

BIRCHCLIFF

ENERGY

16-05

May 11, 2016

BIRCHCLIFF ENERGY LTD. ANNOUNCES 2016 FIRST QUARTER RESULTS AND RECORD QUARTERLY AVERAGE PRODUCTION

Calgary, Alberta – Birchcliff Energy Ltd. (“Birchcliff”) (TSX: BIR) is pleased to announce its 2016 first quarter results, with record quarterly average production of 41,958 boe per day and record low operating costs of \$3.71 per boe.

The full text of Birchcliff’s First Quarter Report containing the unaudited interim condensed financial statements for the three month period ended March 31, 2016 and the related management’s discussion and analysis will be available on Birchcliff’s website at www.birchcliffenergy.com and on SEDAR at www.sedar.com.

Jeff Tonken, President and Chief Executive Officer of Birchcliff, stated: “Birchcliff’s production continues to be strong, with low declines, which is reflected by the minimal capital we have spent on production additions. Our costs, both operating and capital, continue to fall as a result of more efficient project execution, the implementation of operating and capital cost reduction initiatives and an intense focus on all aspects of our business. Weak commodity prices have created a very difficult operating environment. However, as a result of Birchcliff being one of the lowest cost operators in our industry, we believe that we are well positioned to survive the downturn and we are preparing for an exciting future.”

Highlights

- Record quarterly average production of 41,958 boe per day in the first quarter of 2016, a 9% increase from 38,416 boe per day in the first quarter of 2015. Birchcliff estimates that its production in April averaged approximately 41,500 boe per day.
- Funds flow of \$20.7 million (\$0.14 per basic common share) in the first quarter of 2016, a decrease from \$36.7 million (\$0.24 per basic common share) in the first quarter of 2015.
- Record low operating costs of \$3.71 per boe in the first quarter of 2016, a 27% decrease from \$5.11 per boe in the first quarter of 2015.
- Recently completed a disposition in the Progress area of miscellaneous petroleum and natural gas properties which includes approximately 600 boe per day, for cash consideration of \$19.0 million, after customary closing adjustments.
- Birchcliff’s net planned capital expenditures for 2016, after accounting for the \$19.0 million of proceeds from the disposition of assets in the Progress area, have been reduced to \$103.5 million.
- Annual average production guidance for 2016 remains unchanged at 40,000 to 41,000 boe per day, notwithstanding the disposition of assets in the Progress area and a further reduction in capital expenditures.
- The borrowing base under Birchcliff’s credit facilities was recently re-determined at \$750 million, a modest reduction from the previous borrowing base of \$800 million. The maturity dates of the credit facilities remain at May 11, 2018. The credit facilities do not contain any financial covenants.

- Birchcliff's capital expenditures during the first quarter of 2016 were \$63.9 million, including \$30.3 million for drilling and completions and \$31.1 million for infrastructure.
- Birchcliff drilled 9 (9.0 net) wells in the first quarter of 2016, consisting of 8 (8.0 net) Montney/Doig horizontal natural gas wells in the Pouce Coupe area and 1 (1.0 net) Charlie Lake horizontal light oil well in the Worsley area.
- The majority of Birchcliff's Montney/Doig horizontal natural gas wells continue to outperform Birchcliff's original internal forecasts.

This press release contains forward-looking information within the meaning of applicable securities laws. Such forward-looking information is based upon certain expectations and assumptions and actual results may differ materially from those expressed or implied by such forward-looking information. For further information regarding the forward-looking information contained herein, please see "Advisories – Forward-Looking Information". In addition, this press release contains references to "funds flow", "funds flow from operations", "funds flow per common share", "netback", "operating netback", "estimated operating netback", "funds flow netback", "operating margin", "total cash costs" and "total debt", which do not have standardized meanings prescribed by generally accepted accounting principles ("GAAP"). For further information regarding these non-GAAP measures, including reconciliations to the most directly comparable GAAP measure, please see "Non-GAAP Measures".

2016 FIRST QUARTER FINANCIAL AND OPERATIONAL HIGHLIGHTS

	Three months ended March 31, 2016	Three months ended March 31, 2015
OPERATING		
Average daily production		
Light oil – (barrels)	3,232	4,017
Natural gas – (thousands of cubic feet)	222,478	195,935
NGL – (barrels)	1,646	1,743
Total – barrels of oil equivalent (6:1)⁽¹⁾	41,958	38,416
Average sales price (\$ CDN)		
Light oil – (per barrel)	36.93	47.66
Natural gas – (per thousand cubic feet)	1.99	2.98
NGL – (per barrel)	42.06	46.45
Total – barrels of oil equivalent (6:1)⁽¹⁾	15.05	22.27
NETBACK AND COST (\$ per barrel of oil equivalent at 6:1)⁽¹⁾		
Petroleum and natural gas revenue	15.06	22.28
Royalty expense	(0.67)	(0.83)
Operating expense	(3.71)	(5.11)
Transportation and marketing expense	(2.22)	(2.59)
Netback⁽²⁾	8.46	13.75
General & administrative expense, net	(1.31)	(1.70)
Interest expense	(1.73)	(1.43)
Funds flow netback⁽²⁾		
Stock-based compensation expense, net	(0.17)	(0.22)
Depletion and depreciation expense	(8.94)	(11.24)
Accretion expense	(0.15)	(0.16)
Amortization of deferred financing fees	(0.06)	(0.06)
Gain on sale of assets	-	0.19
Dividends on Series C preferred shares	(0.23)	(0.25)
Income tax recovery	0.98	0.11
Net loss	(3.15)	(1.01)
Dividends on Series A preferred shares	(0.26)	(0.29)
Net loss to common shareholders	(3.41)	(1.30)
FINANCIAL		
Petroleum and natural gas revenue (\$000s)	57,503	77,026
Funds flow from operations (\$000s) ⁽²⁾	20,695	36,720
Per common share – basic (\$) ⁽²⁾	0.14	0.24
Per common share – diluted (\$) ⁽²⁾	0.13	0.24
Net loss (\$000s)	(12,035)	(3,479)
Net loss to common shareholders (\$000s)	(13,035)	(4,479)
Per common share – basic (\$)	(0.09)	(0.03)
Per common share – diluted (\$)	(0.09)	(0.03)
Common shares outstanding (000s)		
End of period – basic	152,308	152,284
End of period – diluted	169,239	168,108
Weighted average common shares for period – basic	152,308	152,243
Weighted average common shares for period – diluted	153,418	154,215
Dividends on Series A preferred shares (\$000s)	1,000	1,000
Dividends on Series C preferred shares (\$000s)	875	875
Capital expenditures, net (\$000s)	63,860	98,539
Revolving term credit facilities (\$000s)	647,359	536,570
Working capital deficit (\$000s)	42,779	73,600
Total debt (\$000s) ⁽²⁾	690,138	610,170

(1) See "Advisories" in this press release.

(2) See "Non-GAAP Measures" in this press release.

PRESIDENT'S MESSAGE FROM THE 2016 FIRST QUARTER REPORT

May 11, 2016

Fellow Shareholders,

We are pleased to report the first quarter financial and operational results for Birchcliff Energy Ltd. ("**Birchcliff**") for the three month period ended March 31, 2016.

Birchcliff's production continues to be strong, with low declines, which is reflected by the minimal capital we have spent on production additions. Our costs, both operating and capital, continue to fall as a result of more efficient project execution, the implementation of operating and capital cost reduction initiatives and an intense focus on all aspects of our business. Weak commodity prices have created a very difficult operating environment. However, as a result of Birchcliff being one of the lowest cost operators in our industry, we believe that we are well positioned to survive the downturn and we are preparing for an exciting future.

We had record quarterly average production of 41,958 boe per day during the first quarter of 2016, which is on the high end of our production guidance of 41,500 to 42,000 boe per day. Production consisted of 88% natural gas, 8% light oil and 4% NGL. Production was 9% above the average production in the first quarter of 2015, which was 38,416 boe per day.

Notwithstanding record production and record low operating costs, Birchcliff had funds flow of \$20.7 million (\$0.14 per basic common share), a decrease from \$36.7 million (\$0.24 per basic common share) in the first quarter of 2015, primarily as a result of weak commodity prices. We recorded a net loss to common shareholders of \$13.0 million (\$0.09 per basic common share), as compared to the net loss to common shareholders of \$4.5 million (\$0.03 per basic common share) in the first quarter of 2015.

Our operating costs were \$3.71 per boe, a 27% decrease from \$5.11 per boe in the first quarter of 2015 and a new record low for Birchcliff. Our general and administrative expense was \$1.31 per boe, a 23% decrease from \$1.70 per boe in the first quarter of 2015.

Miscellaneous Property Disposition

On April 28, 2016, we completed the disposition of miscellaneous petroleum and natural gas properties and related assets and interests in the Progress area that were producing from the Halfway formation (the "**Progress Disposition**") for cash consideration of \$19.0 million, after customary closing adjustments. The Progress Disposition had an effective date of January 1, 2016 and represented approximately 600 boe per day of production (60% light oil). The assets sold did not include the Montney or any deeper rights.

The proceeds from the Progress Disposition were used to initially reduce indebtedness under our credit facilities, which is anticipated to be subsequently redrawn and applied as needed to fund our capital expenditures as discussed in further detail herein.

Update on Capital Expenditures

Our 2016 capital expenditure program (the "**2016 Capital Program**"), the details of which we previously announced on March 16, 2016, is designed to achieve modest production growth while continuing our investment in the Phase V expansion of our 100% owned and operated natural gas plant located in the Pouce Coupe South area (the "**PCS Gas Plant**"). The 2016 Capital Program contemplates the drilling of 13 (13.0 net) wells and includes the funding of key infrastructure required for future growth, including the Phase V expansion. During the first quarter of 2016, we spent approximately \$63.9 million on capital

expenditures, including approximately \$30.3 million on drilling and completions and \$31.1 million on infrastructure. For further details, please see “Operations Update” and our management’s discussion and analysis for the three months ended March 31, 2016.

The 2016 Capital Program originally contemplated capital expenditures in the amount of \$128.0 million. However, primarily as a result of the strong production performance from our base production and the wells that we have drilled during 2016, we have made the decision to defer the completion, equipping and tie-in of two Montney/Doig horizontal wells that we drilled in the first quarter of 2016 until 2017. The costs associated with these deferrals are approximately \$3.5 million, and when added to our recent Montney D1 drilling savings of \$0.9 million, has reduced our budgeted drilling and completions capital to approximately \$51.3 million (down from \$55.5 million). In addition, as a result of deferring a 10” pipeline twinning project in our Pouce Coupe field, we have also reduced our facilities and infrastructure capital to approximately \$37.0 million (down from \$39.0 million).

Our estimated net planned capital expenditures for 2016, after accounting for the \$19.0 million of proceeds from the Progress Disposition, have been reduced from \$128.0 million to \$103.5 million, and our estimated total capital expenditures for 2016 have been reduced from \$128.0 million to \$122.5 million. Notwithstanding the adjustments to our 2016 Capital Program and the Progress Disposition, we are maintaining our annual average production guidance for 2016 of 40,000 to 41,000 boe per day. This is the second time we have reduced our capital spending since our original capital program of \$140 million was announced on January 21, 2016, without reducing our 2016 annual average production guidance of 40,000 to 41,000 boe per day.

The following table provides details of the 2016 Capital Program, as revised:

2016 Capital Program⁽¹⁾

	Gross Wells		Net Wells		Capital (MM\$) ⁽¹⁾		Difference in Capital (MM\$)
	New	Old	New	Old	New	Old	
Drilling & Development ⁽²⁾							
Montney D1 Horizontal Gas Wells	8.0	8.0	8.0	8.0	30.9	31.8	(0.9)
Basal Doig/Upper Montney Horizontal Gas Wells	2.0	2.0	2.0	2.0	8.0	8.0	-
Montney D4 Horizontal Gas Wells	2.0	2.0	2.0	2.0	4.7	8.2	(3.5)
Charlie Lake Horizontal Light Oil Well	1.0	1.0	1.0	1.0	2.7	2.8	-
2015 Carry Forward Capital ⁽³⁾	-	-	-	-	4.9	4.9	-
Total Drilling & Development	13.0	13.0	13.0	13.0	51.3	55.5	(4.3)
Facilities & Infrastructure ⁽⁴⁾					37.0	39.0	(2.0) ⁽⁵⁾
Production Optimization					15.0	14.0	1.0
Land & Seismic					5.1	5.1	-
Other					14.2	14.4	(0.2)
Total Capital					122.5	128.0	(5.5)
Less Proceeds from Progress Disposition					(19.0)	-	(19.0)
Total Net Capital					103.5	128.0	(24.5)

Notes:

- (1) Numbers may not add due to rounding.
- (2) Except for two Montney D4 horizontal natural gas wells, all drilling and development costs have been presented on a drill, case, complete, equip and tie-in basis.
- (3) Primarily completion, equipping and tie-in costs associated with 2 (2.0 net) wells rig released at the end of 2015.
- (4) Includes approximately \$24.8 million of capital in 2016 for the PCS Gas Plant Phase V expansion.
- (5) Represents the capital associated with the pipeline deferral.

Based on recent commodity prices and exchange rates, we have revised our commodity price and exchange rate assumptions underlying the 2016 Capital Program. The 2016 Capital Program, as revised, now assumes an annual average WTI price of US\$43.00 per barrel of oil (revised from US\$40.00), an

AECO price of CDN\$1.90 per GJ of natural gas (revised from CDN\$2.50) and an exchange rate of CDN\$/US\$ of 1.29 (revised from 1.40) during 2016. We currently expect that our capital expenditures for 2016 will approximate our funds flow during 2016 and the proceeds from the Progress Disposition, based on the foregoing assumptions.

The 2016 Capital Program is flexible and we have the ability to further defer capital expenditures in the event that actual commodity prices are materially less than what we have forecast. We have been closely monitoring commodity prices and our capital spending. We continue to find opportunities to reduce costs and defer certain capital expenditures, while still pursuing our objectives of modest production growth and the funding of key infrastructure to pave the way for future growth. We will continue to monitor commodity prices and economic conditions and may further adjust the 2016 Capital Program to respond to changes in commodity prices and other material changes in the assumptions underlying the 2016 Capital Program.

Re-Determination of Borrowing Base at \$750 Million Under Credit Facilities

Our bank syndicate recently completed its semi-annual review of the borrowing base under our extendible revolving credit facilities (the “**Credit Facilities**”) and the borrowing base has been re-determined at \$750 million, a modest reduction from the previous borrowing base of \$800 million. The fact that the borrowing base under the Credit Facilities was re-determined at \$750 million is a good testament to the strength of our reserves. Although the borrowing base has been reduced, we continue to have the financial flexibility required to run our business. In addition, the Credit Facilities do not contain any financial covenants.

We may each year, at our option, request an extension to the maturity dates of the Credit Facilities for an additional period of up to three years from May 11 of the year in which the extension request is made. In connection with the semi-annual review of the borrowing base, Birchcliff initially requested an extension of the maturity dates from May 11, 2018 to May 11, 2019. In order to preserve the current interest rate pricing margins applicable to Birchcliff’s drawn loans, Birchcliff did not proceed with the requested extension. For further details regarding the terms of the Credit Facilities, please see our unaudited interim condensed financial statements for the three month period ended March 31, 2016 and related management’s discussion and analysis.

Update on the PCS Gas Plant

A large portion of the capital spent on infrastructure in the first quarter was to progress the Phase V expansion of the PCS Gas Plant, which will increase the processing capacity to 260 MMcf per day from the current processing capacity of 180 MMcf per day. The fabrication work for the Phase V expansion is nearing completion and the finished components will be stored until field construction commences. It is currently estimated that an additional \$30 million will be required to complete the field construction. We currently expect that the Phase V expansion will be completed in 2017, subject to an improvement in commodity prices and general economic conditions. The completion of Phase V of the PCS Gas Plant will be timed to coincide with the drilling of additional Montney/Doig horizontal natural gas wells to fill or partially fill the expanded PCS Gas Plant, so that operational momentum will not be lost and ensuring capital is only spent when required.

Update on Natural Gas Transportation Capacity

Virtually all of our natural gas production is transported on TransCanada’s NGTL System in Alberta pursuant to both firm and interruptible service agreements. We currently have in place firm service contracts that in the aggregate provide transportation capacity slightly above the processing capacity of

our own processing facilities and sufficient transportation capacity to meet our processing commitments at third party processing facilities.

2016 FIRST QUARTER FINANCIAL AND OPERATIONAL RESULTS

Production

Record first quarter production averaged 41,958 boe per day, a 9% increase from production of 38,416 boe per day in the first quarter of 2015. Production per basic common share increased 9% from the first quarter of 2015. This production growth from the first quarter of 2015 was largely due to incremental production added from new Montney/Doig horizontal natural gas wells.

Production consisted of approximately 88% natural gas, 8% light oil and 4% NGL in the first quarter. Approximately 77% of our total corporate natural gas production and 71% of our total corporate production was processed at the PCS Gas Plant in the first quarter of 2016.

We have consistently demonstrated significant growth in first quarter production per common share. The following table highlights our year-over-year first quarter production per basic common share growth since 2012:

	Q1 2012	Q1 2013	Q1 2014	Q1 2015	Q1 2016	Change Since 2012 (%)	Average Annual Growth (%)
Quarterly average production (<i>boe per day</i>)	21,061	26,108	31,749	38,416	41,958	99	25
Production per day per million common shares (<i>boe</i>)⁽¹⁾	166.2	184.1	220.4	252.3	275.5	66	17

(1) Based on quarterly average production and weighted average basic common shares outstanding in the respective quarter.

Funds Flow and Net Loss

Funds flow was \$20.7 million (\$0.14 per basic common share), a 44% decrease from \$36.7 million (\$0.24 per basic common share) in the first quarter of 2015. This decrease was largely due to a 32% decrease in the average realized oil and natural gas wellhead price.

We had a net loss of \$12.0 million, as compared to the net loss of \$3.5 million in the first quarter of 2015. We recorded a net loss to common shareholders of \$13.0 million (\$0.09 per basic common share) in the first quarter of 2016, as compared to the net loss to common shareholders of \$4.5 million (\$0.03 per basic common share) in the first quarter of 2015. These decreases were mainly attributable to lower funds flow as a result of the decrease in commodity prices.

Operating Costs and General and Administrative Expense

We continue to focus on reducing our operating costs and general and administrative expense on a per boe basis. Operating costs in the first quarter of 2016 were \$3.71 per boe, a 27% decrease from \$5.11 per boe in the first quarter of 2015 and a new record low. Operating costs per boe decreased from the first quarter of 2015 largely due to the continued cost benefits achieved from processing incremental volumes of natural gas through the PCS Gas Plant and lower service costs due to reduced industry activity, as well as various cost reduction and infrastructure optimization initiatives that we have implemented. For example, we continue to benefit from reduced trucking costs as a result of two pipeline initiatives that were implemented during 2015.

General and administrative expense in the first quarter of 2016 was \$1.31 per boe, a 23% decrease from \$1.70 per boe in the first quarter of 2015.

PCS Gas Plant Netbacks

Since the PCS Gas Plant first became operational in March 2010, we have seen a significant reduction in our corporate operating costs on a per boe basis. During the first quarter of 2016, we processed approximately 77% of our total corporate natural gas production through the PCS Gas Plant with an average plant and field operating cost of \$0.28 per Mcfe (\$1.66 per boe). The estimated operating netback at the PCS Gas Plant was \$1.48 per Mcfe (\$8.88 per boe), resulting in an operating margin of 69% in the first quarter of 2016.

The following table details our net production and estimated operating netback for wells producing to the PCS Gas Plant on a production month basis:

	Three months ended March 31, 2016		Three months ended March 31, 2015		Three months ended March 31, 2014		Three months ended March 31, 2013		Three months ended March 31, 2012	
Average daily production, net to Birchcliff:										
Natural gas (Mcf)	171,659		153,633		120,316		87,104		50,982	
Oil & NGL (bbls)	991		1,284		923		246		145	
Total boe (6:1)	29,602		26,890		20,975		14,763		8,642	
Sales liquids yield (bbls/MMcf)	5.8		8.4		7.7		2.8		2.8	
% of corporate natural gas production	77%		78%		76%		68%		54%	
% of corporate production	71%		70%		66%		57%		41%	
AECO – C daily (\$/Mcf)	\$1.83		\$2.75		\$5.71		\$3.20		\$2.15	
Netback and cost:	\$/Mcf	\$/boe	\$/Mcf	\$/boe	\$/Mcf	\$/boe	\$/Mcf	\$/boe	\$/Mcf	\$/boe
Petroleum and natural gas revenue	2.16	12.94	3.21	19.24	6.51	39.08	3.57	21.40	2.56	15.35
Royalty expense	(0.10)	(0.60)	(0.15)	(0.91)	(0.53)	(3.19)	(0.22)	(1.33)	(0.12)	(0.74)
Operating expense ⁽¹⁾	(0.28)	(1.66)	(0.39)	(2.32)	(0.43)	(2.61)	(0.28)	(1.68)	(0.20)	(1.18)
Transportation and marketing expense	(0.30)	(1.80)	(0.33)	(1.96)	(0.30)	(1.78)	(0.24)	(1.40)	(0.23)	(1.35)
Estimated operating netback	\$1.48	\$8.88	\$2.34	\$14.05	\$5.25	\$31.50	\$2.83	\$16.99	\$2.01	\$12.08
Operating margin	69%		73%		81%		79%		79%	

(1) Represents plant and field operating costs.

Total Cash Costs and Funds Flow Netback

During the first quarter of 2016, we had total cash costs (comprised of royalty, operating, transportation and marketing, general and administrative and interest expenses) of \$9.64 per boe, a 17% decrease from \$11.66 per boe in the first quarter of 2015, and funds flow netback of \$5.42 per boe, a 49% decrease from \$10.62 per boe in the first quarter of 2015.

Debt

At March 31, 2016, our long-term bank debt was \$655.8 million from available credit facilities aggregating \$800 million, leaving \$144.2 million of unutilized credit capacity. Total debt at March 31, 2016, including working capital deficit, was \$690.1 million. For further details, please see our management's discussion and analysis for the three months ended March 31, 2016.

We currently expect that our total debt at year-end 2016 will approximate our total debt at March 31, 2016 of approximately \$656 million, assuming an annual average WTI price of US\$43.00 per barrel of oil and an AECO price of CDN\$1.90 per GJ of natural gas during 2016.

Capital Expenditures

During the first quarter of 2016, we had capital expenditures of \$63.9 million, including approximately \$0.9 million on land, \$30.3 million on drilling and completions and \$31.1 million on infrastructure. For

further details regarding the breakdown of our capital expenditures, please see our management's discussion and analysis for the three months ended March 31, 2016.

Drilling and Completions

We drilled 9 (9.0 net) wells in the first quarter of 2016, consisting of 8 (8.0 net) Montney/Doig horizontal natural gas wells in the Pouce Coupe area and 1 (1.0 net) Charlie Lake horizontal light oil well in Worsley. The Montney/Doig horizontal natural gas wells consisted of 6 (6.0 net) horizontal wells drilled in the Montney D1 interval and 2 (2.0 net) horizontal wells drilled in the Montney D4 interval. For further details, please see *"Operations Update"*.

As at March 31, 2016, we have successfully drilled and cased 196 (195.9 net) Montney/Doig horizontal natural gas wells and 60 (60.0 net) Charlie Lake horizontal light oil wells utilizing multi-stage fracture stimulation technology.

Land Activities

Our land activities in the first quarter of 2016 included the acquisition of 21.5 sections of land (at 100% working interest) contiguous with existing lands on our Montney/Doig Natural Gas Resource Play in our Elsworth area. Subsequent to the end of the quarter, Birchcliff disposed of 6.5 net sections (4,135 net acres) of land pursuant to the Progress Disposition. The assets sold did not include the Montney or any deeper rights. For further details, please see *"Miscellaneous Property Disposition"*.

As at March 31, 2016, we held 355.4 sections of land that have potential for the Montney/Doig Natural Gas Resource Play. Of these lands, 330.4 (314.2 net) sections have potential for the Basal Doig/Upper Montney interval, 338.7 (329.3 net) sections have potential for the Montney D1 interval and 314.7 (308.3 net) sections have potential for the Montney D4 interval. As at March 31, 2016, our total land holdings on these three intervals were 983.8 (951.8 net) sections. Assuming full development of four horizontal wells per section per interval, we have 3,807.2 net existing horizontal wells and potential net future horizontal drilling locations in respect of the Basal Doig/Upper Montney, Montney D1 and Montney D4 intervals as at March 31, 2016. With 196 (195.9 net) horizontal wells drilled as at March 31, 2016, there remain 3,611.3 potential net future horizontal drilling locations. For further information regarding these potential future horizontal drilling locations, please see *"Advisories – Drilling Locations"*.

As at March 31, 2016, our undeveloped land holdings were 428,882.1 (401,146.2 net) acres.

OPERATIONS UPDATE

The 2016 Capital Program is focused on our two proven resource plays, the Montney/Doig Natural Gas Resource Play and the Charlie Lake Light Oil Resource Play. The 2016 Capital Program contemplates the drilling of 13 (13.0 net) wells, consisting of 12 (12.0 net) Montney/Doig horizontal natural gas wells, all of which will be drilled in our Pouce Coupe area, and 1 (1.0 net) Charlie Lake horizontal light oil well in Worsley.

In the current economic environment, we are focused on maximizing our capital efficiencies and reducing our drilling, casing, completion, equipping and tie-in costs. As a part of this effort, the 12 Montney/Doig horizontal natural gas wells are being drilled on three different multi-well pads – one two-well pad, one four-well pad and one six-well pad. Multi-well pad drilling allows us to drill continuously through spring break-up, improve our drilling and completion capital efficiencies and reduce our per well costs and environmental footprint. In addition, all three pads are already tied-in to our infrastructure system, minimizing the equipping and tie-in costs of the wells.

We have drilled 11 (11.0 net) wells year-to-date, consisting of 10 (10.0 net) Montney/Doig horizontal natural gas wells and the Charlie Lake horizontal light oil well in the Worsley area. Of the 11 wells drilled to-date, three wells have been completed and brought on production.

We have two Montney/Doig horizontal natural gas wells left to be drilled in order to conclude our planned drilling program for 2016. We currently have one drilling rig at work in the Pouce Coupe area which is drilling the second last Montney/Doig horizontal natural gas well on the six-well pad. Upon the completion of the drilling of these last two wells, we will have 10 wells drilled and cased in inventory. It is currently anticipated that we will complete, equip and tie-in eight of these 10 wells later this summer, leaving the last two wells to be completed in the first quarter of 2017, as our current production estimates do not require these production volumes to meet our production guidance. We may defer certain capital expenditures based on actual commodity prices received during 2016. For further details, please see *"Update on Capital Expenditures"*.

Montney/Doig Natural Gas Resource Play

Part of our long-term strategy is to continue to explore the Montney/Doig Natural Gas Resource Play, both geographically and stratigraphically. The Montney/Doig Natural Gas Resource Play exists in two geological formations, the Montney and the Doig, and we have divided the geologic column in our area into six drilling intervals from the youngest (top) to the oldest (bottom): (i) the Basal/Doig Upper Montney; (ii) the Montney D4; (iii) the Montney D3; (iv) the Montney D2; (v) the Montney D1; and (vi) the Montney C. To-date, we have drilled wells in each of the Basal Doig/Upper Montney, the Montney D4, the Montney D1 and the Montney C intervals. The Montney D4 and Montney C intervals are relatively new intervals for Birchcliff as we did not drill any wells in those intervals prior to 2014.

Two of the 12 Montney/Doig horizontal natural gas wells under the 2016 Capital Program are Montney D4 wells. We previously drilled seven wells in the Montney D4 interval, two in our Elmworth area and five in our Pouce Coupe area. With respect to the remaining 10 wells contemplated by the 2016 Capital Program, two are Basal Doig/Upper Montney wells and eight are Montney D1 wells. All 10 of these wells are development wells. A primary factor in picking these 10 locations is their potential to increase the reserves attributable to the potential future drilling locations offsetting these locations.

As at May 10, 2016, we have successfully drilled and cased 198 (197.9 net) Montney/Doig horizontal natural gas wells.

Charlie Lake Light Oil Resource Play

On our Charlie Lake Light Oil Resource Play in the Worsley area, we continue to see good production performance from our asset with minimal capital, including continued enhancement of the water flood area production. The 2016 Capital Program at Worsley is limited to one well that was drilled, completed and brought on production in the first quarter. This well addressed an 18 section block of land that would have expired and it also successfully delineated the pool to the north east.

On our Charlie Lake Light Oil Resource Play in the Progress area, our two exploration wells drilled in 2014 and 2015 continue to produce at strong production profiles. In the first quarter of 2016, we added one section to our land base on this project so we now own 29 (28.5 net) contiguous sections on this project.

As at May 10, 2016, we have successfully drilled and cased 60 (60.0 net) Charlie Lake horizontal light oil wells utilizing multi-stage fracture stimulation technology.

Alberta's Modernized Royalty Framework

On April 21, 2016, the Government of Alberta announced additional royalty details and technical formulas for its Modernized Royalty Framework (the "MRF"). These details provide the necessary information to understand the economics for oil and gas producers and other stakeholders to continue to invest in Alberta. Production from wells drilled prior to January 1, 2017 will continue under the previous Alberta Royalty Framework (the "ARF") for 10 years before transitioning to the MRF. Based on the details provided thus far, we believe that the well drilling economics for our two proven resource plays, the Montney/Doig Natural Gas Resource Play and the Charlie Lake Light Oil Resource Play, within today's anticipated price ranges, are relatively consistent with the previous ARF.

2015 Finding, Development and Acquisition Costs – Look-Back

We released our finding, development and acquisition ("FD&A") costs and recycle ratios on February 10, 2016, which are summarized below.

2015 FD&A Costs (\$/boe)⁽¹⁾

Excluding Future Development Capital	
Total FD&A – Proved Developed Producing	\$7.79
Total FD&A – Proved	\$2.96
Total FD&A – Proved Plus Probable	\$2.02
Including Future Development Capital ⁽²⁾	
Total FD&A – Proved	\$2.28
Total FD&A – Proved Plus Probable	\$1.32

(1) FD&A costs both including and excluding future development capital have been presented herein. FD&A costs for each reserves category in a particular period are calculated by taking the sum of: (i) exploration and development costs incurred in the period; and (ii) where future development capital has been included, the change during the period in future development capital for the reserves category; divided by the additions to the reserves category before production during the period. FD&A costs include the effect of acquisitions and dispositions. In calculating the amounts of FD&A costs for a year, the changes during the year in estimated reserves and estimated future development capital are based upon the evaluations of Birchcliff's reserves prepared by Deloitte LLP, Birchcliff's independent qualified reserves evaluator, effective December 31, 2015. FD&A costs may be used as a measure of a company's efficiency with respect to finding and developing its reserves. See "Advisories – Oil and Gas Metrics".

(2) Includes the 2015 decrease in future development capital from 2014 of \$56.5 million on a proved basis and a decrease of \$85.4 million on a proved plus probable basis, which decreases are primarily due to the application of new technology, operational efficiencies and a reduction in service costs.

2015 Recycle Ratios⁽¹⁾

	Operating Netback Recycle Ratio	Funds Flow Netback Recycle Ratio
Excluding Future Development Costs		
FD&A – Proved Developed Producing	1.9	1.5
FD&A – Proved	4.9	3.8
FD&A – Proved Plus Probable	7.2	5.6
Including Future Development Costs		
FD&A – Proved	6.4	5.0
FD&A – Proved Plus Probable	11.0	8.6

(1) Recycle ratios are calculated by dividing the average operating netback per boe or funds flow netback per boe, as the case may be, by FD&A costs. Recycle ratios may be used as a measure of a company's profitability. See "Non-GAAP Measures" and "Advisories – Oil and Gas Metrics".

We are pleased to note that a look back of industry results would indicate that Birchcliff's results are top decile in the industry. In addition, TD Securities issued a 2015 Domestic E&P Reserves Scorecard, which comprised 49 domestic-focused Junior and Intermediate E&P companies, and Birchcliff stood #1 on their 2015 Reserves Ranking.

For full details regarding Birchcliff's FD&A costs and recycle ratios, please see our press release of February 10, 2016, a copy of which is available at www.sedar.com.

SHAREHOLDER SUPPORT

We thank Mr. Seymour Schulich, our largest shareholder, for his leadership, unwavering commitment and his ongoing support. It is this kind of leadership that keeps our staff motivated and focused on the execution of our business plan.

Mr. Schulich holds 42 million common shares representing 27.6% of the current issued and outstanding common shares.

OUTLOOK

We remain focused on our strategy – growth by the drill bit in our core area of the Peace River Arch of Alberta. Our strategy is to continue to develop and expand our two very large resource plays, the Montney/Doig Natural Gas Resource Play and the Charlie Lake Light Oil Resource Play, while maintaining low capital costs and operating costs. These resource plays are large enough to provide us with an extensive inventory of repeatable, consistent, low-cost and low-risk drilling opportunities that we expect will provide production and reserves growth for many years. Our strategy is based on the fact that we operate essentially all of our production, our current ownership of large contiguous blocks of high working interest land in our operating areas and our 100% ownership of our major facilities and infrastructure. We continue to reduce our costs and control our capital expenditures primarily because we control the majority of our infrastructure. We continue to focus on improving our execution, reducing our costs and increasing our reserves, all leading to improved capital efficiency and internal rates of return. Due to the combination of industry conditions, the hard work of our people, various cost reduction initiatives and efficient project execution, we have seen a material reduction in our drilling and completion costs. In addition, our already low operating costs on a per boe basis have been reduced to record low levels.

Our production remains very strong and the majority of our Montney/Doig horizontal natural gas wells are outperforming our original internal forecasts. We are well into the execution of the 2016 Capital Program, which is designed to achieve modest production growth, while further progressing the Phase V expansion of the PCS Gas Plant to provide for future growth. Our 2016 annual average production is expected to be 40,000 to 41,000 boe per day, representing a range of 3% to 5% growth over our annual average of 38,950 per day in 2015, notwithstanding the sale of miscellaneous assets in our Progress area including 600 boe per day of production which closed in April 2016. This production guidance also reflects the fact that we are scheduled to conduct a major turnaround operation at the PCS Gas Plant for approximately 10 days this summer.

The borrowing base under the Credit Facilities was recently re-determined at \$750 million. The fact that the borrowing base under the Credit Facilities was re-determined at \$750 million is a good testament to the strength of our reserves, especially when recent natural gas prices have been very low and we are unhedged.

As a result of these attributes, we believe that Birchcliff is well positioned to withstand the current commodity price environment. The production from the majority of our Montney/Doig horizontal natural gas wells are outperforming our original internal forecasts and we had record quarterly average production during the first quarter of 2016 (**Strong Production**). We had record low operating costs and general and administrative expense per boe during the first quarter of 2016 (**Record Low Operating and G&A Costs per boe**). In addition to cost reductions resulting from industry conditions, we have also initiated technical and operational advancements that have resulted in sustainable cost reductions (**Cost Reductions**). We have financial flexibility with our \$750 million revolving credit facilities that do not

contain any financial covenants (**Financial Flexibility**). We continue to make major investments in our infrastructure, and at the same time, we are attempting to live within our funds flow (**Investment in Infrastructure**). We have long-term shareholders who continue to support Birchcliff notwithstanding the significant changes in our business environment (**Seymour Schulich**).

Thank you to all of our shareholders for your support and to our staff who continue to go that extra mile for the benefit of all of us.

With Respect,

(signed) *"A. Jeffery Tonken"*

President and Chief Executive Officer
Birchcliff Energy Ltd.

ABBREVIATIONS

AECO	physical storage and trading hub for natural gas on the TransCanada Alberta transmission system which is the delivery point for various benchmark Alberta index prices
bbl	barrel
bbls	barrels
boe	barrel of oil equivalent
GJ	gigajoule
IFRS	International Financial Reporting Standards
Mcf	thousand cubic feet
Mcfe	thousand cubic feet of gas equivalent
MMcf	million cubic feet
NGL	natural gas liquids
WTI	West Texas Intermediate oil at Cushing, Oklahoma, the benchmark for North American crude oil pricing
000s	thousands
\$000s	thousands of dollars
MM\$	millions of dollars

NON-GAAP MEASURES

This press release uses “funds flow”, “funds flow from operations”, “funds flow per common share”, “netback”, “operating netback”, “estimated operating netback”, “funds flow netback”, “operating margin”, “total cash costs” and “total debt”. These measures do not have standardized meanings prescribed by GAAP and therefore may not be comparable to similar measures presented by other companies where similar terminology is used. Management believes that these non-GAAP measures assist management and investors in assessing Birchcliff’s profitability, efficiency, liquidity and overall performance. Each of these measures is discussed in further detail below.

“Funds flow” and “funds flow from operations” denote cash flow from operating activities before the effects of decommissioning expenditures and changes in non-cash working capital. “Funds flow per common share” denotes funds flow divided by the basic or diluted weighted average number of common shares outstanding for the period. Management believes that funds flow, funds flow from operations and funds flow per common share assists management and investors in assessing Birchcliff’s profitability, as well as its ability to generate the cash necessary to fund future growth through capital investments, pay dividends on preferred shares and repay debt. The following table provides a reconciliation of cash flow from operating activities, as determined in accordance with IFRS, to funds flow from operations:

<i>(\$000s)</i>	Three months ended March 31, 2016	Three months ended March 31, 2015
Cash flow from operating activities	20,747	39,027
Adjustments:		
Decommissioning expenditures	577	280
Change in non-cash working capital	(629)	(2,587)
Funds flow from operations	20,695	36,720

“Netback” and “operating netback” denote petroleum and natural gas revenue less royalties, less operating expenses and less transportation and marketing expenses. “Estimated operating netback” of the PCS Gas Plant (and the components thereof) is based upon certain cost allocations and accruals directly attributable to the PCS Gas Plant and related wells and infrastructure on a production month basis. “Funds flow netback” denotes petroleum and natural gas revenue less royalties, less operating expenses, less transportation and marketing expenses, less net general and administrative expenses, less interest expenses and less any realized losses (plus realized gains) on financial instruments and plus any other cash income sources. All netbacks are calculated on a per unit basis. Management believes that netback, operating netback, estimated operating netback and funds flow netback assists management and investors in assessing Birchcliff’s profitability and its operating results on a per unit basis to better analyze its performance against prior periods on a comparable basis.

“Operating margin” for the PCS Gas Plant is calculated by dividing the estimated operating netback for the period by the petroleum and natural gas revenue for the period. Management believes that operating margin assists management and investors in assessing the profitability and efficiency of the PCS Gas Plant and Birchcliff’s ability to generate operating cash flows (equal to petroleum and natural gas revenue less royalties, less operating expenses and less transportation and marketing expenses).

“Total cash costs” are comprised of royalty, operating, transportation and marketing, general and administrative and interest expenses. Total cash costs are calculated on a per boe basis. Management believes that total cash costs assists management and investors in assessing Birchcliff’s efficiency and overall cash cost structure.

“Total debt” is calculated as the revolving term credit facilities plus working capital deficit. Management believes that total debt assists management and investors in assessing Birchcliff’s liquidity. The following table provides a reconciliation of the revolving term credit facilities, as determined in accordance with IFRS, to total debt:

<i>As at, (\$000s)</i>	March 31, 2016	December 31, 2015
Revolving term credit facilities	647,359	622,074
Working capital deficit	42,779	21,538
Total debt	690,138	643,612

ADVISORIES

Currency

All amounts in this press release are stated in Canadian dollars unless otherwise specified.

Boe Conversions

Boe amounts have been calculated by using the conversion ratio of 6 Mcf of natural gas to 1 bbl of oil. 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. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

Mcfe Conversions

Mcfe amounts have been calculated by using the conversion ratio of 1 bbl of oil to 6 Mcf of natural gas. Mcfe 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. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

Operating Costs

References in this press release to “operating costs” exclude transportation and marketing costs.

Drilling Locations

This press release discloses potential net future drilling locations in three categories: (i) proved locations; (ii) probable locations; and (iii) unbooked locations. Proved locations and probable locations are proposed drilling locations identified in the reserves estimation and economic evaluation prepared by Birchcliff’s independent qualified reserves evaluator, Deloitte LLP, in respect of Birchcliff’s oil and gas properties effective December 31, 2015 (the “**2015 Reserves Evaluation**”) that have proved and/or probable reserves, as applicable, attributed to them in the 2015 Reserves Evaluation. Unbooked locations are internal estimates based on Birchcliff’s prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal technical analysis review. Unbooked locations have been identified by management based on evaluation of applicable geologic, seismic, engineering, production and reserves information. Unbooked locations do not have proved or probable reserves attributed to them in the 2015 Reserves Evaluation. Of the 3,807.2 net existing horizontal wells and potential net future horizontal drilling locations identified herein, 505.2 are proved locations, 193.6 are probable locations, 698.8 are proved plus probable locations and 3,108.4 are unbooked locations.

Birchcliff’s ability to drill and develop these locations and the drilling locations on which Birchcliff actually drills wells depends on a number of uncertainties and factors, including, but not limited to, the availability of capital, equipment and personnel, oil and natural gas prices, capital and operating costs, inclement weather, seasonal restrictions, drilling results, additional geological, geophysical and reservoir information that is obtained, production rate recovery, gathering system and transportation constraints, net price received for commodities produced, regulatory approvals and regulatory changes. As a result of these uncertainties, there can be no assurance that the potential future drilling locations Birchcliff has

identified will ever be drilled or if Birchcliff will be able to produce oil, NGL or natural gas from these or any other potential drilling locations. As such, Birchcliff's actual drilling activities may materially differ from those presently identified, which could adversely affect Birchcliff's business. While certain of the unbooked drilling locations have been derisked by drilling existing wells in relative close proximity to such unbooked drilling locations, some of the other unbooked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional proved or probable reserves, resources or production.

Oil and Gas Metrics

This press release contains certain oil and gas metrics, including FD&A costs, recycle ratios and netbacks, which do not have standardized meanings or standard methods of calculation and therefore such measures may not be comparable to similar measures used by other companies and should not be used to make comparisons. Such metrics have been included herein to provide readers with additional measures to evaluate Birchcliff's performance; however, such measures are not reliable indicators of the future performance of Birchcliff and future performance may not compare to the performance in previous periods and therefore such metrics should not be unduly relied upon.

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 Birchcliff'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", "estimated", "forecast", "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: Birchcliff's plans and other aspects of its anticipated future operations, management focus, strategies, priorities and goals; performance characteristics of Birchcliff's oil and natural gas properties; Birchcliff's belief that it is well positioned to survive the downturn; Birchcliff's production guidance for 2016, including its estimates of its annual average production for 2016 and 2016 annual average production growth; the 2016 Capital Program, including planned capital expenditures, Birchcliff's plan to drill a total of 13 (13.0 net) wells, the objectives of and anticipated results from the 2016 Capital Program and the flexibility of the 2016 Capital Program and Birchcliff's ability to further defer capital expenditures in the event that actual commodity prices are materially less than what it has forecast; Birchcliff's proposed exploration and development activities and the timing thereof, including wells to be drilled and brought on production; Birchcliff's expectation that its capital expenditures for 2016 will approximate its funds flow during 2016 and the proceeds from the Progress Disposition; the proposed expansion of the PCS Gas Plant, including the anticipated processing capacity of the PCS Gas Plant after such expansion, the anticipated timing of such expansion and the estimated cost to achieve such expansion; Birchcliff's flexibility; the anticipated use of proceeds from the Progress Disposition; Birchcliff's expectation that its total debt at year-end 2016 will approximate its total debt at March 31, 2016; estimates of potential future drilling locations; Birchcliff's inventory of drilling opportunities is expected to provide it with production and reserves growth for many years; Birchcliff's ability to find opportunities to reduce costs and defer certain capital expenditures; and the impact of the MRF on Birchcliff.

The forward-looking information contained in this press release is based upon certain expectations and assumptions, including: prevailing and future commodity prices, currency exchange rates, interest rates, inflation rates, royalty rates and tax rates; the state of the economy and the exploration and production business; the economic and political environment in which Birchcliff operates; the regulatory framework regarding royalties, taxes and environmental laws; anticipated timing and results of capital expenditures; the sufficiency of budgeted capital expenditures to carry out planned operations; results of operations; operating, transportation, marketing and general and administrative costs; the performance of existing and future wells, well production rates and well decline rates; well drainage areas; success rates for future drilling; reserves and resource volumes and Birchcliff's ability to replace and expand oil and gas reserves through acquisition, development or exploration; the impact of competition; the availability of, demand for and cost of labour, services and materials; Birchcliff's ability to access capital; the ability to obtain financing on acceptable terms; the ability to obtain any necessary regulatory approvals in a timely manner; the ability of Birchcliff to secure adequate transportation for its products; and Birchcliff's ability to market oil and gas. In addition, Birchcliff has made the following key assumptions with respect to certain forward-looking information contained in this press release:

- With respect to statements regarding the 2016 Capital Program, the key assumption is that Birchcliff realizes the annual average production target of 40,000 to 41,000 boe per day. In addition, the 2016 Capital Program is based on the following commodity price and exchange rate assumptions during 2016: an annual average WTI price of US\$43.00 per barrel of oil; an AECO price of CDN\$1.90 per GJ of natural gas; and an exchange rate of CDN\$/US\$ of 1.29. Birchcliff will continue to monitor economic conditions and commodity prices and may further adjust the 2016 Capital Program to respond to changes in commodity prices and other material changes in the assumptions underlying the 2016 Capital Program. In addition, Birchcliff may make adjustments to its other activities as appropriate. Actual spending may vary due to a variety of factors, including commodity prices, economic conditions, results of operations and costs of labour, services and material.
- With respect to statements that Birchcliff expects that its capital expenditures for 2016 will approximate funds flow during 2016 and the proceeds from the Progress Disposition and that its total debt at year-end 2016 will approximate its total debt at March 31, 2016, the key assumptions are that: the 2016 Capital Program will be carried out as currently contemplated; and Birchcliff realizes the annual average production target of 40,000 to 41,000 boe per day. In addition, the foregoing statements are based on the following commodity price and exchange rate assumptions during 2016: an annual average WTI price of US\$43.00 per barrel of oil; an AECO price of CDN\$1.90 per GJ of natural gas; and an exchange rate of CDN\$/US\$ of 1.29.
- With respect to statements of future wells to be drilled and brought on production and estimates of potential future drilling locations, the key assumptions are: the continuing validity of the geological and other technical interpretations performed by Birchcliff's technical staff, which indicate that commercially economic volumes can be recovered from Birchcliff's lands as a result of drilling future wells; and that commodity prices and general economic conditions will warrant proceeding with the drilling of such wells.
- With respect to estimates as to Birchcliff's annual average production for 2016 and 2016 annual average production growth, the key assumptions are that: the 2016 Capital Program will be carried out as currently contemplated; no unexpected outages occur in the infrastructure that Birchcliff relies on to produce its wells and that any transportation service curtailments or unplanned outages that occur will be short in duration or otherwise insignificant; the construction of new infrastructure meets timing and operational expectations; existing wells continue to meet production

expectations; and future wells scheduled to come on production meet timing, production and capital expenditure expectations.

- With respect to statements regarding the proposed expansion of the PCS Gas Plant, including the anticipated processing capacity of the PCS Gas Plant after such expansion and the anticipated timing of such expansion, the key assumptions are that: future drilling is successful; there is sufficient labour, services and equipment available; Birchcliff will have access to sufficient capital to fund those projects; the key components of the plant will operate as designed; and commodity prices and general economic conditions will warrant proceeding with the construction of such facilities and the drilling of associated wells.

Undue reliance should not be placed on forward-looking information, as there can be no assurance that the plans, intentions, expectations or assumptions upon which they are based will occur. Although Birchcliff believes that the expectations and assumptions reflected in the forward-looking information 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 and uncertainties that could cause actual results to differ materially from those anticipated, including, but not limited to: general economic, market and business conditions which will, among other things, impact the demand for and market prices of Birchcliff's products and Birchcliff's access to capital; volatility of crude oil and natural gas prices; fluctuations in currency and interest rates; operational risks and liabilities inherent in oil and natural gas operations; uncertainties associated with estimating oil and natural gas reserves and resources; the accuracy of oil and natural gas reserves estimates and estimated production levels as they are affected by exploration and development drilling and estimated decline rates; geological, technical, drilling, construction and processing problems; uncertainty of geological and technical data; changes in tax laws, crown royalty rates, environmental laws and incentive programs relating to the oil and gas industry and other actions by government authorities, including changes to the royalty and carbon tax regimes and the imposition or reassessment of taxes; the cost of compliance with current and future environmental laws; political uncertainty and uncertainty associated with government policy changes; uncertainties and risks associated with pipeline restrictions and outages to third-party infrastructure that could cause disruptions to production; the inability to secure adequate production transportation for Birchcliff's products; the occurrence of unexpected events such as fires, equipment failures and other similar events affecting Birchcliff or other parties whose operations or assets directly or indirectly affect Birchcliff; potential delays or changes in plans with respect to exploration or development projects or capital expenditures; stock market volatility; loss of market demand; environmental risks, claims and liabilities; incorrect assessments of the value of acquisitions and exploration and development programs; shortages in equipment and skilled personnel; uncertainties associated with the outcome of litigation or other proceedings involving Birchcliff; competition for, among other things, capital, acquisitions of reserves, undeveloped lands, equipment and skilled personnel; discretion in the use of the proceeds from the Progress Disposition; and uncertainties associated with credit facilities and counterparty credit risk.

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 Birchcliff'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. Birchcliff 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 Birchcliff's plans or expectations, except as otherwise required by applicable securities laws.

Any "financial outlook" contained in this press release, as such term is defined by applicable securities laws, 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.

About Birchcliff:

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 and cumulative redeemable preferred shares, Series A and Series C are listed for trading on the Toronto Stock Exchange under the symbols "BIR", "BIR.PR.A" and "BIR.PR.C", respectively.

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