDITIONAL INFORMATION RELATING TO RESERVES DATA

Undeveloped Reserves

The following table sets forth the volumes of each of the gross proved undeveloped reserves and the gross probable undeveloped reserves from the AJM Deloitte Evaluation for each product type that were first attributed as reserves in each of the most recent three financial years and in the aggregate, before that time, based on the AJM Deloitte Price Forecast.

Table 9

2011 UNDEVELOPED RESERVES

	PROVED UNDEVELOPED RESERVES			PROBABLE UNDEVELOPED RESERVES		
Year	Light and Medium Crude Oil (mbbl)	Natural Gas (MMcf)	Natural Gas Liquids (mbbl)	Light and Medium Crude Oil (mbbl)	Natural Gas (MMcf)	Natural Gas Liquids (mbbl)
2011	**1,401**	**170,556**	**1,076**	**569**	**42,587**	**251**
2010	960	130,200	918	1,948	262,500	1,894
2009	980	121,507	787	1,368	267,538	1,669
Prior Years	9,567	192,830	1,230	15,354	348,974	2,236

Birchcliff has a large inventory of development opportunities in its portfolio and its capital spending activities are prioritized to optimize development plans, achieve strategic goals and maximize shareholder value.

There are 263 (217.3 net) future horizontal development well locations to which the AJM Deloitte Evaluation has attributed proved undeveloped reserves.

With respect to the proved undeveloped reserves attributed to the Montney/Doig Natural Gas Resource Play, the AJM Deloitte Evaluation has attributed proved undeveloped reserves to each future horizontal well location that is proximal to an existing well to which AJM Deloitte has attributed Proved Developed reserves. AJM Deloitte has estimated such proved undeveloped reserves using forecast production rates that are based on a statistical analysis of production rates of existing wells operated by Birchcliff or others on the Montney/Doig Natural Gas Resource Play in the regional area.

There are 217 (177.0 net) future horizontal development well locations to which the AJM Deloitte Evaluation has attributed proved undeveloped reserves. During 2012 and 2013, Birchcliff plans to drill as many of these future horizontal well locations as processing capacity can be arranged for. The remaining future horizontal well locations are expected to be drilled during the ensuing two years on a schedule consistent with Birchcliff's access to required processing capacity.

Approximately 72% of the proved undeveloped reserves attributed to the Worsley property are based on the forecast results of the waterflood enhanced recovery scheme that has been underway for a number of years and a forecast expansion of the waterflood. These proved undeveloped reserves will be developed prior to the end of 2014 contingent upon obtaining third party and regulatory approvals.

The balance of the proved undeveloped reserves attributed to the Worsley property relate in part to 60 (59.6 net) future drilling locations. Birchcliff is planning to develop approximately 44 (44.0 net) of these future drilling locations prior to the end of 2014 to the extent that their production can be accommodated at Birchcliff's Worsley facilities. The balance of these future drilling locations will be developed thereafter as processing capacity becomes available at Worsley.

With respect to the probable undeveloped reserves, Birchcliff' development plans are largely dependent on the development of the proved undeveloped reserves discussed above. For the same reasons described above, the development of the probable undeveloped reserves is planned to occur during the ensuing four years on a schedule consistent with Birchcliff's access to required processing capacity.

Birchcliff's plans relating to the development of its proved undeveloped reserves and its probable undeveloped reserves and the timing of such development may change based on changes in geological, geophysical, engineering data and commodity prices that become available to Birchcliff and upon the array of other potential investments that become available to Birchcliff in its areas of interest and elsewhere.

Significant Factors or Uncertainties Affecting Reserves Data

The process of estimating reserves is complex. It requires significant judgments and decisions based on available geological, geophysical, engineering and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance become available and as economic conditions impacting oil and natural gas prices and costs change. The reserve estimates contained herein are based on AJM Deloitte's production forecasts, prices and economic conditions at the time of preparation of the AJM Deloitte Evaluation. The factors and assumptions that affect these reserve estimates include, among other things: (i) historical

production in the area compared with production rates from analogous producing areas; (ii) initial production rates; (iii) production decline rates; (iv) ultimate recovery of reserves; (v) success of future development activities; (vi) marketability of production; (vii) effects of government regulations; and (viii) other government levies imposed over the life of the reserves.

As circumstances change and additional data become available, reserve estimates also change. Estimates made are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required over time due to changes in well performance, prices, economic conditions and governmental restrictions. Although every reasonable effort is made to ensure that reserve estimates are accurate, reserve estimation is an inferential science. As a result, the subjective decisions, new geological or production information and a changing environment may impact these estimates. Revisions to reserve estimates can arise from changes in year-end oil and gas prices and reservoir performance. Such revisions can be either positive or negative.

Future Development Costs

The following table sets forth the future development costs that have been deducted in the estimation of future net revenue attributable to the Corporation's reserves estimated by the AJM Deloitte Evaluation using the AJM Deloitte Price Forecast and calculated without discount.

Table 10

FUTURE DEVELOPMENT COSTS
(Forecast Prices and Costs)

	Forecast Prices and Costs	
Calendar Year	**Total Proved (MM$)**	**Proved Plus Probable (MM$)**
2012	324.1	346.5
2013	309.3	379.1
2014	523.4	579.2
2015	32.7	318.3
2016	0	275.5
Thereafter	0.5	1.8
Total Undiscounted	**1,190.0**	**1,900.4**

The Corporation expects to be able to fund the development costs required in the future from working capital, internally generated cash flow, existing credit facilities and access to debt. Interest and other costs of external funding are not included in the future net revenue estimates. The Corporation does not expect any inordinate costs to be associated with such funding sources.

There can be no guarantee that funds will be available or that the Corporation will allocate funding to develop all of the reserves attributed in the AJM Deloitte Evaluation. Failure to develop those reserves would have a negative impact on future production and cash flow.

OTHER OIL AND GAS INFORMATION

Oil and Gas Properties and Wells

The Corporation's important properties and facilities are described in its Annual Information Form to which this Statement of Reserves Data and Other Oil and Gas Information is incorporated by reference.

Producing and Non-Producing Wells

The following table shows Birchcliff's producing and non-producing oil and natural gas wells at December 31, 2011, all of which are in Alberta.

Table 11

2011 PRODUCING AND NON-PRODUCING WELLS

	OIL WELLS				NATURAL GAS WELLS			
	Producing		Non-producing		Producing		Non-producing	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Alberta	345	250.3	105	67.6	162	124.3	112	66.4

Note: Table does not include water injection wells, service wells, capped wells and wells that have not been categorized as either oil wells or natural gas wells.

One property, Grande Prairie Alberta, has reserves attributed in the AJM Deloitte Evaluation and is capable of production but is currently not producing. The well was shut-in November 2011 and will be brought back on production in 2012 after a workover is performed.

Properties with No Attributed Reserves

At December 31, 2011 Birchcliff held 531,903 (493,968 net) acres of undeveloped land. Birchcliff has 103,733.5 (99,813.4 net) acres where the rights to explore, develop and exploit are expected to expire prior to the end of 2012. Birchcliff expects that its planned operations will continue its tenure with respect to approximately 43% of this expiring acreage, primarily where it recognizes the most value. None of the planned operations are subject to any work commitments.

Significant Factors or Uncertainties Relevant to Properties With No Attributed Reserves

There are several economic factors and significant uncertainties that affect the anticipated development of Birchcliff's properties with no attributed reserves. Birchcliff will be required to make substantial capital expenditures in order to prove, exploit, develop and produce oil and natural gas from these properties in the future. If Birchcliff 's cash flow from operations is not sufficient to satisfy its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or, if available, on terms acceptable to Birchcliff. Failure to obtain such financing on a timely basis could cause Birchcliff to forfeit its interest in certain properties, miss certain opportunities and reduce or terminate its operations. The inability of Birchcliff to access sufficient capital for its exploration and development purposes could have a material adverse effect on Birchcliff's ability to execute its business strategy to develop these prospects. See also the Corporation's Annual Information Form under the heading "*Risk Factors*".

The significant economic factors that affect Birchcliff's development of its lands to which no reserves have been attributed are future commodity prices for crude oil and natural gas (and Birchcliff's outlook relating to such prices), the future costs of drilling, completing, tying in and operating wells at the time that such activities are considered in the future.

The significant uncertainties that affect Birchcliff's development of such lands are the future drilling and completion results Birchcliff achieves in its development activities, drilling and completion results achieved by others on lands in proximity to Birchcliff's lands, future changes to applicable regulatory or royalty regimes that affect timing or economics of proposed development activities. All of these uncertainties have the potential to delay the development of such lands. On the other hand, uncertainty as to the timing and nature of the evolution or development of better exploration, drilling, completion and production technologies have the potential to accelerate development activities and enhance the economics to relating to such lands.

Forward Contracts

As of December 31, 2011, the Corporation had not entered into financial or physical hedges in respect of commodity prices, or foreign exchange contracts or other similar forward sale contracts.

Additional Information Concerning Abandonment and Reclamation Costs

Birchcliff estimates the future costs for abandonment and reclamation of surface leases and wells by using amounts that are consistent with Directive 11 of the Energy Resources Conservation Board, which provides ranges of typical costs for abandonment and reclamation experienced by industry in Birchcliff's areas of operation. Based on this information and the actual experience of its technical personnel in handling such matters in the past, Birchcliff estimates its typical abandonment costs to be in the range of $45,000 to $55,000 per well depending on the specific circumstances.

Reclamation costs are forecasted at approximately $25,000 per wellsite. Costs of abandoning facilities and pipelines are estimated by Birchcliff on a case by case basis relying on the knowledge and experience of its technical personnel.

The AJM Deloitte Evaluation has included estimated well abandonment costs for all existing wells and future drilling locations identified in the AJM Deloitte Evaluation, but reclamation costs have been included only for future drilling locations.

Birchcliff currently has 508.7 net wells that ultimately will need to be abandoned and/or reclaimed.

The following table sets forth the total amount of future costs to be incurred by Birchcliff in connection with the abandonment and reclamation of wells in the proved category.

Table 12

FUTURE ABANDONMENT AND RECLAMATION COSTS RELATING TO PROVED RESERVES

(Forecast Pricing and Costs)

	Undiscounted Amount (M$)	Discounted Amount at 10% per year (M$)
Total amount of the future abandonment and reclamation costs, net of salvage value expected to be incurred	88,300	36,108
Portion not deducted as abandonment and reclamation costs, in determining future net revenue[(1)]	31,536	4,947
Portion that Birchcliff expects to pay in the next three years	6,100	2,494

(1) Includes abandonment and reclamation costs for facility sites and pipelines.

Tax Horizon

The Corporation was not required to pay any cash income taxes for the year ended December 31, 2011. Birchcliff estimates that based on current expenditure plans and the current price environment no income taxes will become payable on Birchcliff's income during 2012. If Birchcliff continues to expend capital beyond its internally generated cash flow, it is likely that Birchcliff will not become taxable so long as such expenditures continue and commodity prices remain consistent with today's environment.

Costs Incurred

The following table sets forth Birchcliff's property acquisition costs for proved properties and unproved properties, exploration costs and development costs for the year ended December 31, 2011.

Table 13

2011 ACQUISITION, EXPLORATION AND DEVELOPMENT COSTS

Acquisition Costs Proved Properties (M$)	Acquisition Costs Unproved Properties (M$)	Exploration Costs (M$)	Development Costs (M$)
4,795	1,210	57,966	181,421

Exploration and Development Activities

Birchcliff's planned exploration and development activities are described in its Annual Information Form to which this Statement of Reserves Data and Other Oil and Gas Information is incorporated by reference. Our most important current and likely exploration and development activities will focus on the drilling and completion of wells on our Montney Doig Natural Gas Resource Play and our Worsley Light Oil Resource Play.

The following table sets forth a summary of Birchcliff's exploration and development drilling activities for the year ended December 31, 2011.

Table 14

2011 EXPLORATION AND DEVELOPMENT ACTIVITIES

	EXPLORATION WELLS		DEVELOPMENT WELLS		TOTAL	
	Gross	Net	Gross	Net	Gross	Net
Oil Wells	3.0	3.0	25.0	20.5	28.0	23.5
Natural Gas Wells	8.0	8.0	16.0	12.3	24.0	20.3
Service Wells	Nil	Nil	1	1	1	1
Stratigraphic Test Wells	Nil	Nil	Nil	Nil	Nil	Nil
Dry Holes	Nil	Nil	Nil	Nil	Nil	Nil
Total	11.0	11.0	42.0	33.8	53.0	44.8

Production Estimates

The following table sets forth AJM Deloitte's forecast volumes of Birchcliff's production from gross proved reserves and gross probable reserves as estimated in the AJM Deloitte Evaluation for the 2012 financial year.

Table 15

2012 PRODUCTION VOLUME ESTIMATES

	Light and Medium Crude Oil (mbbl)	Natural Gas (bcf)	NGLs (mbbl)	Oil Equivalent (mboe)
Gross Total Proved	1,644.7	50.2	309.3	10,320.7
Gross Probable	135.4	1.3	8.8	360.9

The estimated production volumes for the field that accounts for more than 20% of AJM Deloitte's total forecast production for the year ended December 31, 2011 is set forth below:

Table 16

2011 PRODUCTION VOLUMES FOR KEY FIELD

Field Name	2012 AJM Deloitte Forecast Production for determining Gross Total Proved Reserves (mboe)	2012 AJM Deloitte Forecast Production for determining Gross Probable Reserves (mboe)
Pouce Coupe South	5,738.9	153.3

Production History

Average Daily Production by Product Type

The following table sets out, by product type, Birchcliff's average gross daily production volumes for each quarter of the year ended December 31, 2011.

Table 17

2011 QUARTERLY PRODUCTION HISTORY

	Three months ended				Year ended
Product Type	March 31, 2011	June 30, 2011	September 30, 2011	December 31, 2011	December 31, 2011
Light and Medium Crude Oil (bbl/day)	3,744	3,589	4,050	4,229	3,905
Natural Gas (Mcf/day)	80,566	78,714	78,996	90,116	82,116
NGLs (bbl/day)	570	615	432	564	545
Total (boe/day)	**17,742**	**17,324**	**17,648**	**19,812**	**18,136**

Price Received, Royalties Paid, Production Costs and Netbacks

The following tables set forth, by product type, Birchcliff's share of average daily production before deduction of royalties, the prices received, royalties paid, production. costs incurred and the resulting netback on a per unit of volume basis, for each quarter of the year ended December 31, 2011.

Table 18

LIGHT AND MEDIUM CRUDE OIL

2011 QUARTERLY PRICE, ROYALTY,PRODUCTION COST AND NETBACK HISTORY

	Three months ended				Year ended
	March 31, 2011	June 30, 2011	September 30, 2011	December 31, 2011	December 31, 2011
Price Received ($/bbl)[1]	87.02	99.32	86.40	95.51	92.00
Royalties Paid ($/bbl)	(11.89)	(13.00)	(12.46)	(16.33)	(13.51)
Production Costs ($/bbl)	(10.65)	(10.03)	(9.20)	(9.33)	(9.76)
Transportation and Marketing ($/bbl)	(4.97)	(5.38)	(5.05)	(5.69)	(5.28)
Netback ($/bbl)	59.51	70.91	59.69	64.16	63.45
Royalty Income ($/bbl)	0.11	0.09	0.05	0.03	0.07
Netback including Royalty Income ($/bbl)	**59.62**	**71.00**	**59.74**	**64.19**	**63.52**

(1) Does not include royalty income

Table 19

NATURAL GAS

2011 QUARTERLY PRICE, ROYALTY, PRODUCTION COST AND NETBACK HISTORY

	Three months ended				Year ended
	March 31, 2011	June 30, 2011	September 30, 2011	December 31, 2011	December 31, 2011
Price Received ($/Mcf)[1]	4.02	4.15	3.92	3.40	3.85
Royalties Paid ($/Mcf)	(0.14)	(0.48)	(0.12)	(0.02)	(0.18)
Production Costs ($/Mcf)	(1.00)	(0.98)	(0.93)	(1.04)	(0.99)
Transportation and Marketing ($/Mcf)	(0.31)	(0.33)	(0.33)	(0.31)	(0.32)
Netback ($/Mcf)	2.57	2.36	2.54	2.03	2.36
Royalty Income ($/Mcf)	0.00	0.01	0.00	0.00	0.00
Netback including Royalty Income ($/Mcf)	**2.57**	**2.37**	**2.54**	**2.03**	**2.36**

(1) Does not include royalty income

Table 20

NGL

2011 QUARTERLY PRICE, ROYALTY, PRODUCTION COST AND NETBACK HISTORY

	Three months ended				Year ended
	March 31, 2011	June 30, 2011	September 30, 2011	December 31, 2011	December 31, 2011
Price Received ($/bbl)[1]	82.61	94.15	84.25	94.67	89.33
Royalties Paid ($/bbl)	(21.88)	(20.17)	(32.60)	(19.08)	(22.81)
Production Costs ($/bbl)	(6.23)	(6.19)	(5.73)	(6.46)	(6.16)
Transportation and Marketing ($/bbl)	(1.95)	(2.06)	(2.07)	(1.89)	(1.99)
Netback ($/bbl)	52.55	65.73	43.85	67.24	58.37
Royalty Income ($/bbl)	0.17	0.15	0.24	0.09	0.15
Netback including Royalty Income ($/bbl)	**52.72**	**65.88**	**44.09**	**67.33**	**58.52**

(1) Does not include royalty income.

2011 Production History

The following table sets forth Birchcliff's annual production volumes for the year ended December 31, 2011 by product type, for the two fields each comprising more than 20% of Birchcliff's total production and in total.

Table 21

2011 PRODUCTION VOLUMES BY PRODUCT TYPE FOR MAJOR FIELDS

	Light and Medium Crude Oil (bbls)	Natural Gas (Mcf)	NGLs (bbls)	Oil Equivalent (boe)
Pouce Coupe South	(11,375)	(15,570,214)	(69,522)	(2,675,933)
Total Annual Production Volumes	(1,425,229)	(29,972,225)	(198,976)	(6,619,576)