

BIRCHCLIFF ANNOUNCES THIRD QUARTER 2017 RESULTS AND APPOINTMENT OF NEW DIRECTOR

Calgary, Alberta – Birchcliff Energy Ltd. (“Birchcliff”) (TSX: BIR) is pleased to announce its third quarter 2017 results, with record quarterly average production of 65,276 boe/d and quarterly funds flow from operations of \$64.4 million. Quarterly average production is up 20% and funds flow from operations is up 55% as compared to the third quarter of 2016. The full text of Birchcliff’s Third Quarter 2017 Report containing the unaudited interim condensed financial statements for the three and nine month periods ended September 30, 2017 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.

“Birchcliff had a strong third quarter in 2017. Our per unit operating costs have been trending lower since the first quarter of 2017 and are 8% lower compared to the second quarter of 2017. We had record quarterly average production of 65,276 boe/d, notwithstanding the sale of our Worsley Charlie Lake Light Oil Pool which closed on August 31, 2017 and planned turnarounds that were successfully conducted at our major facilities in Pouce Coupe and Gordondale. Our 80 MMcf/d Phase V expansion of our Pouce Coupe gas plant recently came on-stream ahead of schedule and on budget and the plant is currently running efficiently at near-maximum design throughput,” commented Jeff Tonken, President and Chief Executive Officer of Birchcliff. “To date in 2017, we have completed a series of asset sales for total proceeds to Birchcliff of approximately \$148 million (before adjustments), the proceeds of which have helped fund our 2017 capital expenditure program. As a result of these asset sales, we can focus on our properties in Pouce Coupe and Gordondale, whose profitable growth is the driver of our returns to shareholders. In addition, we expect lower total cash costs on a per unit basis, together with record quarterly production, in the fourth quarter of 2017.”

Third Quarter 2017 Highlights

Highlights of the third quarter include the following:

- Record quarterly average production of 65,276 boe/d, a 20% increase from 54,538 boe/d in the third quarter of 2016. Production consisted of approximately 79% natural gas and 21% light oil and NGLs as compared to 81% natural gas and 19% light oil and NGLs in the third quarter of 2016.
- Quarterly funds flow from operations of \$64.4 million, or \$0.24 per basic common share, a 55% increase and a 33% increase, respectively, from \$41.7 million and \$0.18 per basic common share in the third quarter of 2016.
- Birchcliff recorded a net loss to common shareholders of \$121.7 million (\$0.46 per basic common share), as compared to the net loss to common shareholders of \$2.1 million (\$0.01 per basic common share) in the third quarter of 2016. Included in the net loss is an after-tax book loss of \$132.3 million (\$22.04/boe) resulting from the sale of Birchcliff’s Worsley Charlie Lake Light Oil Pool which closed on August 31, 2017.
- Operating costs of \$4.27/boe, an 8% decrease from \$4.67/boe in the second quarter of 2017 and \$4.65/boe in the third quarter of 2016.
- General and administrative expense of \$0.82/boe, a 23% decrease from \$1.07/boe in the third quarter of 2016.
- Interest expense of \$1.15/boe, a 29% decrease from \$1.61/boe in the third quarter of 2016.
- Net capital expenditures of \$12.1 million for the three months ended September 30, 2017 and \$257.5 million for the nine months ended September 30, 2017.
- At September 30, 2017, Birchcliff’s long-term bank debt was \$585.3 million and its total debt was \$666.8 million.

- The 80 MMcf/d Phase V expansion of Birchcliff's 100% owned and operated natural gas processing plant in Pouce Coupe (the "**Pouce Coupe Gas Plant**") was successfully brought on-stream ahead of schedule and on budget, increasing the total processing capacity of the plant to 260 MMcf/d from 180 MMcf/d. The Pouce Coupe Gas Plant is currently running efficiently at near-maximum design throughput.
- Planned turnarounds were successfully conducted at Birchcliff's major facilities in Pouce Coupe and Gordondale, as well as at AltaGas' owned and operated natural gas processing facility located in Gordondale.
- Birchcliff drilled a total of 9 (9.0 net) wells in the third quarter of 2017, consisting of 6 (6.0 net) Montney/Doig horizontal natural gas wells in Pouce Coupe, 1 (1.0 net) Montney/Doig vertical science and technology well in Pouce Coupe and 2 (2.0 net) Montney horizontal oil wells in Gordondale.
- During the third quarter of 2017, Birchcliff completed the disposition of its Worsley Charlie Lake Light Oil Pool for total proceeds of approximately \$100 million (before adjustments) (\$90 million in cash; \$10 million in securities).

For further information regarding Birchcliff's financial and operational results for the third quarter of 2017, please see the President's Message from the Third Quarter 2017 Report, the full text of which is attached hereto.

2017 Guidance and 2018 Preliminary Outlook

- Birchcliff is re-affirming its 2017 fourth quarter average production guidance of 79,000 to 80,000 boe/d and its 2017 annual average production guidance of 67,000 to 68,000 boe/d.
- Although Birchcliff's 2018 capital expenditure plans have not yet been finalized, Birchcliff anticipates spending in the range of \$250 million to \$450 million during 2018, depending on commodity prices and other factors. Birchcliff expects that it will target a capital budget that is driven by funds flow from operations.
- Birchcliff expects to release on February 14, 2018 its unaudited financial results, reserves and F&D costs for the year ended December 31, 2017, as well as the details regarding its 2018 capital expenditure plans, 2018 guidance and updated five year plan.

Intention to Implement Normal Course Issuer Bid

- Birchcliff intends to make an application to the Toronto Stock Exchange to implement a normal course issuer bid. Such normal course issuer bid will be subject to the acceptance of the Toronto Stock Exchange.

Appointment of New Director

- Effective November 8, 2017, Ms. Debbie Gerlach has been appointed to the board of directors of Birchcliff.

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 from operations", "funds flow per common share", "operating netback", "estimated operating netback", "funds flow netback", "operating margin", "total cash costs", "adjusted working capital deficit (surplus)" and "total debt", which do not have standardized meanings prescribed by GAAP. For further information regarding these non-GAAP measures, including reconciliations to the most directly comparable GAAP measure, please see "Non-GAAP Measures".

THIRD QUARTER 2017 FINANCIAL AND OPERATIONAL HIGHLIGHTS

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
OPERATING				
Average daily production				
Light oil – (bbls)	6,316	4,504	6,247	3,417
Natural gas – (Mcf)	308,748	263,652	299,240	233,198
NGLs – (bbls)	7,503	6,092	7,751	3,086
Total – boe	65,276	54,538	63,871	45,370
Average sales price (\$ CDN) ⁽¹⁾				
Light oil – (per bbl)	55.62	52.12	59.38	47.13
Natural gas – (per Mcf)	2.11	2.53	2.76	2.04
NGLs – (per bbl)	27.67	25.82	30.31	32.69
Total – boe	18.55	19.40	22.40	16.25
NETBACK AND COST (\$/boe)				
Petroleum and natural gas revenue ⁽¹⁾	18.56	19.41	22.41	16.26
Royalty expense	(0.63)	(1.45)	(1.12)	(0.86)
Operating expense	(4.27)	(4.65)	(4.70)	(4.01)
Transportation and marketing expense	(2.65)	(2.50)	(2.60)	(2.38)
Operating netback	11.01	10.81	13.99	9.01
General & administrative expense, net	(0.82)	(1.07)	(0.98)	(1.19)
Interest expense	(1.15)	(1.61)	(1.22)	(1.81)
Realized gain on financial instruments	1.69	0.18	0.87	0.07
Funds flow netback	10.73	8.31	12.66	6.08
Stock-based compensation expense, net	(0.22)	(0.12)	(0.18)	(0.14)
Depletion and depreciation expense	(6.99)	(8.08)	(7.33)	(8.54)
Accretion expense	(0.13)	(0.12)	(0.14)	(0.14)
Amortization of deferred financing fees	(0.07)	(0.06)	(0.06)	(0.06)
Gain (loss) on sale of assets	(30.19)	0.09	(11.46)	(0.84)
Unrealized gain (loss) on financial instruments	(0.36)	0.01	1.10	0.01
Dividends on Series C preferred shares	(0.15)	(0.17)	(0.15)	(0.21)
Income tax recovery (expense)	7.27	(0.07)	1.39	0.91
Net loss	(20.11)	(0.21)	(4.17)	(2.93)
Dividends on Series A preferred shares	(0.16)	(0.20)	(0.18)	(0.24)
Net loss to common shareholders	(20.27)	(0.41)	(4.35)	(3.17)
FINANCIAL				
Petroleum and natural gas revenue (\$000s) ⁽¹⁾	111,488	97,365	390,793	202,129
Funds flow from operations (\$000s)	64,430	41,675	220,672	75,637
Per common share – basic (\$)	0.24	0.18	0.83	0.42
Per common share – diluted (\$)	0.24	0.18	0.82	0.42
Net loss (\$000s)	(120,743)	(1,064)	(72,800)	(36,420)
Net loss to common shareholders (\$000s)	(121,743)	(2,064)	(75,800)	(39,420)
Per common share – basic (\$)	(0.46)	(0.01)	(0.29)	(0.22)
Per common share – diluted (\$)	(0.46)	(0.01)	(0.29)	(0.22)
Common shares outstanding (000s)				
End of period – basic	265,789	263,065	265,789	263,065
End of period – diluted	283,106	279,826	283,106	279,826
Weighted average common shares for period – basic	265,490	229,287	264,976	178,155
Weighted average common shares for period – diluted	267,988	234,295	267,946	180,681
Dividends on common shares (\$000s)	6,635	-	19,874	-
Dividends on Series A preferred shares (\$000s)	1,000	1,000	3,000	3,000
Dividends on Series C preferred shares (\$000s)	875	875	2,625	2,625
Capital expenditures, net (\$000s)	12,136	599,715	257,456	699,547
Revolving term credit facilities (\$000s)	585,323	634,534	585,323	634,534
Adjusted working capital deficit (surplus) (\$000s)	81,485	(22,454)	81,485	(22,454)
Total debt (\$000s)	666,808	612,080	666,808	612,080

(1) Excludes the effects of hedges using financial instruments but includes the effects of fixed price physical delivery contracts.

PRESIDENT'S MESSAGE FROM THE THIRD QUARTER 2017 REPORT

November 8, 2017

Fellow Shareholders,

We are pleased to report the third quarter financial and operational results for Birchcliff Energy Ltd. ("**Birchcliff**") for the three and nine month periods ended September 30, 2017.

Third Quarter 2017 Highlights

We had a strong third quarter in 2017, with record quarterly average production of 65,276 boe/d and quarterly funds flow from operations of \$64.4 million. Highlights of the third quarter include the following:

- We had record quarterly average production of 65,276 boe/d, a 20% increase from 54,538 boe/d in the third quarter of 2016. Production consisted of approximately 79% natural gas and 21% light oil and NGLs as compared to 81% natural gas and 19% light oil and NGLs in the third quarter of 2016.
- We had quarterly funds flow from operations of \$64.4 million, or \$0.24 per basic common share, a 55% increase and a 33% increase, respectively, from \$41.7 million and \$0.18 per basic common share in the third quarter of 2016.
- We recorded a net loss to common shareholders of \$121.7 million (\$0.46 per basic common share), as compared to the net loss to common shareholders of \$2.1 million (\$0.01 per basic common share) in the third quarter of 2016. Included in the net loss is an after-tax book loss of \$132.3 million (\$22.04/boe) resulting from the sale of our Worsley Charlie Lake Light Oil Pool which closed on August 31, 2017.
- Our operating costs were \$4.27/boe, an 8% decrease from \$4.67/boe in the second quarter of 2017 and \$4.65/boe in the third quarter of 2016.
- Our general and administrative expense was \$0.82/boe, a 23% decrease from \$1.07/boe in the third quarter of 2016.
- Our interest expense was \$1.15/boe, a 29% decrease from \$1.61/boe in the third quarter of 2016.
- We had net capital expenditures of \$12.1 million for the three months ended September 30, 2017 and \$257.5 million for the nine months ended September 30, 2017.
- At September 30, 2017, our long-term bank debt was \$585.3 million and our total debt was \$666.8 million.
- The 80 MMcf/d Phase V expansion of our 100% owned and operated natural gas processing plant in Pouce Coupe (the "**Pouce Coupe Gas Plant**") was successfully brought on-stream ahead of schedule and on budget, increasing the total processing capacity of the plant to 260 MMcf/d from 180 MMcf/d. The Pouce Coupe Gas Plant is currently running efficiently at near-maximum design throughput.
- Planned turnarounds were successfully conducted at our major facilities in Pouce Coupe and Gordondale, as well as at AltaGas' owned and operated natural gas processing facility located in Gordondale (the "**AltaGas Facility**").
- We drilled a total of 9 (9.0 net) wells in the third quarter of 2017, consisting of 6 (6.0 net) Montney/Doig horizontal natural gas wells in Pouce Coupe, 1 (1.0 net) Montney/Doig vertical science and technology well in Pouce Coupe and 2 (2.0 net) Montney horizontal oil wells in Gordondale.
- During the third quarter of 2017, we completed the disposition of our Worsley Charlie Lake Light Oil Pool for total proceeds of approximately \$100 million (before adjustments) (\$90 million in cash; \$10 million in securities).

For further information regarding our financial and operational results for the third quarter of 2017, please see "*Third Quarter 2017 Financial and Operational Results*" below.

THIRD QUARTER 2017 FINANCIAL AND OPERATIONAL RESULTS

Production

Production for the third quarter of 2017 averaged 65,276 boe/d, notwithstanding: (i) the sale of our Worsley Charlie Lake Light Oil Pool which represented forecast 2017 average production of approximately 3,100 boe/d and was only included in our production until August 31, 2017; and (ii) the planned turnarounds that were conducted at our major facilities in Pouce Coupe and Gordondale, as well as at the AltaGas Facility.

Our 2017 third quarter average production represents a 20% increase over our quarterly average production of 54,538 boe/d in the third quarter of 2016. The increase in production is primarily attributable to the production from our assets in Gordondale which reflect volumes reported for the full quarter, as well as our 2017 capital drilling program which resulted in incremental production from new horizontal wells brought on production in Pouce Coupe and Gordondale. Production in the third quarter of 2017 was also positively impacted by incremental volumes from new Montney/Doig horizontal natural gas wells brought on-stream to Phase V of the Pouce Coupe Gas Plant, which came on-stream in September 2017.

Production consisted of approximately 79% natural gas, 10% light oil and 11% NGLs in the third quarter of 2017 as compared to 81% natural gas, 8% light oil and 11% NGLs in the third quarter of 2016. The change in the corporate production mix was as a result of the more heavily-weighted oil and NGLs production attributed to our assets in Gordondale.

Funds Flow from Operations and Net Loss

Funds flow from operations was \$64.4 million, or \$0.24 per basic common share, a 55% increase and a 33% increase, respectively, from \$41.7 million and \$0.18 per basic common share in the third quarter of 2016. These increases from the third quarter of 2016 were largely due to higher corporate production, partially offset by a lower average realized commodity sales price.

We had a net loss of \$120.7 million as compared to the net loss of \$1.1 million in the third quarter of 2016. We recorded a net loss to common shareholders of \$121.7 million (\$0.46 per basic common share) in the third quarter of 2017 as compared to the net loss to common shareholders of \$2.1 million (\$0.01 per basic common share) in the third quarter of 2016. These net losses are primarily attributable to the after-tax book loss of \$132.3 million (\$22.04/boe) on the sale of our Worsley Charlie Lake Light Oil Pool.

Operating Costs and General and Administrative Expense

Operating costs in the third quarter of 2017 were \$4.27/boe, an 8% decrease from \$4.65/boe in the third quarter of 2016. The decrease in operating costs per boe from the third quarter of 2016 was largely due to an increased percentage of incremental production additions in the three months ended September 30, 2017 being brought on-stream to Phase V of our Pouce Coupe Gas Plant in September 2017, the sale of our higher cost Worsley Charlie Lake Light Oil Pool and various cost reductions and infrastructure optimization initiatives implemented by Birchcliff.

General and administrative expense in the third quarter of 2017 was \$0.82/boe, a 23% decrease from \$1.07/boe in the third quarter of 2016. The decrease on a per unit basis is primarily due to an increase in corporate production.

Interest Expense

Interest expense was \$1.15/boe, a 29% decrease from \$1.61/boe in the third quarter of 2016. The decrease is primarily due to a combination of higher production, lower average effective interest rates and a lower average outstanding total credit facilities balance in the third quarter of 2017 as compared to the third quarter of 2016.

Commodity Prices

During the third quarter of 2017, the average benchmark price for WTI oil was US\$48.21/bbl, up 7% from US\$44.94/bbl during the third quarter of 2016, and the average benchmark price for natural gas sold at AECO was \$1.45/MMBtu, down 38% from \$2.32/MMBtu during the third quarter of 2016. The average corporate realized sales price during the quarter was \$18.55/boe, a 4% decrease from \$19.40/boe during the third quarter of 2016.

Pouce Coupe Gas Plant Netbacks

Approximately 58% of our total corporate natural gas production and 47% of our total corporate production was processed at our Pouce Coupe Gas Plant during the nine months ended September 30, 2017 as compared to 72% and 64%, respectively, during the nine months ended September 30, 2016. These decreases are primarily due to the increased weighting of liquids-rich production from our assets in Gordondale as a percentage of corporate production. The average plant and field operating cost for production processed through the Pouce Coupe Gas Plant for the nine months ended September 30, 2017 was \$0.35/Mcfe (\$2.07/boe) and the estimated operating netback at the Pouce Coupe Gas Plant was \$2.28/Mcfe (\$13.65/boe), resulting in an operating margin of 75%.

The following table details our average daily production and estimated operating netback for wells producing to the Pouce Coupe Gas Plant:

	Nine months ended September 30, 2017		Nine months ended September 30, 2016		Nine months ended September 30, 2015	
Average daily production, net to Birchcliff:						
Natural gas (Mcf)	173,351		168,638		159,786	
Oil & NGLs (bbls)	1,146		968		1,258	
Total boe	30,038		29,074		27,889	
AECO – C daily (\$/Mcf)⁽¹⁾	\$2.31		\$1.85		\$2.77	
Netback and cost:						
Petroleum and natural gas revenue ⁽²⁾	3.05	18.28	2.19	13.17	3.26	19.58
Royalty expense	(0.08)	(0.48)	(0.05)	(0.29)	(0.11)	(0.65)
Operating expense ⁽³⁾	(0.35)	(2.07)	(0.25)	(1.50)	(0.33)	(2.00)
Transportation and marketing expense	(0.34)	(2.08)	(0.32)	(1.95)	(0.32)	(1.91)
Estimated operating netback	\$2.28	\$13.65	\$1.57	\$9.43	\$2.50	\$15.02
Operating margin	75%	75%	72%	72%	77%	77%

(1) \$1.00/MMBtu = \$1.00/Mcf based on a standard heat value Mcf.

(2) Excludes the effects of hedges using financial instruments but includes the effects of fixed price physical delivery contracts.

(3) Represents plant and field operating costs.

Funds Flow Netback and Total Cash Costs

During the third quarter of 2017, we had funds flow netback of \$10.73/boe, a 29% increase from \$8.31/boe in the third quarter of 2016. The increase was primarily driven by a decrease in total cash costs on a per unit basis and a higher realized gain on financial hedges, partially offset by a lower average corporate realized commodity sales price in the third quarter of 2017.

During the third quarter of 2017, we had total cash costs of \$9.52/boe, a 16% decrease from \$11.28/boe in the third quarter of 2016. On a per unit basis, the decrease in total cash costs in the third quarter of 2017 was primarily driven by lower royalty, operating, general and administrative and interest expenses, partially offset by higher transportation and marketing expenses.

Capital Activities and Expenditures

During the third quarter of 2017, we had net capital expenditures of \$12.1 million. Net capital expenditures for the nine months ended September 30, 2017 were \$257.5 million.

Our capital expenditure activities during the three and nine months ended September 30, 2017 were focused on our Montney/Doig Resource Play in our Pouce Coupe and Gordondale areas. Capital expenditures were primarily

focused on drilling and completions activity, as well as spending on infrastructure related to the expansions of our Pouce Coupe Gas Plant. Our total F&D capital during the third quarter of 2017 (which excludes acquisitions, dispositions and administrative expenses) was \$105.7 million, which consisted of \$70.4 million on drilling and completions, \$32.9 million on facilities and infrastructure, \$0.9 million on land and seismic and \$1.5 million on other capital expenditures. Of the \$32.9 million spent on facilities and infrastructure, approximately \$8.2 million was spent on the Phase V and VI expansions of the Pouce Coupe Gas Plant. See “*Advisories – Capital Expenditures*”.

Drilling and Completions

Our drilling and completions activities during the third quarter of 2017 were focused on our Montney/Doig Resource Play in our Pouce Coupe and Gordondale areas. During the quarter, we drilled a total of 9 (9.0 net) wells with a 100% success rate. In Pouce Coupe, we drilled 6 (6.0 net) Montney/Doig horizontal natural gas wells, all of which were Montney D1 natural gas wells, as well as 1 (1.0 net) Montney/Doig vertical science and technology well. In Gordondale, we drilled 2 (2.0 net) Montney horizontal wells, both of which were Montney D2 oil wells. At September 30, 2017, we have successfully drilled and cased an aggregate of 346 (340.7 net) Montney/Doig horizontal wells, which includes 87 (81.8 net) wells that were acquired when we initially purchased our Gordondale assets in July 2016.

Credit Facilities and Debt

Our extendible revolving credit facilities have an aggregate principal amount of \$950 million (the “**Credit Facilities**”) and are comprised of an extendible revolving syndicated term credit facility of \$900 million (the “**Syndicated Credit Facility**”) and an extendible revolving working capital facility of \$50 million (the “**Working Capital Facility**”). The maturity date of each of the Syndicated Credit Facility and the Working Capital Facility is May 11, 2020. We may each year, at our option, request an extension to the maturity date of the Syndicated Credit Facility and the Working Capital Facility, or either of them, for an additional period of up to three years from May 11 of the year in which the extension request is made. The Credit Facilities do not contain any financial maintenance covenants.

The Credit Facilities are subject to semi-annual reviews of the borrowing base limit by our syndicate of lenders, which are typically completed in May and November of each year. The November semi-annual review of our borrowing base is currently underway and is expected to be completed on or about November 15, 2017. Birchcliff does not require any additional borrowing base capacity at this time. As such, we anticipate that our borrowing base limit will remain at \$950 million upon the completion of such review primarily as a result of the material proved developed producing reserves additions that are expected at year-end 2017.

At September 30, 2017, our long-term bank debt was \$585.3 million (September 30, 2016: \$634.5 million) from available credit facilities of approximately \$950 million (September 30, 2016: \$950 million), leaving \$342.4 million of unutilized credit capacity after adjusting for outstanding letters of credit and unamortized interest and fees. Total debt at September 30, 2017 was \$666.8 million as compared to \$612.1 million at September 30, 2016.

Risk Management

At September 30, 2017, we are committed under our financial and physical hedge contracts to the sale of 210,000 GJ/d or approximately 48% of our forecast corporate natural gas production from October 1, 2017 to December 31, 2017 at an average price of \$3.05/GJ. After taking into account our market diversification on the Dawn and Alliance system markets (see “*Financial and Operational Update*” below), approximately 65% of our forecast 2017 fourth quarter average production volumes being sold at AECO are hedged.

At September 30, 2017, we had the following AECO natural gas hedges outstanding on a quarterly basis:

	AECO (GJ/d)	AECO (\$/GJ)	Natural Gas Production Hedged (Mcf/d) ⁽¹⁾	Estimated Average Natural Gas Wellhead Price (\$/Mcf) ⁽¹⁾
Q4 2017	210,000	3.05	182,688	3.51

(1) See "Advisories" for the conversion from GJ to Mcf.

We also have outstanding financial derivative contracts for 1,500 bbls/d of crude oil production from October 1, 2017 to December 31, 2017 at an average WTI price of CDN\$69.90/bbl for 2017.

FINANCIAL AND OPERATIONAL UPDATE

Update on Asset Sales

During the third quarter of 2017, we completed the sale of our Worsley Charlie Lake Light Oil Pool on August 31, 2017 for total consideration of approximately \$100 million (before adjustments) (\$90 million in cash; \$10 million in securities of affiliates of the purchaser). Subsequent to the end of the quarter, we completed an additional disposition on October 2, 2017 for total cash consideration of \$31.7 million (before adjustments). To date in 2017, we have completed asset sales (the "Asset Sales") for total proceeds of approximately \$148 million (before adjustments) (\$138 million in cash; \$10 million in securities), representing forecast 2017 average production of approximately 3,600 boe/d.

Update on Pouce Coupe Gas Plant Expansions

Pouce Coupe Gas Plant – Phase V

During the third quarter of 2017, our 80 MMcf/d Phase V expansion of our Pouce Coupe Gas Plant was successfully brought on-stream, increasing the total processing capacity of the plant to 260 MMcf/d from 180 MMcf/d. Phase V was on budget and brought on-stream ahead of the initially scheduled on-stream date of October 1, 2017. The current throughput of the Pouce Coupe Gas Plant is 260 MMcf/d as we have filled Phase V with the new Pouce Coupe wells that we drilled during 2017. The Pouce Coupe Gas Plant is currently running efficiently at near-maximum design throughput.

Pouce Coupe Gas Plant – Phase VI

The engineering and licensing work has been completed for the 80 MMcf/d Phase VI expansion, which will increase the total processing capacity from 260 MMcf/d to 340 MMcf/d. Fabrication of the major components is underway and it is currently expected that Phase VI will be brought on-stream in October 2018. The total estimated cost for the Phase VI expansion is approximately \$46 million, of which approximately \$26 million has already been incurred and approximately \$20 million is expected to be spent in 2018.

Pouce Coupe Gas Plant – Phases VII and VIII

We have commenced the planning and initial work to further expand the total processing capacity of our Pouce Coupe Gas Plant by 150 MMcf/d to 490 MMcf/d (Phase VII) and by 100 MMcf/d to 590 MMcf/d (Phase VIII), which expansions will include deep-cut capability. It is currently expected that Phases VII and VIII will be brought on-stream in 2020 and 2021, respectively.

Update on 2017 Capital Program

Our 2017 capital expenditure program (the "2017 Capital Program") contemplates the drilling of a total of 54 (54.0 net) wells during 2017, 38 (38.0 net) in Pouce Coupe and 16 (16.0 net) in Gordondale. The following tables summarize the wells we have drilled and brought on production year-to-date, as well as the remaining wells to be drilled and brought on production during 2017:

Wells Drilled – 2017

Area	Wells drilled to-date	Remaining wells to be drilled in 2017	Total wells to be drilled in 2017
Pouce Coupe			
Montney D1 HZ Gas Wells	26	1	27
Basal Doig/Upper Montney HZ Gas Wells	7	0	7
Montney D4 HZ Gas Wells	3	0	3
Montney/Doig Vertical Science/Tech Well	1	0	1
Total – Pouce Coupe	37	1	38
Gordondale			
Montney D2 HZ Oil Wells	9	0	9
Montney D1 HZ Oil Wells	5	0	5
Montney D1 HZ Liquids Rich Gas Wells	2	0	2
Total – Gordondale	16	0	16
TOTAL – COMBINED	53	1	54

Wells Drilled and Brought on Production – 2017

Area	Wells brought on production to-date	Remaining wells to be brought on production in 2017	Total wells to be brought on production in 2017
Pouce Coupe			
Montney D1 HZ Gas Wells	17	9	26 ⁽¹⁾
Basal Doig/Upper Montney HZ Gas Wells	6	1	7
Montney D4 HZ Gas Wells	3	0	3
Montney/Doig Vertical Science/Tech Well	N/A	N/A	N/A ⁽¹⁾
Total – Pouce Coupe	26	10	36⁽¹⁾
Gordondale			
Montney D2 HZ Oil Wells	9	0	9
Montney D1 HZ Oil Wells	5	0	5
Montney D1 HZ Liquids Rich Gas Wells	2	0	2
Total – Gordondale	16	0	16
TOTAL – COMBINED	41	10	52⁽¹⁾

(1) A total of 27 Montney D1 horizontal natural gas wells are expected to be drilled in Pouce Coupe in 2017. Of these 27 wells, one well is expected to be drilled in December 2017 and will not be completed or brought on production until 2018. Accordingly, only 26 of the Montney D1 horizontal natural gas wells drilled in 2017 are expected to be brought on production during the year. In addition, the Montney/Doig vertical science and technology well will not be a producing well and will not be brought on production. Accordingly, of the 54 wells expected to be drilled during 2017, only 52 will be brought on production during 2017.

We have drilled a total of 53 (53.0 net) wells year-to-date (21 during the first quarter, 22 during the second quarter, 9 wells during the third quarter and 1 well subsequent to the end of the third quarter), all of which were successful. Of the 54 (54.0 net) wells planned to be drilled during 2017, a total of 52 wells are anticipated to be brought on production this year as one Montney D1 horizontal natural gas well is scheduled to be drilled in December 2017 and will not be brought on production until 2018 and the Montney/Doig vertical science and technology well will not be a producing well. In addition, our 2017 Capital Program also included the capital associated with the completion, equipping and tie-in of 10 wells drilled in 2016, all of which were brought on production in the first quarter of 2017. Accordingly, a total of 62 (62.0 net) wells are expected to be brought on production during 2017.

All wells drilled in 2017 were drilled on multi-well pads, which allows us to reduce our per well costs and our environmental footprint. In addition, we actively employ the evolving technology utilized by the industry regarding horizontal well drilling and the related multi-stage fracture stimulation technology.

In Pouce Coupe, there are 10 wells left to bring on production during the remainder of 2017, 4 of which have already been completed and 6 of which are awaiting completion. We anticipate that these wells will be brought on production between mid-November and late December 2017 and that they will keep our Pouce Coupe Gas Plant

full into the first quarter of 2018. In addition, we have one well left to drill in Pouce Coupe in 2017, which we plan to start drilling in December 2017. This well is expected to be completed and brought on production in 2018.

In Gordondale, we drilled 6 (6.0 net) Montney horizontal wells in the fourth quarter of 2016, 3 of which were Montney D2 oil wells and 3 of which were Montney D1 liquids-rich natural gas wells. These wells were completed, equipped and brought on production in the first quarter of 2017 and continue to meet our expectations. During 2017, we have drilled, equipped, completed and brought on production an additional 16 (16.0 net) wells and we have concluded our drilling program in Gordondale for 2017. We have drilled, cased, completed and equipped a total of 22 wells on our Gordondale assets (12 Montney D2 oil wells, 5 Montney D1 oil wells and 5 Montney D1 liquids-rich natural gas wells) since we acquired the assets in July 2016.

Update on Gordondale Montney D2 Horizontal Oil Wells

Since we acquired our Gordondale assets on July 28, 2016, we have drilled a total of 12 Montney D2 horizontal oil wells, all of which were brought on production during 2017. When we first acquired our Gordondale assets, the average production for such assets was approximately 26,000 boe/d for the first half of 2016. The 12 D2 wells, together with the 10 Montney D1 horizontal wells that we have drilled and brought on production, have replaced the natural production declines and have significantly increased the production on our Gordondale assets (currently approximately 30,000 boe/d). In addition, these 12 D2 horizontal wells have also helped us to significantly delineate, de-risk and prove the commerciality of the Montney D2 play as when we acquired the assets, there was only one D2 well that had been drilled on the play and only one offsetting D2 well.

In an effort to continuously improve our well performance and optimize our completions strategy, we have utilized three different completion systems on our Montney D2 wells drilled to date, including open hole packers, cemented sleeves fraced with coil tubing and plug and perf technology. We continue to evaluate the production results and cost efficiencies of each system in order to optimize field development in Gordondale.

Our Montney D2 horizontal well results are meeting our expectations. We anticipate significant reserve additions on our Montney D2 play at year-end 2017 due to the successful results of our drilling program in this interval.

We have been able to reduce the average drilling, completion, equipping and tie-in costs of our Montney D2 horizontal wells to approximately \$5.3 million during 2017, which is approximately \$1 million less than what we had initially budgeted at the time of our acquisition of the Gordondale assets. This has helped to significantly improve the economics of our Montney D2 wells.

Update on Science and Technology Multi-Well Pad Program

In the third quarter of 2017, we drilled a vertical science and technology well in Pouce Coupe. The well was drilled to the top of the Montney where we cut a full diameter core through the entire Montney section (approximately 300 metres). The extracted rock core will provide analytical data to increase our knowledge of rock properties, which will be incorporated in our petrophysical models and help us to more accurately represent the geology of the area. We are currently compiling all of the lab measurements and analytical data from this well. The well was drilled in the northern part of Pouce Coupe where we have drilled only a few horizontal wells to date. We are in the early stages of evaluating the data; however, the data we have received to date looks encouraging for the four different intervals to be developed in this area, being our two proven intervals (the Basal Doig/Upper Montney and the Montney D1) and our two relatively new intervals (the Montney D2 and the Montney C).

We will utilize the learnings from the vertical well to finalize the planning on the execution of a science and technology multi-well pad program in order to optimize field development and develop an improved understanding of wells drilled on the Montney/Doig Resource Play. The second phase of the program which is expected to commence in early 2018 involves the drilling, completing, equipping and bringing on production of a Montney/Doig multi-layer four well pad utilizing the reservoir learnings from the vertical well. During the completion of the 4 horizontal wells, we intend to utilize the vertical well as a seismic monitoring well to gain further insight into fracture parameters and complexity. In addition to the vertical well, we plan to install a

permanent fiber optic cable within the horizontal portion of one of the Montney horizontal wells, allowing further data to be collected on fracture parameters and ongoing production performance along the horizontal well length.

The purpose of this program is to collect high quality and high value data from the vertical well and the straddling horizontal wells, which can be used to enhance our technical capabilities and understanding with respect to the drilling, completion and production from a multi-layer resource play.

Update on Natural Gas Transportation & Marketing – Mitigation of AECO Pricing Risk and Market Diversification

We have agreements with TransCanada Pipelines (“TCPL”) for the firm service transportation of 175,000 GJ/d in aggregate (approximately 152 MMcf/d) of natural gas on TCPL’s Canadian Mainline for a ten year term, whereby natural gas will be transported from the Empress receipt point in Alberta to the Dawn trading hub located in Southern Ontario. The toll for the Empress to Dawn portion of the service is \$0.77/GJ plus fuel. The first tranche of this service (120,000 GJ/d) became available to Birchcliff on November 1, 2017, with additional tranches becoming available on November 1, 2018 (35,000 GJ/d) and November 1, 2019 (20,000 GJ/d).

In addition, we have sales agreements with a third party marketer to sell and deliver into the Alliance pipeline system: (i) approximately 40 MMcf/d of natural gas under contracts which commenced November 1, 2017 and expire March 31, 2018, 10 MMcf/d of which is sold at Alliance’s Trading Pool daily index price and 30 MMcf/d of which is sold at a Chicago index price; and (ii) approximately 5 MMcf/d of natural gas under contracts which commenced April 1, 2017 and expire October 31, 2020, which is sold at Alliance’s Trading Pool daily index price.

Virtually all of our natural gas production was previously transported on the NGTL system in Alberta and sold at AECO. Approximately 60% of our current natural gas production is being sold at AECO, with 28% being sold at the Dawn, Ontario price and 12% being marketed via the Alliance pipeline system. After taking into account our Dawn and Alliance arrangements which commenced on November 1, 2017, we expect that approximately 73% of our forecast natural gas production for the fourth quarter of 2017 will be sold at AECO, approximately 19% will be sold at the Dawn, Ontario price and approximately 8% will be sold into the Alliance pipeline system. Of the 73% we expect to sell at AECO, approximately 65% is hedged at \$3.51/Mcf.

These Dawn and Alliance arrangements will provide us with access to a more diverse portfolio of natural gas markets and reduce our exposure to prices at AECO which have been extremely volatile in recent months.

OUTLOOK AND GUIDANCE

2017 Guidance

We are re-affirming our 2017 fourth quarter average production guidance of 79,000 to 80,000 boe/d (approximately 20% oil and NGLs) and our 2017 annual average production guidance of 67,000 to 68,000 boe/d (approximately 21% oil and NGLs). The following table sets forth our guidance for 2017:

	2017 Guidance⁽¹⁾
Estimated 2017 Annual Average Production	67,000 – 68,000 boe/d
% Oil and NGLs	21%
Estimated 2017 Q4 Average Production	79,000 – 80,000 boe/d
% Oil and NGLs	20%
Estimated 2017 Q4 Operating Costs	<\$4.00/boe
Total capital expenditures	\$404 million
Net capital expenditures	\$262 million

(1) For further information regarding our guidance, including the assumptions surrounding such guidance, please see “Advisories – Forward-Looking Information” in this press release.

We have hedged approximately 50% of our forecast 2017 natural gas production at an estimated average wellhead price of \$3.47/Mcf, which helps to protect our balance sheet and our 2017 Capital Program. We expect that the

entirety of our 2017 Capital Program will be fully funded out of our forecast 2017 funds flow from operations, as well as the proceeds from the Asset Sales. The foregoing is based on our budgeted forecast average prices of approximately WTI US\$50.00 per barrel of oil and an average wellhead price for natural gas of approximately CDN\$2.75 per Mcf during 2017.

2018 Preliminary Outlook

Preliminary 2018 Capital Spending Plans

We are currently in the process of finalizing our capital expenditure plans for 2018. Although such plans have not yet been finalized, we anticipate spending in the range of \$250 million to \$450 million during 2018, depending on commodity prices and other factors. We expect that we will target a capital budget that is driven by funds flow from operations.

We expect that our 2018 capital expenditure plans will continue to focus on our Pouce Coupe and Gordondale assets, including the completion of the Phase VI expansion of our Pouce Coupe Gas Plant which will increase the total processing capacity from 260 MMcf/d to 340 MMcf/d. Assuming a \$250 million capital expenditure program, we expect that we would have annual average production of approximately 80,000 boe/d and be able to complete the construction of Phase VI. Assuming a \$450 million capital expenditure program, we expect that we would be able to drill the necessary wells to fill Phase VI and achieve exit production of approximately 100,000 boe/d.

2018 Hedging Strategy

Our current hedging strategy for 2018 is to hedge up to 50% of our estimated 2018 forecast average production using a combination of financial derivatives and physical delivery sales contracts, depending on our outlook for commodity prices and the availability of hedges on terms acceptable to Birchcliff.

Release of 2017 Results and 2018 Capital Spending Plans

On February 14, 2018, we expect to release our unaudited financial results, reserves and F&D costs for the year ended December 31, 2017, as well as the details regarding our 2018 capital expenditure plans and 2018 guidance.

Our updated five year plan is dependent on the capital we expect to spend during 2018 and will be released concurrently with our 2018 capital expenditure plans.

We expect material additions to our reserves volumes at year-end 2017 primarily as a result of the strong well performance on our Montney/Doig Resource Play and the new wells we drilled during 2017.

Intention to Implement a Normal Course Issuer Bid

We believe that within a continued volatile market environment, the prevailing market price of our common shares from time to time may not reflect the underlying value of such common shares. Accordingly, we intend to make an application to the Toronto Stock Exchange (the "TSX") to implement a normal course issuer bid (the "NCIB") whereby we would have the option to repurchase our common shares for cancellation. The NCIB will be subject to the acceptance of the TSX and, if accepted, will be made in accordance with the applicable rules and policies of the TSX and applicable securities laws. A further press release will be issued by Birchcliff if and when the TSX accepts the NCIB.

APPOINTMENT OF NEW DIRECTOR

We are pleased to announce that Ms. Debbie Gerlach, C.A., was appointed as a director of Birchcliff today. Ms. Gerlach was also appointed as a member of the Audit Committee, the Reserves Evaluation Committee and the Compensation Committee of the board of directors.

Prior to her retirement in September 2017, Ms. Gerlach was a partner with Deloitte LLP for over 21 years where she practiced in the Assurance and Advisory group. During that time, she worked with many public oil and gas companies over her 35 year career with the firm. Ms. Gerlach is a Chartered Accountant with the Chartered Professional Accountants Alberta and holds a Bachelor of Commerce Degree and a Master of Business Administration Degree, both from the University of Calgary.

Based on Ms. Gerlach's financial background and her knowledge of the oil and gas industry, we believe she will be an excellent addition to our board of directors.

THANK YOU

Seymour Schulich advised us that he sold all of his shares in Birchcliff in late September and early October 2017. Mr. Schulich was an objective sounding board and remains a friend to us at Birchcliff. We wish him the best in the future and thank him for his enthusiastic support over the last 10 years.

Our Management Team and our employees are excited, committed and remain enthusiastic about executing our long-term plan and delivering value to our shareholders. Thank you to all of our shareholders for your support and to our employees 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
bbI	barrel
bbls	barrels
bbls/d	barrels per day
boe	barrel of oil equivalent
boe/d	barrels of oil equivalent per day
F&D	finding and development
GAAP	generally accepted accounting principles
GJ	gigajoule
GJ/d	gigajoules per day
HZ	horizontal
IFRS	International Financial Reporting Standards
m ³	cubic metres
Mcf	thousand cubic feet
Mcfe	thousand cubic feet of gas equivalent
MJ	megajoules
MMbtu	million British thermal units
MMcf	million cubic feet
MMcf/d	million cubic feet per day
NGLs	natural gas liquids
NGTL	NOVA Gas Transmission Ltd.
WTI	West Texas Intermediate oil at Cushing, Oklahoma, the benchmark for North American crude oil pricing
000s	thousands
\$000s	thousands of dollars

NON-GAAP MEASURES

This press release uses “funds flow from operations”, “funds flow per common share”, “operating netback”, “estimated operating netback”, “funds flow netback”, “operating margin”, “total cash costs”, “adjusted working capital deficit (surplus)” 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 from operations” denotes 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 from operations divided by the basic or diluted weighted average number of common shares outstanding for the period. Management believes that funds flow from operations and funds flow per common share assist 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 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:

(\$000s)	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Cash flow from operating activities	70,584	22,144	198,665	49,940
Adjustments:				
Decommissioning expenditures	330	270	701	863
Change in non-cash working capital	(6,484)	19,261	21,306	24,834
Funds flow from operations	64,430	41,675	220,672	75,637

“Operating netback” denotes petroleum and natural gas revenue less royalties, less operating expenses and less transportation and marketing expenses. “Estimated operating netback” of the Pouce Coupe Gas Plant (and the components thereof) is based upon certain cost allocations and accruals directly attributable to the Pouce Coupe Gas Plant and related wells and infrastructure. “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, unless otherwise indicated. Management believes that operating netback, estimated operating netback and funds flow netback assist 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. The following table provides a breakdown of operating netback and funds flow netback:

	Three months ended September 30,				Nine months ended September 30,			
	2017		2016		2017		2016	
	(\$000s)	(\$/boe) ⁽¹⁾	(\$000s)	(\$/boe) ⁽¹⁾	(\$000s)	(\$/boe) ⁽¹⁾	(\$000s)	(\$/boe) ⁽¹⁾
Petroleum and natural gas revenue	111,488	18.56	97,365	19.41	390,793	22.41	202,129	16.26
Royalty expense	(3,779)	(0.63)	(7,298)	(1.45)	(19,456)	(1.12)	(10,734)	(0.86)
Operating expense	(25,623)	(4.27)	(23,311)	(4.65)	(82,026)	(4.70)	(49,866)	(4.01)
Transportation and marketing expense	(15,960)	(2.65)	(12,501)	(2.50)	(45,341)	(2.60)	(29,500)	(2.38)
Operating netback	66,126	11.01	54,255	10.81	243,970	13.99	112,029	9.01
General & administrative expense, net	(4,914)	(0.82)	(5,364)	(1.07)	(17,053)	(0.98)	(14,845)	(1.19)
Interest expense	(6,885)	(1.15)	(8,069)	(1.61)	(21,243)	(1.22)	(22,483)	(1.81)
Realized gain on financial instruments	10,103	1.69	853	0.18	14,998	0.87	936	0.07
Funds flow netback	64,430	10.73	41,675	8.31	220,672	12.66	75,637	6.08

(1) All per boe figures are calculated by dividing each aggregate financial amount by the production (boe) in the respective period.

“Operating margin” for the Pouce Coupe 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 Pouce Coupe 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 unit basis. Management believes that total cash costs assists management and investors in assessing Birchcliff’s efficiency and overall cash cost structure.

“Adjusted working capital deficit (surplus)” is calculated as current assets minus current liabilities excluding the effects of any financial instruments and excluding assets held for sale including associated liabilities. Management believes that adjusted working capital deficit (surplus) assists management and investors in assessing Birchcliff’s liquidity. The following table reconciles working capital deficit (current assets minus current liabilities), as determined in accordance with IFRS, to adjusted working capital deficit (surplus):

<i>As at, (\$000s)</i>	September 30, 2017	December 31, 2016	September 30, 2016
Working capital deficit (surplus)	53,566	36,928	(22,623)
Fair value of financial instruments	9,666	(9,433)	169
Assets held for sale including associated liabilities	18,253	-	-
Adjusted working capital deficit (surplus)	81,485	27,495	(22,454)

“Total debt” is calculated as the revolving term credit facilities plus adjusted working capital deficit or less adjusted working capital surplus, as the case may be. 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>	September 30, 2017	December 31, 2016	September 30, 2016
Revolving term credit facilities	585,323	572,517	634,534
Adjusted working capital deficit (surplus)	81,485	27,495	(22,454)
Total debt	666,808	600,012	612,080

ADVISORIES

Unaudited Information

All financial and operating information contained in this press release for the three and nine months ended September 30, 2017 is unaudited.

Currency

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

Operating Costs

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

Boe and Mcfe Conversions

Boe amounts have been calculated by using the conversion ratio of 6 Mcf of natural gas to 1 bbl of oil and Mcfe amounts have been calculated by using the conversion ratio of 1 bbl of oil to 6 Mcf of natural gas. Boe and Mcfe amounts may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 bbl and an Mcfe conversion ratio of 1 bbl: 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.

MMbtu Pricing Conversions

\$1.00 per MMBtu equals \$1.00 per Mcf based on a standard heat value Mcf.

Conversion from GJ to Mcf – Wellhead Price

Birchcliff receives premium pricing for its natural gas production due to its high heat content from its properties. With respect to Birchcliff's natural gas hedging contracts outstanding as of September 30, 2017, the prices have been presented in both AECO CDN \$/GJ and \$/Mcf, with the latter representing the average expected natural gas wellhead price under contract. The conversion from GJ to Mcf is based on an expected corporate average natural gas heat content value of 40.8 MJ/m³ for the period from October 1, 2017 to December 31, 2017.

Initial Production Rates

Any references in this press release to initial production rates and other short-term production rates are useful in confirming the presence of hydrocarbons; however, such rates are not determinative of the rates at which such wells will continue to produce and decline thereafter and are not indicative of the long-term performance or of the ultimate recovery of such wells.

Oil and Gas Metrics

This press release contains metrics commonly used in the oil and natural gas industry, including "operating netback" and "funds flow netback". These oil and gas metrics do not have any standardized meanings or standard methods of calculation and therefore may not be comparable to similar measures presented by other companies where similar terminology is used 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 Birchcliff's future performance and future performance may not compare to Birchcliff's performance in previous periods and therefore such metrics should not be unduly relied upon. For information on how such netbacks are calculated, please see "*Non-GAAP Measures*".

Capital Expenditures

Unless otherwise stated, references in this press release to "net capital expenditures" and "capital expenditures, net" denote F&D costs plus administrative costs plus acquisition capital, less any dispositions.

Birchcliff's guidance regarding its 2017 capital expenditures has been presented both on a total and a net basis (net of acquisitions and dispositions). Certain dispositions that have been completed at the date of this press release have been accounted for in Birchcliff's estimate of net capital expenditures. Birchcliff makes acquisitions and dispositions in the ordinary course of business. Any further acquisitions and dispositions completed during 2017 could have an impact on Birchcliff's capital expenditures, production and funds flow from operations for 2017, which impact could be material. In addition, Birchcliff's estimate of its 2017 net capital expenditures is subject to change if any unplanned acquisition and disposition activity is carried out during 2017. See also "*Advisories – Forward-Looking Information*" below.

Forward-Looking Information

Certain statements contained in this press release constitute forward-looking statements and information (collectively referred to as "**forward-looking information**") within the meaning of applicable Canadian securities laws. Such forward-looking information relates to future events or Birchcliff's future performance. All information other than historical fact may be forward-looking information. Such forward-looking information is often, but not always, identified by the use of words such as "seek", "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "forecast", "potential", "proposed", "predict", "budget", "continue", "targeting", "may", "will", "could", "might", "should" and other similar words and expressions. This information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. Birchcliff believes that the expectations reflected in the forward-looking information are reasonable in the current circumstances but no assurance can be given that these expectations will prove to be correct and such forward-looking information included in this press release should not be unduly relied upon.

In particular, this press release contains forward-looking information relating to the following: Birchcliff's plans and other aspects of its anticipated future financial performance, operations, focus, objectives, strategies, opportunities, priorities and goals; Birchcliff's expectation that it will have lower total cash costs on a per unit basis in the fourth quarter of 2017; Birchcliff's production guidance (including its estimates of its annual average and fourth quarter average production and commodity mix in 2017, Birchcliff's expectation that it will have record quarterly average production in the fourth quarter of 2017 and Birchcliff's preliminary guidance for 2018); Birchcliff's guidance regarding its 2017 Capital Program, its preliminary outlook for its capital expenditure plans and spending in 2018 and its proposed exploration and development activities and the timing thereof (including estimates of total and net capital expenditures in 2017, that Birchcliff anticipates spending in the range of \$250 million to \$450 million during 2018 and that it expects that it will target a capital budget that is driven by funds flow, the focus of and anticipated results from Birchcliff's capital expenditure programs, the number and types of wells to be drilled and brought on production, Birchcliff's science and technology multi-well pad program and Birchcliff's expectation that the entirety of the 2017 Capital Program will be fully funded out of Birchcliff's forecast funds flow from operations for 2017 and the proceeds from the Asset Sales); proposed expansions of the Pouce Coupe Gas Plant (including the anticipated processing capacities of the Pouce Coupe Gas Plant after such expansions, the anticipated timing of such expansions, the anticipated cost of and the capital required for such expansions and the timing thereof and the proposed design capabilities of such expansions); the performance characteristics of Birchcliff's oil and natural gas properties and expected results from its assets, including that the profitable growth of Birchcliff's Pouce Coupe and Gordondale properties is the driver of its returns to shareholders; Birchcliff's expectation that it will release on February 14, 2018 its unaudited financial results, reserves and F&D costs for the year ended December 31, 2017, as well as the details regarding its 2018 capital expenditure plans, 2018 guidance and updated five year plan; statements regarding Birchcliff's Credit Facilities (including the timing of semi-annual reviews and Birchcliff's expectation that its borrowing base will remain at \$950 million after the completion of the November semi-annual review); Birchcliff's marketing and transportation arrangements (including its expectation that approximately 73% of its forecast natural gas production for the fourth quarter of 2017 will be sold at AECO (of which approximately 65% is hedged), approximately 19% will be sold at the Dawn, Ontario price and approximately 8% will be sold into the Alliance pipeline system and that its Dawn and Alliance arrangements will provide it with access to a more diverse portfolio of natural gas markets and reduce Birchcliff's exposure to prices at AECO); Birchcliff's expectation that its operating costs in the fourth quarter of 2017 will be less than \$4.00/boe; statements regarding expected reserves increases at year-end 2017 (including Birchcliff's expectation that it will have material additions to its reserves volumes at year-end 2017); Birchcliff's hedging strategy (including that its current hedging strategy for 2018 is to hedge up to 50% of its estimated 2018 forecast average production using a combination of financial derivatives and physical delivery sales contracts); and statements with respect to the NCIB (including that Birchcliff intends to make an application to the TSX to implement the NCIB).

With respect to forward-looking information contained in this press release, assumptions have been made regarding, among other things: Birchcliff's ability to continue to develop its assets and obtain the anticipated benefits therefrom; prevailing and future commodity prices and differentials, currency exchange rates, interest rates, inflation rates, royalty rates and tax rates; expected funds flow from operations; Birchcliff's future debt levels; 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; the sources of funding for Birchcliff's capital expenditure programs and other activities; anticipated timing and results of capital expenditures; the sufficiency of budgeted capital expenditures to carry out planned operations; results of future operations; future 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 on Birchcliff; 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 or other approvals in a timely manner; the ability of Birchcliff to secure adequate transportation for its products; Birchcliff's ability to market oil and gas; and the availability of hedges on terms acceptable to Birchcliff.

In addition to the foregoing assumptions, Birchcliff has made the following assumptions with respect to certain forward-looking information contained in this press release:

- With respect to Birchcliff's production guidance, the key assumptions are that: Birchcliff's capital expenditure programs 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. In addition, Birchcliff's production may be affected by acquisition and disposition activity and acquisitions and dispositions could occur that may impact expected production.
- With respect to the 2017 Capital Program (including estimates of 2017 capital expenditures and statements that the entirety of the 2017 Capital Program will be fully funded out of Birchcliff's forecast 2017 funds flow from operations and the proceeds from the Asset Sales), such program is based on the following commodity price and exchange rate assumptions during 2017: an annual average WTI price of approximately US\$50.00 per bbl of oil; an average wellhead price for natural gas of approximately CDN\$2.75 per Mcf; and an exchange rate of US\$/CDN\$ of 1.30.
 - With respect to Birchcliff's estimates of capital expenditures, such estimates assume that the 2017 Capital Program will be carried out as currently contemplated. See *"Advisories – Capital Expenditures"*.
 - With respect to statements that the entirety of the 2017 Capital Program will be fully funded out of Birchcliff's forecast 2017 funds flow from operations and the proceeds from the Asset Sales, such statements assume that: the 2017 Capital Program will be carried out as currently contemplated; the production targets and commodity price assumptions set forth herein are achieved; and Birchcliff's forecast commodity mix is achieved.
 - The amount and allocation of capital expenditures for exploration and development activities by area and the number and types of wells to be drilled is dependent upon results achieved and is subject to review and modification by management on an ongoing basis throughout the year. Actual spending may vary due to a variety of factors, including commodity prices, economic conditions, results of operations and costs of labour, services and materials.
- With respect to statements of future wells to be drilled and brought on production, 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 statements regarding proposed expansions of the Pouce Coupe Gas Plant, including the anticipated processing capacities of the Pouce Coupe Gas Plant after such expansions and the anticipated timing of such expansions, 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.
- With respect to statements regarding expected reserves increases, the key assumptions are that: the production from Birchcliff's existing and future wells meet or exceed expectations; and in conducting their reserves evaluations, Birchcliff's independent reserves evaluators will concur with Birchcliff's internal technical interpretations.

Birchcliff's actual results, performance or achievements could differ materially from those anticipated in the forward-looking information as a result of both known and unknown risks and uncertainties including, but not limited to: the failure to realize the anticipated benefits of acquisitions and dispositions; 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; an inability to access sufficient capital from internal and external sources; fluctuations in the costs of borrowing; 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; 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; 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; horizontal drilling and completions techniques and the failure of drilling results to meet expectations for reserves or production; uncertainties related to Birchcliff's future potential drilling locations; changes in tax laws, crown royalty rates, environmental laws and incentive programs relating to the oil and natural 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 ability to satisfy obligations under Birchcliff's firm marketing and transportation arrangements; the inability to secure adequate production transportation for Birchcliff's products; potential delays or changes in plans with respect to exploration or development projects or capital expenditures, including delays in the completion of Birchcliff's gas plants and other facilities; 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; the absence or loss of key employees; uncertainties associated with the outcome of litigation or other proceedings involving Birchcliff; uncertainty that development activities in connection with its assets will be economical; competition for, among other things, capital, acquisitions of reserves, undeveloped lands, equipment and skilled personnel; uncertainties associated with credit facilities; counterparty credit risk; risks associated with Birchcliff's hedging program and the risk that hedges on terms acceptable to Birchcliff may not be available; risks associated with the declaration and payment of dividends, including the discretion of Birchcliff's Board of Directors to declare dividends; the failure to obtain any required approvals in a timely manner or at all; unforeseen difficulties in integrating acquired assets into Birchcliff's operations; variances in Birchcliff's actual capital costs, operating costs and economic returns from those anticipated; negative public perception of the oil and natural gas industry, including transportation, hydraulic fracturing and fossil fuels; management of Birchcliff's growth; and the availability of insurance and the risk that certain losses may not be insured.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Additional information on these and other risk factors that could affect results of operations, financial performance or financial results are included in Birchcliff's most recent Annual Information Form and in other reports filed with Canadian securities regulatory authorities.

Any future-orientated financial information and financial outlook information (collectively, "**FOFI**") contained in this press release, as such terms are defined by applicable securities laws, is provided for the purpose of providing information about management's current expectations and plans relating to the future and is subject to the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraphs. FOFI contained in this press release was made as of the date of this press release and Birchcliff disclaims any intention or obligation to update or revise any FOFI contained in this press release, whether as a result of new information, future events or otherwise, unless required by applicable law. Readers are cautioned that any FOFI contained herein should not be used for purposes other than those for which it has been disclosed herein.

Management has included the above summary of assumptions and risks related to forward-looking information provided in this press release in order to provide readers with a more complete perspective on Birchcliff's future operations. Readers are cautioned that this information may not be appropriate for other purposes.

The forward-looking information contained in this press release is expressly qualified by the foregoing cautionary statements. The forward-looking information contained in this press release is made as of the date of this press

release. Birchcliff is not under any duty to update or revise any of the forward-looking information except as expressly required by applicable securities laws.

About Birchcliff:

Birchcliff is a Calgary, Alberta based intermediate oil and natural 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.

For further information, please contact:

Birchcliff Energy Ltd.

Suite 1000, 600 – 3rd Avenue S.W.

Calgary, Alberta T2P 0G5

Tel: (403) 261-6401

Fax: (403) 261-6424

Email: info@birchcliffenergy.com

www.birchcliffenergy.com

Jeff Tonken – President and Chief Executive Officer

Bruno Geremia – Vice-President and Chief Financial Officer