13-14 November 13, 2013

BIRCHCLIFF ENERGY LTD. ANNOUNCES RECORD THIRD QUARTER FUNDS FLOW, $59 MILLION DISPOSITION, CONFIRMS 2013 PRODUCTION GUIDANCE, PROVIDES 2014 GUIDANCE AND 2018 FIVE YEAR PLAN

Calgary, Alberta - Birchcliff Energy Ltd. ("Birchcliff") (TSX: BIR) is pleased to announce excellent financial and operational results for the third quarter of 2013 with record funds flow, significant earnings and a continued decrease in per unit operating costs. Birchcliff is also pleased to announce a $59 million disposition of a non-core asset. We confirm previously announced 2013 fourth quarter and year end exit production guidance and provide 2014 preliminary guidance and the 2018 Five Year Plan. The full 2013 Third Quarter Report, containing the unaudited interim condensed financial statements for the three and nine month periods ended September 30, 2013 and the related Management's Discussion and Analysis, is available on Birchcliff's website at www.birchcliffenergy.com and will be available on SEDAR at www.sedar.com.

Current Highlights

- **Average production for October and November to date is approximately 28,000 boe per day.** Birchcliff has 14 (13.17 net) horizontal wells to bring on production before year end, including 11 (11.0 net) Montney/Doig horizontal natural gas wells, one (1.0 net) Charlie Lake horizontal light oil well and two (1.17 net) Halfway horizontal light oil wells. These wells were completed utilizing the latest multi-stage fracture stimulation technology.
- **Confirmation of 2013 production guidance.** Exit production of approximately 30,000 boe per day; and fourth quarter average production in the range of 28,000 to 29,000 boe per day.
- **$59 million asset disposition.** Birchcliff has entered into an agreement with a private company to sell non-core Progress Doe Creek assets. The sale encompasses approximately 520 boe per day of light oil production. The transaction has an effective date of May 1, 2013 and is expected to close before year end, with net proceeds of sale used to reduce debt.

Third Quarter Highlights

- **Production increased 15% to 24,662 boe per day,** an increase from 21,426 boe per day in the third quarter of 2012. On a per common share basis, production increased by 14%.
- **Funds flow increased by 53% to $43.1 million or $0.30 per common share,** up from $28.2 million or $0.20 per common share in the third quarter of 2012. Excluding a non-recurring $4.2 million non-refundable deposit, funds flow was $38.9 million or $0.27 per basic common share.
- **16th consecutive quarter of earnings. Net income of $10.2 million**, a 270% increase from $2.7 million in the third quarter of 2012.
- **Corporate operating costs of $5.66 per boe,** a 6% decrease from $6.01 per boe in the third quarter of 2012.

- **Pouce Coupe South Natural Gas Plant ("PCS Gas Plant") providing top tier operating cost performance.** In the first nine months of 2013, operating costs were approximately $0.36 per Mcfe ($2.19 per boe) at our PCS Gas Plant, where we processed 71% of our natural gas production.
- **Significant land acquisition.** Birchcliff purchased 34,560 net acres or 54.0 net sections of undeveloped land predominately in the Elmworth/Sinclair area, south of Pouce Coupe, Alberta, which is on the Montney/Doig Natural Gas Resource Play. We now hold 67,680 net acres or 105.8 net sections of land in Elmworth/Sinclair, all at 100% working interest.

2014 Preliminary Guidance

- Birchcliff expects 2014 exit production to be between 36,000 and 38,000 boe per day. The capital expenditure to achieve this production target is expected to be approximately $275 million. Details of the Corporation's 2014 Budget will be announced mid-February 2014.

2018 Five Year Plan

- Birchcliff's 2018 Five Year Plan targets a 2018 exit production rate of approximately 61,500 boe per day, comprised of approximately 320 MMcf per day of natural gas and 8,000 barrels per day of oil and natural gas liquids.
- Birchcliff expects to fund the 2018 Five Year Plan using internally generated funds flow and available credit facilities. Based on the forecast production rates and commodity process contained in the 2018 Five Year Plan, the ratio of year end debt to one year's forward funds flow is expected to decrease each year.

THIRD QUARTER FINANCIAL AND OPERATIONAL HIGHLIGHTS

	Three months ended September 30,		Nine months ended September 30,	
	2013	**2012**	**2013**	**2012**
OPERATING				
Average daily production				
Light oil – *(barrels)*	3,903	4,076	3,963	4,365
Natural gas – *(thousands of cubic feet)*	119,608	100,075	121,526	98,725
NGLs – *(barrels)*	824	671	747	689
Total – barrels of oil equivalent *(6:1)*	**24,662**	21,426	**24,965**	21,508
Average sales price *($ CDN)*				
Light oil – *(per barrel)*	102.82	82.45	92.90	84.77
Natural gas – *(per thousand cubic feet)*	2.60	2.47	3.26	2.28
NGLs – *(per barrel)*	95.58	79.74	90.00	85.11
Total – barrels of oil equivalent *(6:1)*	**32.06**	29.73	**33.30**	30.39
NETBACK AND COST *($ per barrel of oil equivalent at 6:1)*				
Petroleum and natural gas revenue	32.07	29.75	33.39	30.41
Royalty expense	(3.01)	(2.39)	(3.02)	(3.06)
Operating expense	(5.66)	(6.01)	(5.77)	(6.13)
Transportation and marketing expense	(2.44)	(2.33)	(2.43)	(2.36)
Netback	**20.96**	19.02	**22.17**	18.86
General & administrative expense, net	(1.67)	(2.03)	(2.06)	(2.79)
Interest expense	(2.14)	(2.67)	(2.48)	(2.43)
Other income	1.83	-	0.61	-
Funds flow netback	**18.98**	14.32	**18.24**	13.64
Stock-based compensation expense, net	(0.39)	(0.56)	(0.46)	(0.68)
Depletion and depreciation expense	(11.40)	(11.05)	(11.48)	(11.36)
Accretion expense	(0.26)	(0.23)	(0.23)	(0.22)
Amortization of deferred financing fees	(0.11)	(0.10)	(0.09)	(0.10)
Gain on sale of assets	-	-	-	0.66
Dividends on preferred shares, Series C	(0.46)	-	(0.15)	-
Income tax expense	(1.88)	(0.99)	(1.67)	(0.77)
Net income	**4.48**	1.39	**4.16**	1.17
Dividends on preferred shares, Series A	(0.44)	(0.29)	(0.44)	(0.10)
Net income to common shareholders	**4.04**	1.10	**3.72**	1.07
FINANCIAL				
Petroleum and natural gas revenue *($000's)*	72,762	58,643	227,545	179,205
Funds flow from operations *($000's)*(1)	43,053	28,230	124,301	80,411
Per common share – basic *($)*(1)	0.30	0.20	0.87	0.59
Per common share – diluted *($)*(1)	0.30	0.20	0.86	0.58
Net income *($000's)*	10,156	2,744	28,355	6,891
Net income to common shareholders *($000's)*(2)	9,156	2,165	25,355	6,312
Per common share – basic *($)*(2)	0.06	0.02	0.18	0.05
Per common share – diluted *($)*(2)	0.06	0.02	0.17	0.05
Common shares outstanding				
End of period – basic	142,752,160	141,534,645	142,752,160	141,534,645
End of period – diluted	163,395,946	162,945,783	163,395,946	162,945,783
Weighted average common shares for period – basic	142,548,847	141,474,489	142,206,017	135,572,012
Weighted average common shares for period – diluted	145,086,695	143,571,758	144,922,366	138,456,300
Dividends on preferred shares, Series A *($000's)*	1,000	579	3,000	579
Dividends on preferred shares, Series C (*$000's*)	1,038	-	1,038	-
Capital expenditures *($000's)*	76,186	88,099	197,582	266,766
Long-term bank debt *($000's)*	444,719	390,541	444,719	390,541
Working capital deficit *($000's)*	42,988	77,643	42,988	77,643
Total debt *($000's)*	487,707	468,184	487,707	468,184

(1) Funds flow from operations and per common share amounts are non-GAAP measures that represent cash flow from operating activities as per the Statements of Cash Flows before the effects of changes in non-cash working capital and decommissioning expenditures. Per common share amounts are calculated by dividing funds flow from operations by the weighted average number of common shares outstanding for the period.

(2) Net income to common shareholders is calculated using net income as determined in accordance with GAAP, adjusted for dividends paid on preferred shares, Series A. Per common share amounts are calculated by dividing net income to common shareholders by the weighted average number of common shares outstanding for the period.

PRESIDENT'S MESSAGE FROM THE 2013 THIRD QUARTER REPORT

November 13, 2013

Fellow Shareholders,

Birchcliff Energy Ltd. ("**Birchcliff**") is pleased to announce excellent financial and operational results for the third quarter of 2013 with record funds flow, significant earnings and a continued decrease in per unit operating costs. It is noteworthy that this is our 16^{th} consecutive quarter of generating earnings.

We continue to be on track to exit 2013 with production of approximately 30,000 boe per day; and fourth quarter average production in the range of 28,000 to 29,000 boe per day.

Average production for October and November to date is approximately 28,000 boe per day.

To September 30, 2013, Birchcliff has drilled and cased 111 (99.2 net) Montney/Doig horizontal natural gas wells, utilizing multi-stage fracture stimulation technology.

Birchcliff has 14 (13.17 net) horizontal wells to bring on production before year end, including 11 (11.0 net) Montney/Doig horizontal natural gas wells, one (1.0 net) Charlie Lake horizontal light oil well and two (1.17 net) Halfway horizontal light oil wells. These wells were completed utilizing the latest multi-stage fracture stimulation technology. These new wells are expected to provide Birchcliff with production momentum moving into the first quarter of 2014.

I am pleased to report that through land acquisitions, Birchcliff added a significant amount of 100% working interest land in its Elmworth/Sinclair area, which is south of Pouce Coupe, Alberta. This area has excellent potential for the development of our Montney/Doig Natural Gas Resource Play. Birchcliff had previously drilled three successful vertical exploration wells in this area prior to a recent land sale and now owns 67,680 net acres or 105.8 net sections of land in the Elmworth/Sinclair area, all at 100% working interest. There is currently access to existing third party infrastructure for the delineation stage of this project, but as part of our 2018 Five Year Plan, Birchcliff plans to build a 100% owned natural gas processing facility on or near these lands.

Also in 2013, we have added 12.5 (12.5 net) sections of contiguous land and additional drilling locations in the heart of our Pouce Coupe area on the Montney/Doig Natural Gas Resource Play, adjacent to our PCS Gas Plant and existing infrastructure. As a result of these land acquisitions and our 2013 successful drilling program, Birchcliff now has up to 2,106 net future potential horizontal drilling locations on the Montney/Doig Natural Gas Resource Play.

Subsequent to the end of the third quarter of 2013, Birchcliff entered into an agreement with a private company to sell non-core Progress Doe Creek assets for $59 million, subject to usual closing adjustments. The sale encompasses approximately 520 boe per day of light oil production, 2.7 million proved reserves and 4.5 million proved plus probable reserves. The transaction has an effective date of May 1, 2013 and is expected to close before year end, with net proceeds of sale used to reduce debt.

Upon the closing of the Progress Doe Creek transaction, Birchcliff will realize a significant one-time gain in net income. The sale of these assets will not result in any reduction of Birchcliff's current credit facilities.

We are focused on drilling additional Montney/Doig horizontal natural gas wells that will produce, at very low cost, to the Pouce Coupe South Natural Gas Plant (the "**PCS Gas Plant**"). We continue to decrease our per unit operating costs and generate even greater returns by utilizing excess capacity at the plant, as our costs do not significantly increase as processing volumes increase.

Our strategy is to be one of the lowest cost operators in our industry. To execute this strategy, we intend to process the vast majority of our production growth at our PCS Gas Plant, where we achieve our lowest processing costs and highest netbacks.

2013 THIRD QUARTER FINANCIAL AND OPERATIONAL RESULTS

Production

Third quarter production averaged 24,662 boe per day, which is a 15% increase over production of 21,426 boe per day in the third quarter of 2012. Production per common share increased 14% from the third quarter of 2012.

Production consisted of approximately 81% natural gas and 19% crude oil and natural gas liquids in the third quarter. Approximately 71% of Birchcliff's natural gas production and 60% of corporate production was processed at the PCS Gas Plant in the first nine months of 2013.

Funds Flow and Earnings

Funds flow increased 53% from the third quarter of 2012, to $43.1 million or $0.30 per basic common share. Excluding a non-recurring $4.2 million non-refundable deposit, funds flow was $38.9 million or $0.27 per basic common share, as compared to $28.2 million or $0.20 per basic common share.

This is the 16th consecutive quarter that Birchcliff has reported earnings. Birchcliff had net income of $10.2 million as compared to $2.7 million in the third quarter of 2012, a significant increase of 270%.

Operating Costs

Operating costs in the third quarter were $5.66 per boe, down 6% from the third quarter of 2012 and down 4% from the second quarter of 2013. This reduction of operating costs on a per unit basis was largely due to the cost benefits achieved from processing increased volumes of natural gas through the PCS Gas Plant and the implementation of various optimization initiatives.

Debt and Capitalization

At September 30, 2013, Birchcliff's long-term bank debt was $444.7 million from available credit facilities aggregating to approximately $600 million. Total debt, including the working capital deficit of $43.0 million, was $487.7 million.

Subsequent to the end of the third quarter of 2013, Birchcliff entered into an agreement with a private company to sell non-core Progress Doe Creek assets for $59 million, subject to usual closing adjustments. The sale encompasses approximately 520 boe per day of light oil production, 2.7 million proved reserves and 4.5 million proved plus probable reserves. The transaction has an effective date of May 1, 2013 and is expected to close before year end, with net proceeds of sale used to reduce debt.

Upon the closing of the Progress Doe Creek transaction, Birchcliff will realize a significant one-time gain in net income. The sale of these assets will not result in any reduction of Birchcliff's current credit facilities.

At September 30, 2013, Birchcliff had 142,752,160 basic common shares outstanding.

PCS Gas Plant Netbacks

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

In the first nine months of 2013, net operating costs for natural gas processed at the PCS Gas Plant averaged $0.36 per Mcfe ($2.19 per boe) and the estimated operating netback for Birchcliff's natural gas production flowing to the PCS Gas Plant was $2.79 per Mcfe ($16.77 per boe).

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

Production Processed through the PCS Gas Plant	**Nine months ended September 30, 2013**(1)		**Nine months ended September 30, 2012**	
Average daily production, net to Birchcliff:				
Natural gas *(Mcf)*		86,870		51,235
Oil & NGLs *(bbls)*		427		189
Total boe *(6:1)*		**14,905**		8,729
Percentage of corporate natural gas production		*71%*		*52%*
Percentage of corporate production		*60%*		*41%*
Netback and cost:	*$/Mcfe*	*$/boe*	*$/Mcfe*	*$/boe*
Petroleum and natural gas revenue(2)	3.57	21.42	2.54	15.24
Royalty expense	(0.15)	(0.92)	(0.08)	(0.48)
Operating expense, net of recoveries	(0.36)	(2.19)	(0.33)	(1.98)
Transportation and marketing expense	(0.27)	(1.54)	(0.23)	(1.36)
Estimated operating netback	**2.79**	**16.77**	1.90	11.42
Operating margin(3)	**78%**	**78%**	75%	75%

(1) The PCS Gas Plant processed an average of 104 MMcf per day of gross raw gas at the inlet for the first nine months of 2013, against current licensed capacity of 150 MMcf per day at September 30, 2013.

(2) AECO natural gas price averaged $3.06 per Mcf and $2.12 per Mcf for the nine months ended September 30, 2013 and September 30, 2012, respectively.

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

OPERATIONS UPDATE

Drilling

Birchcliff's 2013 drilling program is focused on our two proven resource plays, the Montney/Doig Natural Gas Resource Play and the Worsley Charlie Lake Light Oil Resource Play. Birchcliff actively employs the evolving technology utilized by leaders in the industry regarding horizontal well drilling and the related multi-stage fracture stimulation techniques.

During the third quarter of 2013, Birchcliff drilled 11 (10.67 net) wells, being six (6.0 net) natural gas wells and five (4.67 net) oil wells. The natural gas wells included five (5.0 net) Montney/Doig horizontal wells and one (1.0 net) Montney/Doig vertical exploration well and the light oil wells included four (4.0 net) Worsley Charlie Lake horizontal light oil wells and one (0.67 net) Halfway horizontal light oil well.

In 2013, to the end of the third quarter, Birchcliff has drilled 31 (30.17 net) wells, being 19 (19.0 net) natural gas wells and 12 (11.17 net) oil wells. The natural gas wells included 18 (18.0 net) Montney/Doig horizontal wells and one (1.0 net) Montney/Doig vertical exploration well and the light oil wells included nine (9.0 net) Worsley Charlie Lake horizontal light oil wells and three (2.17 net) Halfway horizontal light oil wells.

Birchcliff currently has three drilling rigs working. Two rigs are drilling Montney/Doig horizontal natural gas wells and the third rig is in the Worsley area, drilling Charlie Lake horizontal light oil wells. Birchcliff is at various stages of drilling, completing and tying in the remaining wells in our 2013 drilling program. Birchcliff has 14 (13.17 net) horizontal wells to bring on production before year end, including 11 (11.0 net)

Montney/Doig horizontal natural gas wells, one (1.0 net) Charlie Lake horizontal light oil well and two (1.17 net) Halfway horizontal light oil wells.

We continue to evolve our drilling and completion techniques, especially on the Montney/Doig Natural Gas Resource Play. We utilize a multi-disciplined approach in our business, incorporating reservoir, facility, drilling and completion engineering; geology; geophysics; hydrodynamics; petrophysics; and mineral and surface land, all focused to optimize our drilling and completion programs. As a result of this work, Birchcliff is seeing higher initial production rates, higher ultimate recoveries, lower costs per frac and a reduction of our environmental impact.

The Corporation's drilling activities to date in 2013 utilize leading edge technology for horizontal well drilling and the application of multi-stage fracture stimulation techniques. We are utilizing multi-well pad drilling to improve our drilling and completion efficiencies and provide a significant reduction in the drilling and completion costs. Another benefit of pad drilling is that we were able to drill continuously through spring break-up. On our Montney/Doig Natural Gas Resource Play we used six multi-well pads in 2013; one six-well pad; two four-well pads, one three-well pad; two two-well pads; and four single-well pads.

Land

In the third quarter of 2013, Birchcliff added 34,560 (34,560 net) acres or 54.0 net sections of undeveloped land, all at 100% working interest, for a corporate total at the end of the third quarter of 571,096 (536,771 net) acres of undeveloped land, all located on the Peace River Arch. The land purchased in the third quarter of 2013 was acquired for a total of $10.0 million and was predominantly located in the Elmworth/Sinclair area on the Montney/Doig Natural Gas Resource Play.

Birchcliff has been very successful in adding to its undeveloped land base. In 2013, to the end of the third quarter, Birchcliff has purchased 72,885.3 (72,565.3 net) acres or 113.9 (113.4 net) sections of undeveloped land at a cost of $34.4 million dollars. We are delighted with the land acquisitions and pleased with the investment we have made as we see material future value associated with these lands. Acquiring this land represents a substantial investment that Birchcliff has made in its long-term business strategy.

The lands acquired in 2013 include 12.5 (12.5 net) sections right in the middle of our Pouce Coupe development area as well as 33 (33.0 net) sections in the Elmworth/Sinclair area where Birchcliff recently drilled and completed its third vertical exploration well, delineating the Montney/Doig Natural Gas Resource Play. Our confidence in this project is very high and we are currently planning for our first horizontal well in the area in 2014. In the Elmworth/Sinclair area, we now hold 67,680 net acres or 105.8 net sections of land at 100% working interest.

Montney/Doig Natural Gas Resource Play

In the third quarter of 2013, Birchcliff drilled five (5.0 net) Montney/Doig horizontal natural gas wells on the Montney/Doig Natural Gas Resource Play. In 2013, to the end of the third quarter, Birchcliff has drilled 18 (18.0 net) Montney/Doig horizontal natural gas wells and one (1.0 net) Montney/Doig vertical exploration well, continuing to expand the Montney/Doig Natural Gas Resource Play both geographically and stratigraphically. Ten (10.0 net) wells were recently completed and brought on production; six wells on the first multi-well pad and four wells on the second multi-well pad. Initial production performance on these 10 wells looks very positive.

Our budget for 2013 includes 25 (25.0 net) Montney/Doig horizontal natural gas wells and one (1.0 net) Montney/Doig vertical exploration well. Of the 25 horizontal wells, 24 (24.0 net) wells are targeting the Middle/Lower Montney Play and one (1.0 net) well is targeting the Basal Doig/Upper Montney Play.

We anticipate material reserves additions in the proved developed producing, proved and proved plus probable categories as a result of our drilling program on the Montney/Doig Natural Gas Resource Play and land purchases in the Pouce Coupe area.

Further, we anticipate material additions in resources as a result of our land purchase in the Elmworth/Sinclair and Pouce Coupe areas. We expect our year end Montney/Doig Natural Gas Resource Assessment will show material additions to the category of Total Petroleum Initially In Place, the promotion of resources from the Undiscovered category to the Discovered category and increases to our Contingent resources, as compared to our 2012 year end resource assessment.

On the Montney/Doig Natural Gas Resource Play Birchcliff currently owns 329.3 (307.1 net) sections, with an average 93.3% working interest, which have potential for the Middle/Lower Montney Play, and 267.3 (244.1 net) sections, with an average 91.3% working interest, which have potential for the Basal Doig/Upper Montney Play. Birchcliff's total land holdings on these two plays is 596.6 (551.2 net) sections.

With full development of four horizontal wells per section, per play, Birchcliff has 2,205 net drilling locations. With 99.2 net horizontal locations drilled to the end of the third quarter of 2013, there remain 2,106 net future horizontal drilling locations.

Two drilling rigs are currently drilling on our Montney/Doig Natural Gas Resource Play and we anticipate having 11 (11.0 net) additional Montney/Doig horizontal natural gas wells on production between now and year end.

PCS Gas Plant Phase IV Expansion

Birchcliff continues to plan for the Phase IV expansion of the PCS Gas Plant in 2014, which has been approved by Birchcliff's Board of Directors. Processing capacity will be expanded to 180 MMcf per day from 150 MMcf per day by adding additional compression and sales pipeline capacity. The estimated cost of the Phase IV expansion is approximately $10 million, with the majority of the costs to be incurred in 2014. The anticipated start-up date of the Phase IV expansion will be in the fall of 2014. Subject to natural gas prices in 2014, we intend to fill the Phase IV expansion with natural gas from new wells drilled by Birchcliff.

Worsley Charlie Lake Light Oil Resource Play

In the third quarter of 2013, Birchcliff drilled four (4.0 net) Charlie Lake horizontal light oil wells. In 2013, to the end of the third quarter, Birchcliff has successfully drilled nine (9.0 net) Charlie Lake horizontal light oil wells, utilizing multi-stage fracture stimulation technology. Our budget for 2013 for the Worsley area includes the drilling of 12 (12.0 net) Charlie Lake horizontal light oil wells.

With the continued positive response of the waterflood within the oil pool, we are expanding the waterflood area and are conducting the field operations necessary to convert two wells to injectors and install the associated water injection infrastructure.

There has been significant industry activity on the Charlie Lake Light Oil Resource Play south and east of Worsley, with increasing land costs and a number of drilling successes from various operators. This activity is adding value to Birchcliff's large undeveloped land position on the play.

One drilling rig is currently drilling on our Worsley Charlie Lake Light Oil Resource Play and we anticipate having one (1.0 net) additional Charlie Lake light oil well on production between now and year end, with the remaining two (2.0 net) on production early in 2014.

Halfway Light Oil Play

In the third quarter of 2013, Birchcliff drilled one (0.67 net) Halfway horizontal light oil well. This well was drilled from a pad and following the end of the third quarter, another well (0.5 net) was drilled from the pad and rig released. These wells were recently completed and will be on production soon. To date in 2013, Birchcliff has drilled four (2.67 net) wells on the Halfway Light Oil Play.

SHAREHOLDER SUPPORT

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

OUTLOOK

Birchcliff expects 2013 exit production of approximately 30,000 boe per day; and fourth quarter average production in the range of 28,000 to 29,000 boe per day.

We anticipate material reserves additions in the proved developed producing, proved and proved plus probable categories as a result of our drilling program on the Montney/Doig Natural Gas Resource Play and land purchases in the Pouce Coupe area. The new proved producing reserve additions in 2013 are expected to result in future increases to Birchcliff's credit facilities, which are scheduled for renewal in May 2014.

Further, we anticipate material additions in resources as a result of our land purchases in the Elmworth/Sinclair and Pouce Coupe areas. We expect our year end Montney/Doig Natural Gas Resource Assessment will show material additions to the category of Total Petroleum Initially In Place, the promotion of resources from the Undiscovered category to the Discovered category and increases to our Contingent resources, as compared to our 2012 year end resource assessment.

The net proceeds of the sale of our non-core Progress Doe Creek assets will reduce our bank debt and the disposition of these assets will reduce our unit operating costs and allow us to stay focused on opportunities within on our 100% working interest lands.

Birchcliff continues to be bullish respecting long-term natural gas prices, however the extreme volatility in gas prices has led Birchcliff to consider a hedging program for 2014 in order to protect its cash flow and capital expenditure program. Accordingly, Birchcliff intends to hedge a portion of its natural gas for the summer months of 2014 and a portion of its oil production for the 2014 calendar year. This strategy will allow Birchcliff to participate in the upside of commodity prices, while being partially protected from weak commodity prices.

Preliminary Guidance for 2014

Birchcliff expects to have a very strong production growth profile for 2014. Initially, we will be targeting exit production between 36,000 and 38,000 boe per day. Although our 2014 Budget has not yet been finalized, on a preliminary basis, the capital expenditure required to achieve this production target is expected to be approximately $275 million. Birchcliff expects to fund its 2014 capital program using internally generated funds flow and available credit facilities and expects that the ratio of 2014 year end debt to one year's forward funds flow will decrease from year end 2013. These expectations are based on Birchcliff realizing Cdn. $90.00 per barrel of oil and Cdn. $3.50 per GJ of natural gas.

2018 Five Year Plan

Birchcliff updates its five year plan in the fall of each year. Birchcliff has recently finalized its 2018 Five Year Plan, highlights of which include exit production in 2018 of approximately 61,500 boe per day, made up of approximately 320 MMcf per day of natural gas and 8,000 barrels of oil and natural gas liquids.

Birchcliff expects to fund the 2018 Five Year Plan using internally generated funds flow and available credit facilities. Based on the forecast production rates and commodity process contained in the 2018 Five Year Plan, the ratio of year end debt to one year's forward funds flow is expected to decrease each year, based on the assumptions set out in the following table.

	2014	**2015**	**2016**	**2017**	**2018**
Annual exit production *(boe per day)*	37,100	38,300	45,300	52,600	61,500
Light oil – WTI Cushing *($CAD/bbl)*	90.00	90.00	90.00	90.00	90.00
Light oil – Edmonton Par *($CAD/bbl)*	84.00	84.00	84.00	84.00	84.00
Natural gas – AECO – C daily *($/GJ)*	3.50	3.80	4.00	4.25	4.50

Birchcliff currently owns and controls the land necessary to achieve this production growth profile, allowing it to execute the program without relying on land, asset or corporate acquisitions. We are confident that we have the asset base, the people and the capital required to successfully execute our 2018 Five Year Plan.

We remain focused on our business – growth by the drill bit, in our core area of the Peace River Arch of Alberta. We continue to use the same services, in the same area, directed by the same experienced Birchcliff personnel, which provides consistency, repeatability and reliability in our operations.

As in the past, Birchcliff expects to release its unaudited 2013 year end financial results, 2013 year end reserves evaluation, 2013 year end Montney/Doig Natural Gas Resource Assessment, 2013 finding and development costs and 2014 Budget in the middle of February 2014.

We are very pleased and excited with the current and future outlook for Birchcliff. Our production and opportunity portfolio continues to increase while our cost structure continues to decrease. Focus, low cost operations and financial flexibility has positioned Birchcliff to execute its long term strategy.

Thank you to all of our shareholders for their 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*"

A. Jeffery Tonken, President and Chief Executive Officer

ADVISORIES

Unaudited numbers: *All financial amounts referred to in this Press Release are management's best estimates and are unaudited.*

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

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

Mcfe Conversions: *Thousands of cubic feet of gas equivalent ("**Mcfe**") amounts have been calculated by using the conversion ratio of one barrel of oil (1 bbl) to six thousand cubic feet (6 Mcf) of natural gas. Mcfe 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.*

MMbtu pricing conversions: *$1.00 per MMbtu equals $1.00 per Mcf based on a standard heat value Mcf.*

2012 Reserves Evaluation: *The reserves volumes disclosed are based on a reserves evaluation prepared by Deloitte LLP ("**Deloitte**"), independent qualified reserves evaluators of Calgary, Alberta, effective December 31, 2012 in respect of Birchcliff's oil and natural gas properties, which is contained in a report dated February 8, 2013 (the "**2012 Reserves Evaluation**"). The 2012 Reserves Evaluation has been prepared in accordance with the standards contained in the Canadian Oil and Gas Evaluation Handbook ("**COGEH**") and National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities ("**NI 51-101**").*

Reserves for Portion of Properties: *With respect to the disclosure of reserves contained herein relating to portions of the Corporation's properties, the estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties due to the effects of aggregation.*

2012 Resource Assessment: *The resource volumes disclosed are based on a resource assessment prepared by Deloitte effective December 31, 2012 in respect of Birchcliff's lands that have potential for the Montney/Doig Natural Gas Resource Play, which is contained in a report dated February 12, 2013 (the "**2012 Resource Assessment**"). The 2012 Resource Assessment has been prepared in accordance with the standards contained in COGEH and NI 51-101.*

Discovered Resources: *With respect to the discovered resources (including contingent resources) described in this Press Release, there is no certainty that it will be commercially viable to produce any portion of the resources.*

Undiscovered Resources: *With respect to the undiscovered resources (including prospective resources) described in this Press Release, there is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.*

Forward-Looking Information: *This Press Release contains forward-looking information within the meaning of applicable Canadian securities laws. Forward-looking information relates to future events or future performance and is based upon the Corporation's current internal expectations, estimates, projections, assumptions and beliefs. All information other than historical fact is forward-looking information. Information relating to reserves and resources is forward-looking as it involves the implied assessment, based on certain estimates and assumptions, that the reserves and resources exist in the quantities estimated and that they will be commercially viable to produce in the future. Words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "may", "will", "potential", "proposed" and other similar words that convey certain events or conditions "may" or "will" occur are intended to identify forward-looking information. In particular, this Press Release contains forward-looking information relating to 2013 average fourth quarter and exit production expectations; 2014 exit production, capital expenditures and sources of funding; 2018 exit production and sources of funding; expected decrease in the ratio of year-end debt to one year's forward funds flow; the anticipated closing of the sale of the Progress Doe Creek assets and the subsequent reduction of debt; anticipated reduction of operating costs of a per unit basis; the intention to drill and complete future wells; an expansion of the PCS Gas Plant in 2014; and expected reserves and resource additions at year-end; and 2014 production and capital spending and the Corporation's 2018 Five Year Plan production targets.*

The forward-looking information is based upon assumptions as to future commodity prices, currency exchange rates, inflation rates, well production rates, well drainage areas, success rates for future drilling and availability of labour and services. With respect to estimates of reserves and resource volumes, a key assumption is the validity of the data used by Deloitte in their independent reserves evaluation and resource assessments. With respect to numbers of future wells to be drilled, a key assumption is that geological and other technical interpretations performed by the Corporation's technical staff, which indicate that commercially economic volumes can be recovered from the Corporation's lands as a result of drilling future wells, are valid. Estimates as to 2013, fourth quarter and average expectations exit production, average fourth quarter and annual production rates assume that no unexpected outages occur in the infrastructure that the Corporation relies on to produce its wells, that existing wells continue to meet production expectations and future wells scheduled to come on production in 2013 meet timing and production expectations. Estimates as to 2014 exit production and 2018 exit production assume future wells meet production expectations. Estimates as to sources of funding and a falling debt ratio assume the Corporation realizes certain production and commodity price assumptions set out in the preliminary 2014 Budget and in the 2018 Five Year Plan.

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

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

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

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

For further information, please contact:

Birchcliff Energy Ltd.
Suite 500, 630 – 4th Avenue S.W.
Calgary, AB T2P 0J9
Tel: (403) 261-6401
Fax: (403) 261-6424

Jeff Tonken, *President and Chief Executive Officer*

Bruno Geremia*, Vice-President and Chief Financial Officer*

Jim Surbey*, Vice-President, Corporate Development*