13-04 May 15, 2013

BIRCHCLIFF ENERGY LTD. ANNOUNCES STRONG FIRST QUARTER RESULTS, INCREASED PRODUCTION GUIDANCE, 2013 BUDGET INCREASE AND OPERATIONAL UPDATE

Calgary, Alberta - Birchcliff Energy Ltd. ("Birchcliff") (TSX: BIR) is pleased to announce its strong financial and operational results for the first quarter of 2013 with a continued decrease in per unit cash costs, an increase in its credit facilities, an increase of its 2013 budget, an increase in fourth quarter and exit production guidance, a Phase IV expansion of its major gas plant and an operational update. The full 2013 First Quarter Report, containing the unaudited interim condensed financial statements for the three month period ended March 31, 2013 and the related Management's Discussion and Analysis, is available on Birchcliff's website at www.birchcliffenergy.com and will be available on SEDAR at www.sedar.com.

Current Highlights

- **Capital budget increased to $246.6 million,** from $184.6 million. Expanded portion of the 2013 capital budget is primarily directed toward the drilling of 5 (5.0 net) additional Montney/Doig horizontal natural gas wells and $21.3 million for our recent land acquisition in the Pouce Coupe area on the Montney/Doig Natural Gas Resource Play.
- **Increased fourth quarter 2013 average production in the range of 28,000 to 29,000 boe per day,** which significantly exceeds our previous 2013 exit guidance of 28,000 boe per day. Increased our 2013 exit production guidance to approximately 30,000 boe per day.
- **Increased credit facilities to $600 million**, from $540 million.
- **Board approval of Phase IV expansion of Pouce Coupe South natural gas plant ("PCS Gas Plant") to 180 MMcf per day in 2014,** expanding natural gas processing capacity from 150 MMcf per day, for a cost of approximately $10 million.

First Quarter Highlights

- **Production per common share increased by 11%.** Production averaged 26,108 boe per day, a 24% increase from 21,016 boe per day in the first quarter of 2012.
- **Funds flow increased by 51%.** Funds flow of $39.4 million or $0.28 per common share, an increase from $26.2 million or $0.21 per common share in the first quarter of 2012.
- **Net income of $7.4 million**, increased 99% from the first quarter of 2012.
- **Top tier operating costs of approximately $0.28 per Mcfe or $1.68 per boe at our PCS Gas Plant**, where we processed 68% of our natural gas production. On a corporate basis, reduced our operating costs to $5.77 per boe, a decrease of 6% from $6.17 per boe in the first quarter of 2012.
- **Total cash costs per boe decreased 19% to $15.43,** resulting in funds flow netback increasing by 23% to $16.79 per boe from the first quarter of 2012. General and administrative cash costs decreased 49% to $2.08 per boe from the first quarter of 2012.
- **Net future horizontal drilling locations on our Montney/Doig Natural Gas Resource Play increased to 2,032,** from 1,929 net locations at December 31, 2012. Purchased 13.5 (13.5 net) sections in the heart of our Pouce Coupe area and very proximal to our current drilling activities, our PCS Gas Plant and our other existing infrastructure.

2013 FIRST QUARTER FINANCIAL AND OPERATIONAL HIGHLIGHTS

	Three months ended March 31, 2013	Three months ended March 31, 2012
OPERATING		
Average daily production		
Light oil - *(barrels)*	4,047	4,575
Natural gas - *(thousands of cubic feet)*	128,101	95,242
NGLs - *(barrels)*	710	612
Total - barrels of oil equivalent *(6:1)*	**26,108**	21,061
Average sales price *($ CDN)*		
Light oil - *(per barrel)*	84.82	90.10
Natural gas - *(per thousand cubic feet)*	3.40	2.32
NGLs - *(per barrel)*	86.80	93.08
Total - barrels of oil equivalent *(6:1)*	**32.21**	32.77
Undeveloped land		
Gross *(acres)*	558,454	533,642
Net *(acres)*	521,488	496,094
NETBACK AND COST *($ per barrel of oil equivalent at 6:1)*		
Petroleum and natural gas revenue	32.22	32.78
Royalty expense	(2.74)	(3.79)
Operating expense	(5.77)	(6.17)
Transportation and marketing expense	(2.25)	(2.36)
Netback	**21.46**	20.46
General & administrative expense, net	(2.08)	(4.11)
Interest expense	(2.59)	(2.68)
Funds flow netback	**16.79**	13.67
Stock-based compensation expense, net	(0.55)	(0.86)
Depletion and depreciation expense	(11.51)	(11.57)
Accretion expense	(0.20)	(0.22)
Amortization of deferred financing fees	(0.08)	(0.10)
Gain on sale of assets	-	2.02
Income tax expense	(1.29)	(0.99)
Net income	3.16	1.95
Preferred share dividends	(0.43)	-
Net income available to common shareholders	**2.73**	1.95
FINANCIAL		
Petroleum and natural gas revenue *($000)*	75,718	62,833
Funds flow from operations *($000)*(1)	39,444	26,196
Per common share - basic *($)*(1)	0.28	0.21
Per common share - diluted *($)*(1)	0.27	0.20
Net income *($000)*	7,424	3,731
Net income available to common shareholders *($000)*(2)	6,424	3,731
Per common share - basic *($)*(2)	0.05	0.03
Per common share - diluted *($)*(2)	0.04	0.03
Common shares outstanding		
End of period - basic	142,096,130	127,005,577
End of period - diluted	164,106,949	140,152,250
Weighted average common shares for period - basic	141,821,280	126,753,764
Weighted average common shares for period - diluted	144,366,102	131,008,290
Capital expenditures *($000)*	81,010	119,852
Dividends on preferred shares *($000)*	1,000	-
Working capital deficit *($000)*	50,920	87,552
Non-revolving five-year term credit facility *($000)*	67,979	68,267
Revolving credit facilities *($000)*	383,392	374,064
Total debt *($000)*	502,291	529,883

(1) Funds flow from operations and funds flow per common share amounts are non-GAAP measures that represent cash flow from operating activities, before the effects of changes in non-cash working capital and decommissioning expenditures.

(2) Net income per common share amounts are calculated using net income available to Birchcliff's shareholders, adjusted for any preferred share dividends paid and divided by the weighted average number of common shares outstanding for the period.

The full text of the President's Message from the 2013 First Quarter Report follows:

May 15, 2013

Fellow Shareholders,

Birchcliff Energy Ltd. ("**Birchcliff**") is pleased to report its first quarter financial and operational results for the three month period ended March 31, 2013. Birchcliff had an excellent operational quarter. Production, funds flow, earnings and revenue have increased, while cash costs per boe have decreased. Production was ahead of our internal budget.

In the first quarter of 2013, we reduced our operating costs to an average of $5.77 per boe, a decrease of 6% from the first quarter of 2012. Notably, operating costs at Birchcliff's 100% owned Pouce Coupe South natural gas plant ("**PCS Gas Plant**") were $0.28 per Mcfe ($1.68 per boe). We processed 68% of our natural gas production at the PCS Gas Plant and anticipate increasing that percentage as new Montney/Doig horizontal natural gas wells drilled in 2013 produce to the PCS Gas Plant, which will further reduce our corporate operating costs on a per boe basis.

Total cash costs per boe, including royalties, operating costs, transportation and marketing costs, general and administrative expense and interest, decreased 19% from the first quarter of 2012. This resulted in a funds flow netback of $16.79 per boe, a 23% increase from the first quarter of 2012. Notably, general and administrative costs decreased 49% to $2.08 per boe, from the first quarter of 2012.

We are extremely excited about the significant land purchase we made in the first quarter of 2013. We purchased 13.5 sections of Crown land at 100% working interest that is very proximal to our PCS Gas Plant, for $21.3 million. This is a very strategic acquisition for Birchcliff. With the success of the Montney/Doig Natural Gas Resource Play in the area, there are a limited number of sections of Crown land remaining. The newly acquired lands are contiguous with our existing land base and we expect a significant amount of probable reserves and discovered resources to be attributed to these newly acquired Crown lands at year-end.

These lands are highly prospective for both the Basal Doig/Upper Montney Play and the Middle/Lower Montney Play. On the basis of the full development of four wells per section, per Play, the recently acquired lands add 108 net future potential horizontal natural gas well drilling locations, all within the existing infrastructure reach of our PCS Gas Plant. These recent additions increase Birchcliff's number of Montney/Doig Natural Gas Resource Play future potential horizontal drilling locations to 2,032 net locations.

On May 9, 2013, Birchcliff's bank syndicate increased our credit facilities to an aggregate credit limit of $600 million by adding a new $60 million non-revolving five-year term credit facility. This credit facility better aligns Birchcliff's long-term assets with its long-term debt.

Birchcliff was profitable when AECO natural gas price averaged $2.39 per Mcf in 2012, and currently the AECO gas price is about $3.35 per Mcf. Accordingly, with our total cash costs per boe decreasing, and with increased natural gas prices, our expected future profitability outlook has materially improved.

In light of all of the above, Birchcliff's 2013 capital budget has increased to $246.6 million, from $184.6 million. We expect fourth quarter average production to be in the range of 28,000 to 29,000 boe per day (well ahead of our previous exit guidance of 28,000 boe per day). Our 2013 exit production is expected to be approximately 30,000 boe per day. This increased exit production will provide Birchcliff with momentum for a strong production profile in the first quarter of 2014. Our estimated 2013 average production guidance of 26,400 boe per day has not changed as the majority of Birchcliff's new production in 2013 will come on stream late in the year.

The expanded portion of the 2013 capital budget is primarily directed toward the drilling of 5 (5.0 net) additional Montney/Doig horizontal natural gas wells, four of which will produce to our PCS Gas Plant, and

$21.3 million for our land acquisition in the Pouce Coupe area, which we purchased in the first quarter of 2013.

Birchcliff has available processing capacity at the PCS Gas Plant and with current gas prices, the economics of processing natural gas at our PCS Gas Plant are very strong. Accordingly, we are increasing our production to make use of this capacity. With the investment we have made in the PCS Gas Plant, our goal is to fully utilize its capacity and eventually fill the PCS Gas Plant with Birchcliff's natural gas production.

Increase to Credit Facilities

Birchcliff's bank syndicate approved a new $60 million non-revolving five-year term credit facility with a maturity date in May 2018, increasing the syndicated credit facilities to an aggregate of $600 million from the previous credit limit of $540 million. The terms of the other credit facilities, a $70 million non-revolving five-year term credit facility and extendible revolving credit facilities of $470, remain unchanged, including the two-year term-out feature of the revolving credit facilities. The increased aggregate credit facility amount will provide Birchcliff with increased financial flexibility.

Capital Budget Expansion

Birchcliff has expanded its capital budget for 2013 to $246.6 million from $184.6 million. The capital program will be funded from funds flow and debt. The expanded portion of the 2013 capital budget is primarily directed toward the drilling of 5 (5.0 net) additional Montney/Doig horizontal natural gas wells, four of which will produce to our PCS Gas Plant, and $21.3 million for our recent land acquisition in the Pouce Coupe area. The following table sets out a detailed comparison of the new capital budget to the original capital budget.

	Gross Wells		Net Wells		Net Capital *(MM$)*	
2013 Capital Budget	New	Old	New	Old	New	Old
Drilling & Development						
Basal Doig/Upper Montney Horizontal Natural Gas Wells	2	2	2.0	2.0	11.6	11.6
Middle/Lower Montney Horizontal Natural Gas Wells	20	15	20.0	15.0	119.1	89.8
Montney/Doig Vertical Exploration Gas Well	1	1	1.0	1.0	4.6	4.6
Worsley Charlie Lake Horizontal Oil Wells	11	10	11.0	10.0	39.5	34.7
Halfway Oil Wells	4	3	2.5	2.0	9.8	8.0
Total Drilling & Development	**38**	**31**	**36.5**	**30.0**	**184.6**	**148.7**
Facilities					8.5	9.6
Production Optimization					16.5	11.7
Land					28.0	9.2
Acquisitions & Dispositions					-0.5	0.0
Seismic & Other					9.5	5.4
Total Net Capital					**246.6**	**184.6**

PCS Gas Plant Phase IV Expansion

Birchcliff's Board of Directors has approved a Phase IV expansion of the PCS Gas Plant in 2014, expanding processing capacity to 180 MMcf per day from 150 MMcf per day by adding additional compression and sales pipeline capacity. The estimated cost of the Phase IV expansion is approximately $10 million, with the majority of the costs to be incurred in 2014. The anticipated start-up date of the Phase IV expansion is in the fall of 2014.

2013 FIRST QUARTER FINANCIAL AND OPERATIONAL RESULTS

Production

First quarter production averaged 26,108 boe per day, which is a 24% increase over production of 21,061 boe per day in the first quarter of 2012. Production per share increased 11% from the first quarter of 2012.

Production consisted of approximately 82% natural gas and 18% crude oil and natural gas liquids in the first quarter.

Funds Flow and Earnings

First quarter funds flow was approximately $39.4 million or $0.28 per basic common share, a 51% increase from the first quarter of 2012. This increase was largely a result of the 49% increase in the AECO natural gas spot price averaging $3.20 per Mcf for the quarter ended March 31, 2013 compared to $2.15 per Mcf for the quarter ended March 31, 2012.

In the first quarter of 2013, Birchcliff recorded net income available to shareholders of $7.4 million as compared to $3.7 million in the first quarter of 2012.

Debt and Capitalization

At March 31, 2013, Birchcliff's bank debt was $452.4 million from available credit facilities aggregating $540 million. As such, Birchcliff had significant credit capacity and financial flexibility. At March 31, 2013, Birchcliff's working capital deficiency was $50.9 million and total debt was $502.3 million.

At March 31, 2013, Birchcliff had outstanding: 142,096,130 basic common shares; 164,106,949 fully diluted common shares; and 2,000,000 Series A preferred shares. The Corporation also had 6,000,000 warrants outstanding, each warrant providing the right to purchase one common share at an exercise price of $8.30 until August 8, 2014.

Operating Costs

Operating costs in the first quarter were $5.77 per boe (excluding transportation and marketing costs), down 6% from the first quarter of 2012. This reduction of operating costs per boe was largely due to increased volumes of natural gas being processed through the PCS Gas Plant and the implementation of various optimization initiatives.

PCS Gas Plant Netbacks

Processing natural gas at the Corporation's PCS Gas Plant has materially improved Birchcliff's funds flow and net earnings.

In the first quarter of 2013, operating costs for natural gas processed at the PCS Gas Plant averaged $0.28 per Mcfe ($1.68 per boe) and the estimated operating netback for Birchcliff's natural gas production flowing to the PCS Gas Plant was $2.83 per Mcfe. Approximately 68% of Birchcliff's natural gas production and 57% of corporate production was processed at the PCS Gas Plant in the first quarter of 2013.

The following table details Birchcliff's net production and operating netback for wells producing to the PCS Gas Plant, on a production month basis.

Production Processed through the PCS Gas Plant	**Three months ended March 31, 2013**[(1)]		**Three months ended March 31, 2012**	
Average daily production, net to Birchcliff:				
Natural gas *(Mcf)*		87,104		50,982
Oil & NGLs *(bbls)*		246		145
Total boe *(6:1)*		**14,763**		8,642
% of total corporate production		*57%*		*41%*
Netback and cost:	*$/Mcfe*	*$/boe*	*$/Mcfe*	*$/boe*
Petroleum and natural gas revenue[(2)]	3.57	21.40	2.56	15.35
Royalty expense	(0.22)	(1.33)	(0.12)	(0.74)
Operating expense, net of recoveries	(0.28)	(1.68)	(0.20)	(1.18)
Transportation and marketing expense	(0.24)	(1.40)	(0.23)	(1.35)
Estimated operating netback *(production month basis)*	**2.83**	**16.99**	2.01	12.08
Operating margin[(3)]	**79%**	**79%**	79%	79%

(1) The PCS Gas Plant processed an average of 104 MMcf per day of raw gas at the inlet during the first quarter of 2013.

(2) AECO natural gas price averaged $3.20 per Mcf and $2.15 per Mcf for the first quarter of 2013 and 2012 respectively.

(3) Operating margin at the PCS Gas Plant is determined by dividing the estimated operating netback by petroleum and natural gas revenue in the period.

OPERATIONS UPDATE

Drilling

Birchcliff's 2013 drilling program is focused on our two proven resource plays, the Montney/Doig Natural Gas Resource Play and the Worsley Light Oil Resource Play. During the first quarter of 2013, Birchcliff drilled 11 (10.5 net) wells, including 5 (5.0 net) natural gas wells, and 6 (5.5 net) oil wells.

Wells drilled year-to-date in 2013 include 16 (15.5 net) horizontal natural gas wells, all of which were completed utilizing multi-stage fracture stimulation technology, and all of which were successful. These wells consist of 10 (10.0 net) natural gas wells, and 6 (5.5 net) oil wells.

Birchcliff currently has two drilling rigs working, both in the Pouce Coupe area drilling Montney/Doig horizontal natural gas wells. A third rig will start drilling oil wells in the Worsley area immediately after spring break-up.

Land

The Corporation has been actively buying more land. We have continued to expand our undeveloped land base and held 558,454 (521,488 net) acres at March 31, 2013, with a 93% average working interest. During the first quarter of 2013, Birchcliff acquired 26,805 (26,805 net) acres of undeveloped land, all in its core area of the Peace River Arch of Alberta. Of the Crown land acquired in the first quarter of 2013, Birchcliff purchased 13.5 (13.5 net) sections of land in the Pouce Coupe area. The newly acquired lands are contiguous with our existing land base and we expect a significant amount of probable reserves and discovered resources to be attributed to these newly acquired Crown lands at year end.

Birchcliff's land base primarily consists of large contiguous blocks of high working interest acreage located near facilities owned and/or operated by Birchcliff or near third party infrastructure. During the first quarter of 2013, all of the new land has been purchased at 100% working interest.

Montney/Doig Natural Gas Resource Play

In the first quarter of 2013, Birchcliff drilled 5 (5.0 net) Montney/Doig horizontal natural gas wells and year-to-date Birchcliff has drilled 10 (10.0 net) Montney/Doig horizontal gas wells. Birchcliff continues to expand the Montney/Doig Natural Gas Resource Play both geographically and stratigraphically.

On our Montney/Doig Natural Gas Resource Play we are currently utilizing multi-well pad drilling, allowing us to drill continuously right through spring break-up. We are currently drilling six horizontal natural gas wells from one pad and four horizontal natural gas wells from another pad.

The expanded budget for 2013 includes 22 (22.0 net) Montney/Doig horizontal wells and 1 (1.0 net) Montney/Doig vertical exploration well. Of the 22 (22.0 net) horizontal wells, 20 (20.0 net) wells are targeting the Middle/Lower Montney Play and 2 (2.0 net) are targeting the Basal Doig/Upper Montney Play. We anticipate all but one of these wells to produce to the PCS Gas Plant by year-end, which we expect will fill the PCS Gas Plant to its current licenced capacity of 150 MMcf per day.

Worsley Light Oil Resource Play

On the Worsley Light Oil Resource Play, in the first quarter of 2013, Birchcliff drilled 5 (5.0 net) Charlie Lake horizontal oil wells, utilizing multi-stage fracture stimulation technology.

The increased budget for 2013 now includes 11 (11.0 net) Charlie Lake horizontal oil wells, from 10 (10.0 net) wells, utilizing multi-stage fracture stimulation technology.

On the Worsley Light Oil Resource Play in 2013, we are expanding the water flood area and are conducting the field operations necessary to convert two wells to injectors and install associated facility infrastructure.

Halfway Light Oil Play

On the Halfway Light Oil Play, in the first quarter of 2013, Birchcliff drilled 1 (0.5 net) Halfway horizontal light oil well utilizing multi-stage fracture stimulation technology. Birchcliff has drilled 4 (2.66 net) wells on the Play to date, all of which have been successful. The average initial month one production (IP_{30}) for these wells was 330 boe per day. Well costs, on average, were approximately $4.5 million per well, which includes equip and tie-in costs.

With our continued success on the Halfway Light Oil Play, the increased budget includes 3 (2.0 net) additional wells, for a total of 4 (2.5 net) Halfway horizontal light oil wells in 2013. This will bring Birchcliff's total number of Halfway horizontal light oil wells on the Halfway Light Oil Play to 7 (4.66 net) wells since 2011. In the first quarter of 2013, Birchcliff continued to add to its land position on the Halfway Light Oil Play.

New Tight/Shale Oil Resource Play Development

In Birchcliff's core area of the Peace River Arch, numerous industry competitors have announced significant developments on a number of new tight/shale oil resource plays. Throughout 2011, 2012 and the beginning of 2013, there has been significant industry activity acquiring land in the Peace River Arch, with numerous new wells being drilled and completed targeting new resource plays, including the Montney, Charlie Lake, Nordegg and the Duvernay. We believe that virtually all of our undeveloped land has potential in at least one of these new resource plays. Accordingly, we continue to spend significant time analyzing and evaluating various new resource plays, with a focus on oil opportunities and the application of horizontal drilling and multi-stage fracture stimulation technology.

Tight/Shale Oil Resource Play Land Holdings (acres)	**March 31, 2013**			**December 31, 2012**	
	WI	*Gross*	*Net*	*Gross*	*Net*
Duvernay Resource Play	99%	154,080	153,235	141,280	138,966
Nordegg Resource Play	84%	409,280	345,381	404,200	331,437
Banff/Exshaw Resource Play	99%	428,640	422,952	376,520	344,848

SHAREHOLDER SUPPORT

We thank Mr. Seymour Schulich, our largest shareholder, for his ongoing financial and moral support. Mr. Schulich holds 40 million common shares representing 28.2% of the current issued and outstanding common shares.

OUTLOOK

We are very pleased and excited with the current and future outlook for Birchcliff. Our production and opportunity portfolio continue to increase while our cost structure continues to decrease. We have added a significant amount of contiguous land and additional drilling locations in the heart of our Pouce Coupe area on the Montney/Doig Natural Gas Resource Play, adjacent to our PCS Gas Plant and existing infrastructure. We now have up to 2,032 net future potential horizontal drilling locations on the Montney/Doig Natural Gas Resource Play. In addition, significant valuable intellectual capital has been created as a result of utilizing the talent and effort of our people, which is allowing Birchcliff to consistently achieve excellent results on a repeatable basis. Birchcliff has now drilled 103 (91.2 net) Montney/Doig horizontal natural gas wells, utilizing the latest multi-stage fracture stimulation technology.

Birchcliff's 2013 capital budget has increased to $246.6 million, from $184.6 million. Fourth quarter average production in 2013 is expected to be in the range of 28,000 to 29,000 boe per day and exit production is expected to be approximately 30,000 boe per day, setting us up for a very healthy and active 2014. Our yearly average production guidance of 26,400 boe per day has not changed as the majority of Birchcliff's new production in 2013 will commence late in the year. Drilling more Montney/Doig horizontal natural gas wells and continuing to fill our PCS Gas Plant, which has spare capacity, as gas price rises and our per unit operating costs come down, is very profitable.

Birchcliff's Board of Directors has approved a Phase IV expansion of the PCS Gas Plant in 2014, expanding processing capacity to 180 MMcf per day from 150 MMcf per day by adding additional compression and sales pipeline capacity. The estimated cost of the Phase IV expansion is approximately $10 million, with the majority of the costs to be incurred in 2014. The anticipated start-up date of the Phase IV expansion will be in the fall of 2014. This expansion positions Birchcliff with continued visible production growth in 2014.

Birchcliff continues to be focused on improving capital efficiency. We are utilizing multi-well pad drilling on our Montney/Doig Natural Gas Resource Play to improve drilling and completion efficiencies and reduce the cost per well; drilling six horizontal natural gas wells from one pad and four horizontal natural gas wells from another. The reduction in drilling and completion costs is significant. Drilling is continuing through spring break-up on these multi-well pads.

It is <u>very important</u> to understand the timing of Birchcliff's production additions in 2013 in order to maintain continued confidence in Birchcliff's production profile and execution. We continue to expect our 2013 average production to be approximately 26,400 boe per day.

We expect production in the second quarter to be weak as existing wells will show normal production declines and wells from the multi-well pads will not be on production until late in the third quarter. As well, in the second quarter, there are scheduled turn-arounds of both the PCS Gas Plant and the main Worsley oil battery. Further we are currently experiencing the effects of unscheduled turn-arounds by third party gas processors, which negatively affects our production and reinforces the principle that owning and controlling your own infrastructure and processing facilities is very important and carries strategic value. Accordingly, and I repeat for emphasis, second quarter production will be weak and should not cause reason for concern.

Production growth during 2013 will come in large increments in the third and fourth quarter as multiple wells from the multi-wells pads are brought on production at the same time. Material production growth will be seen when wells from the first multi-well pad come on production in August and wells from the second multi-well pad come on production in September.

We remain focused on our business – growth by the drill bit, in our core area of the Peace River Arch of Alberta – not by large acquisitions. We continue to use the same services, in the same area, directed by the same experienced Birchcliff staff, which provides consistency, repeatability and reliability in our operations.

On behalf of our Management Team and Directors, thank you to the Birchcliff staff for their loyalty, dedication and continued hard work to help us achieve our corporate goals. Thank you to our shareholders for their continued support and trust in our strategy and our management.

(signed) "*A. Jeffery Tonken*"

A. Jeffery Tonken, President and Chief Executive Officer

ADVISORIES

Non-GAAP Measures: *This Press Release uses "funds flow", "funds flow from operations", "funds flow netback", "funds flow per common share", "netback", "operating netback", "estimated operating netback" and "operating margin", which do not have standardized meanings prescribed by generally accepted accounting principles ("**GAAP**") and therefore may not be comparable measures to other companies where similar terminology is used. Netback or operating netback denotes petroleum and natural gas revenue less royalties, less operating expenses and less transportation and marketing expenses. Operating costs at the PCS Gas Plant are calculated on a production month basis. Estimated operating netback of the PCS Gas Plant (and the components thereof) is based upon certain cost allocations and accruals directly related to the PCS Gas Plant and the related wells and infrastructure, calculated on a production month basis. Funds flow, funds flow netback or funds flow from operations denotes cash flow from operating activities as it appears on the Corporation's Condensed Statements of Cash Flows before decommissioning expenditures and changes in non-cash working capital. Funds flow, funds flow netback or funds flow from operations is derived from net income plus income tax expense, depletion and depreciation expense, accretion expense, stock-based compensation expense, amortization of deferred financing fees and gains on divestitures. Funds flow per common share denotes funds flow divided by the weighted average number of common shares. Operating margin is calculated by dividing the estimated operating netback for the period by the petroleum and natural gas revenue for the period.*

Boe Conversions: *Barrel 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.*

Mcfe, MMcfe, Bcfe and Tcfe Conversions: *Thousands of cubic feet of gas equivalent ("**Mcfe**"), millions of cubic feet of gas equivalent ("**MMcfe**"), billions of cubic feet of gas equivalent ("**Bcfe**") and trillions of cubic feet of gas equivalent ("**Tcfe**") amounts have been calculated by using the conversion ratio of one barrel of oil (1 bbl) to six thousand cubic feet (6 Mcf) of natural gas. Mcfe, MMcfe, Bcfe and Tcfe amounts may be misleading, particularly if used in isolation. A conversion ratio of 1 bbl to 6 Mcf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.*

Forward-Looking Information: *This Press Release 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. 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 Press Release contains forward-looking information relating to planned fourth quarter and exit production increases; planned 2013 capital spending and sources of funding; anticipated reduction of operating costs of a per boe basis; the intention to drill and complete future wells; an expansion of the PCS Gas Plant; and expected future reserves and resource additions.*

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 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 volumes can be recovered from the Corporation's lands as a result of drilling future wells, are valid. Estimates as to 2013 average fourth quarter and annual *production rates assume that no unexpected outages occur in the infrastructure that the Corporation relies on to produce its wells, that existing wells continue to meet production expectations and any future wells, scheduled to come on production in 2013, meet timing and production expectations.*

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 resource 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 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.

Birchcliff is a Calgary, Alberta based intermediate oil and gas company with operations concentrated within its one core area, the Peace River Arch of Alberta. Birchcliff's Common Shares, Cumulative Redeemable Preferred Shares, Series A and Warrants are listed for trading on the Toronto Stock Exchange under the symbols "**BIR**", "**BIR.PR.A**" and "**BIR.WT**", respectively.

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