14-10 November 12, 2014

BIRCHCLIFF ENERGY LTD. ANNOUNCES STRONG THIRD QUARTER RESULTS, 2019 FIVE YEAR PLAN AND CONFIRMS 2014 PRODUCTION GUIDANCE

Calgary, Alberta - Birchcliff Energy Ltd. ("Birchcliff") (TSX: BIR) is pleased to announce strong financial and operational results for the third quarter of 2014 with record third quarter production, funds flow and earnings and record low total cash costs per boe. Birchcliff is also pleased to announce its 2019 Five Year Plan.

The full 2014 Third Quarter Report, containing the unaudited interim condensed financial statements for the three and nine month periods ended September 30, 2014 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

- **Record current production is approximately 38,000 boe per day**. Birchcliff has 12 (12.0 net) Montney/Doig horizontal natural gas wells to bring on production before year end.
- **Birchcliff confirms its 2014 production rate guidance as follows**:
  - **2014 exit rate** is expected to be approximately **40,000 boe per day**.
  - **2014 fourth quarter average production** is expected to be approximately **38,000 boe per day**.
  - **2014 annual average production** is expected to be approximately **34,000 boe per day** representing 32% growth over the 2013 annual average of 25,829 boe per day and 27% growth over 2013 on a production per common share basis.
- **The Phase IV expansion** of Birchcliff's 100% owned Pouce Coupe South Natural Gas Plant (the "**PCS Gas Plant**") was completed in September, **on schedule and on budget, increasing processing capacity to 180 MMcf per day**.
- **Exploration success in the Pouce Coupe area in the Montney D4 Interval on the Montney/Doig Natural Gas Resource Play** – A New Birchcliff Montney Interval Proven Commercial
- **Exploration success in the Elmworth/Sinclair area in the Montney D4 Interval on the Montney/Doig Natural Gas Resource Play** – A New Birchcliff Exploration Area Proven Commercial
- **Birchcliff's current net future horizontal drilling locations on the Montney/Doig Natural Gas Resource Play has increased by 55%** to 3,464.7 from 2,234.3 as a result of Montney D4 drilling success.
- **Birchcliff expects to add material reserves additions at year end 2014** including material additions to its proved developed producing reserves.
- **Engineering, procurement and fabrication work is underway for the Phase V expansion** of the PCS Gas Plant that will **increase processing capacity to 240 MMcf per day** with an expected startup late in the fourth quarter of 2015.
- **Preliminary planning and permitting work has been initiated for the Phase VI expansion** of the PCS Gas Plant that will **increase processing capacity to 300 MMcf per day** with a currently planned startup in late 2016.
- **Birchcliff has now successfully drilled and cased 153 (152.9 net) Montney/Doig horizontal wells**, utilizing the latest multi-stage fracture stimulation technology. Currently, we have up to 3,464.7 net future potential horizontal drilling locations on the Montney/Doig Natural Gas Resource Play.

Preliminary 2015 Guidance and Budget

- **Birchcliff expects 2015 exit production to be between 48,000 and 50,000 boe per day**. The capital expenditure required to achieve this production target is expected to be between $450 million to $500 million, which includes approximately $110 million for infrastructure.
- Birchcliff will adjust its 2015 capital expenditure program to maintain its strong balance sheet if commodity prices weaken or other assumptions materially change from our preliminary estimates.
- Details of the Corporation's 2015 Budget will be announced on February 11, 2015.

2019 Five Year Plan

- Birchcliff's 2019 Five Year Plan targets a 2019 exit production rate of approximately 100,000 boe per day, comprised of approximately 522 MMcf per day of natural gas and 13,000 barrels per day of oil and natural gas liquids (which are comprised substantially of condensate).
- Birchcliff expects to fund the 2019 Five Year Plan using primarily internally generated funds flow and available credit facilities. Based on the forecast production rates and commodity prices contained in the 2019 Five Year Plan, the ratio of year end debt to one year's forward funds flow is expected to remain fairly consistent.

2014 Third Quarter Highlights

- **Average production increased 39% to 34,235 boe per day**, an increase from 24,662 boe per day in the third quarter of 2013 and a 10% increase from 31,178 boe per day in the second quarter of 2014. On a per common share basis, production increased by 32% over the third quarter of 2013.
- **Funds flow increased by 74% to $75.0 million or $0.50 per common share**, up from $43.1 million or $0.30 per common share in the third quarter of 2013.
- **20th consecutive quarter of earnings**. Net income of $29.7 million, a 192% increase from $10.2 million in the third quarter of 2013.
- **Net income to common shareholders of $28.7 million or $0.19 per common share**, an increase of 213% and 217% respectively, from the third quarter of 2013.
- **Record low operating costs of $5.06 per boe**, an 11% decrease from $5.66 per boe in the third quarter of 2013 and a 4% decrease from the second quarter of 2014.
- **Record low general and administrative expenses of $1.44 per boe** a 14% decrease from $1.67 per boe in the third quarter of 2013 and a 25% decrease from the second quarter of 2014.
- **Birchcliff's 100% owned PCS Gas Plant continued to provide top tier operating cost performance**. In the first nine months of 2014, operating costs were approximately $0.40 per Mcfe ($2.40 per boe) at our PCS Gas Plant, where we processed 78% of our natural gas production.
- **Total cash costs of $10.41 per boe** (operating, transportation and marketing, general and administrative and interest), a decrease of 13% from the third quarter of 2013.
- **Funds flow netback of $23.82 per boe**, an increase of 26% from $18.98 per boe in the third quarter of 2013, as a result of Birchcliff's low cost structure, high heat content natural gas, high value oil and natural liquids (which are comprised substantially of condensate), a 39% increase in production and strong average oil and natural gas prices.
- **Drilling results in the quarter included 16 (15.5 net) wells**, all but one were 100% working interest, consisting of 10 (10.0 net) Montney/Doig horizontal natural gas wells in the Pouce Coupe area; 5 (5.0 net) Charlie Lake horizontal light oil wells in the Worsley area and 1 (0.5 net) Halfway horizontal well, all were successful.

Jeff Tonken, Chief Executive Officer, stated:

“Birchcliff’s continued efforts to reduce total cash costs and to maximize the value of its high heat content natural gas and associated condensate has resulted in significant profitable growth. During the third quarter and the first nine months of 2014, Birchcliff has achieved top decile operating netbacks and cash flow netbacks as compared to other natural gas weighted producers.

Total cash costs (operating, transportation and marketing, general and administrative and interest costs) were all reduced on a per boe basis from the third quarter of 2013. Record low levels of operating expense, general and administrative expense and interest expense on a per boe basis were set during the quarter.

Our Montney/Doig Natural Gas Resource Play opportunities are profitable and repeatable with low risk on both a short term and a long term basis.”

THIRD QUARTER FINANCIAL AND OPERATIONAL HIGHLIGHTS

	Three months ended September 30		Nine months ended September 30	
	2014	**2013**	**2014**	**2013**
OPERATING				
Average daily production				
Light oil – *(barrels)*	3,957	3,903	3,957	3,963
Natural gas – *(thousands of cubic feet)*	172,675	119,608	162,220	121,526
NGLs – *(barrels)*	1,499	824	1,403	747
Total – barrels of oil equivalent *(6:1)*	**34,235**	24,662	**32,396**	24,965
Average sales price *($ CDN)*[1]				
Light oil – *(per barrel)*	95.94	102.82	99.30	92.90
Natural gas – *(per thousand cubic feet)*	4.37	2.60	5.07	3.26
NGLs – *(per barrel)*	87.38	95.58	92.73	90.00
Total – barrels of oil equivalent *(6:1)*	**36.95**	32.06	**41.51**	33.30
NETBACK AND COST *($ per barrel of oil equivalent at 6:1)*				
Petroleum and natural gas revenue	36.96	32.07	41.53	33.39
Royalty expense	(2.63)	(3.01)	(3.44)	(3.02)
Operating expense	(5.06)	(5.66)	(5.17)	(5.77)
Transportation and marketing expense	(2.41)	(2.44)	(2.45)	(2.43)
Netback[2]	**26.86**	20.96	**30.47**	22.17
General & administrative expense, net	(1.44)	(1.67)	(1.73)	(2.06)
Interest expense	(1.50)	(2.14)	(1.63)	(2.48)
Other Income	-	1.83	-	0.61
Realized loss on financial instruments	(0.10)	-	(0.11)	-
Funds flow netback[2]	**23.82**	18.98	**27.00**	18.24
Stock-based compensation expense, net	(0.25)	(0.39)	(0.44)	(0.46)
Depletion and depreciation expense	(10.39)	(11.40)	(11.03)	(11.48)
Accretion expense	(0.20)	(0.26)	(0.21)	(0.23)
Amortization of deferred financing fees	(0.07)	(0.11)	(0.08)	(0.09)
Unrealized gain on financial instruments	0.13	-	0.02	-
Dividends on Series C preferred shares	(0.28)	(0.46)	(0.30)	(0.15)
Income tax expense	(3.34)	(1.88)	(3.96)	(1.67)
Net income	**9.42**	4.48	**11.00**	4.16
Dividends on Series A preferred shares	(0.32)	(0.44)	(0.34)	(0.44)
Net income to common shareholders	**9.10**	4.04	**10.66**	3.72
FINANCIAL				
Petroleum and natural gas revenue *($000's)*	116,424	72,762	367,290	227,545
Funds flow from operations *($000's)*[2]	75,030	43,053	238,781	124,301
Per common share – basic *($)*[2]	0.50	0.30	1.63	0.87
Per common share – diluted *($)*[2]	0.48	0.30	1.58	0.86
Net income *($000's)*	29,665	10,156	97,251	28,355
Net income to common shareholders *($000's)*	28,665	9,156	94,251	25,355
Per common share – basic *($)*	0.19	0.06	0.64	0.18
Per common share – diluted *($)*	0.19	0.06	0.62	0.17
Common shares outstanding				
End of period – basic	152,153,906	142,752,160	152,153,906	142,752,160
End of period – diluted	166,189,610	163,395,946	166,189,610	163,395,946
Weighted average common shares for period – basic	149,593,705	142,548,847	146,275,186	142,206,017
Weighted average common shares for period – diluted	154,800,270	145,086,695	151,560,931	144,922,366
Dividends on Series A preferred shares *($000's)*	1,000	1,000	3,000	3,000
Dividends on Series C preferred shares ($000's)	875	1,038	2,625	1,038
Capital expenditures, net *($000's)*	104,363	76,186	341,250	197,582
Long-term bank debt *($000's)*	435,545	444,719	435,545	444,719
Adj. working capital deficit *($000's)*[2]	59,762	42,988	59,762	42,988
Total debt *($000's)*[2]	495,307	487,707	495,307	487,707

(1) Average sales price excludes the effect of hedges using financial instruments.

(2) See "Non-GAAP Measures" in the Advisories section of this report.

PRESIDENT'S MESSAGE FROM THE 2014 THIRD QUARTER REPORT

November 12, 2014

Fellow Shareholders,

Birchcliff Energy Ltd. ("**Birchcliff**") is pleased to report its third quarter financial and operational results for the three and nine month periods ended September 30, 2014. Birchcliff achieved record average quarterly production, producing 34,235 boe per day. Our high value products, low cost structure and increased natural gas production, together with strong natural gas prices, resulted in strong revenues, funds flow and earnings during the third quarter. Total cash costs (operating, transportation and marketing, general and administrative and interest costs) were materially reduced on a per boe basis from the third quarter of 2013 as our production growth delivered the benefits of economies of scale.

We continue to improve on our profitable business by driving down operating costs, general and administrative expense and interest per boe which are at record lows. We are a low cost finder and a low cost producer with an enormous opportunity base on high quality assets.

Birchcliff is in the envious position of being opportunity rich, having a vast inventory of highly economic projects as well as being in a very secure financial position. With operatorship and essentially 100% working interest we can control our pace of activity. If oil and gas prices provide the cash flow for a rapid growth strategy we can respond or if oil and gas prices are reduced we can adjust our spending accordingly.

Outlook for 2014 Production

Record current production is approximately 38,000 boe per day.

Birchcliff confirms its 2014 exit production rate guidance of 40,000 boe per day.

Birchcliff also confirms its 2014 fourth quarter average production guidance of approximately 38,000 boe per day and its annual average production of approximately 34,000 boe per day which represents approximately 32% growth over the annual average of 25,829 boe per day in 2013 and 27**%** growth over 2013 on a production per common share basis, based on estimated 2014 annual basic weighted average common shares of 148,014,000.

Exploration Success in the Pouce Coupe area in the Montney D4 Interval on the Montney/Doig Natural Gas Resource Play – *A New Birchcliff Montney Interval Proven Commercial*

Birchcliff continues to aggressively delineate the Montney/Doig Natural Gas Resource Play both geographically and stratigraphically. To date, Birchcliff has concentrated on two intervals of the Montney/Doig Natural Gas Resource Play, the Basal Doig/Upper Montney interval and the Middle/Lower Montney interval. Birchcliff has recently successfully drilled its first horizontal well in a new Montney interval in Pouce Coupe, known as the Montney D4. Initial production rates exceed our expectations for Montney/Doig horizontal natural gas wells. Our drilling success in the Montney D4 is expected to add significant Montney D4 reserve bookings at year end as there were no reserves previously booked to this interval.

The Montney D4 interval is prospective over our Pouce Coupe land base where Birchcliff has existing infrastructure and our scalable PCS Gas Plant. This infrastructure will result in significant development efficiencies and cost savings as we develop this new Montney D4 interval.

Exploration Success in the Elmworth/Sinclair area in the Montney D4 Interval on the Montney/Doig Natural Gas Resource Play – *A New Birchcliff Exploration Area Proven Commercial*

The Elmworth/Sinclair area has seen significant recent industry activity including a number of successful Montney/Doig horizontal wells directly offsetting and on trend with our Montney/Doig horizontal well development program.

Birchcliff has recently drilled its first Montney/Doig horizontal natural gas well in the Elmworth/Sinclair area in the Montney D4 interval.

In addition, Birchcliff had previously drilled three vertical stratigraphic tests in the Elmworth/Sinclair area that has helped delineate the potential of the Montney/Doig Natural Gas Resource Play in this area. Initial production rates exceed our expectations for Montney/Doig horizontal natural gas wells. Our exploration drilling success in the Montney D4 at Elmworth/Sinclair is expected to add significant reserve bookings at year end as there were no reserves previously booked to this interval.

As a result of this success in the Elmworth/Sinclair area, Birchcliff is now planning for significant operations and future growth in this area.

Significant Future Drilling Opportunities

To quantify the potential of these two mature proven plays as of September 30, 2014, Birchcliff owns 307.6 net sections which have potential for the Middle/Lower Montney Play and 287.4 net sections which have potential for the Basal Doig/Upper Montney Play. Birchcliff's total land holdings on these two mature proven plays are 595.0 net sections. On full development of four horizontal wells per section per play, Birchcliff has 2,380.2 net existing horizontal wells and future horizontal drilling locations. With 145.9 net horizontal locations drilled to September 30, 2014, there remains 2,234.3 net future horizontal drilling locations on these two plays.

The Montney D4 drilling success in Pouce Coupe and Elmworth/Sinclair areas adds a new interval to our Montney/Doig Natural Gas Resource Play and significant future drilling opportunities as we currently hold 319.1 (307.6 net) sections of Montney rights.

Birchcliff believes it now has 3,464.7 net future drilling locations, up from 2,234.3 net future locations. In its three intervals that have been proven commercial on its Montney/Doig Natural Gas Resource Play.

Pouce Coupe South Natural Gas Plant ("PCS Gas Plant") Phase IV Expansion Complete

The Phase IV expansion of the PCS Gas Plant is complete and as a result processing capacity has increased to 180 MMcf per day from 150 MMcf per day. The estimated cost of the Phase IV expansion was approximately $11.6 million. The project was completed on schedule and on budget.

Future Expansion of the PCS Gas Plant

Engineering, procurement and fabrication work is underway for the Phase V expansion of the PCS Gas Plant which will increase processing capacity to 240 MMcf per day with an expected startup late in the fourth quarter of 2015.

Preliminary planning and permitting work has been initiated for the Phase VI expansion of the PCS Gas Plant that will increase processing capacity to 300 MMcf per day with startup currently being planned for late 2016.

Preliminary Guidance for 2015

Birchcliff expects to have a very strong production growth profile for 2015. Initially, we will be targeting exit production of approximately 48,000 to 50,000 boe per day. Although our 2015 Budget has not yet been finalized, on a preliminary basis, the capital expenditure required to achieve this production target is expected to be approximately $450 million to $500 million which includes approximately $110 million of infrastructure investment.

Birchcliff expects to fund its 2015 capital program primarily using internally generated funds flow and available credit facilities and expects that the ratio of 2015 year end debt to 2016 funds flow will remain consistent with 2013 and 2014 which maintains a strong balance sheet and significant financial flexibility. These expectations are based on a forecast WTI price of US$90.00 per barrel of oil and AECO price of CDN$4.00 per GJ of natural gas during 2015. Birchcliff will adjust its 2015 capital expenditure program to maintain its strong balance sheet if commodity prices weaken or other assumptions materially change from our preliminary estimates.

2019 Five Year Plan

Birchcliff updates its five year plan in the fall of each year and we have recently finalized our 2019 Five Year Plan, highlights of which include exit production in 2019 of approximately 100,000 boe per day, made up of approximately 522 MMcf per day of natural gas and 13,000 barrels per day of oil and natural gas liquids (which are comprised substantially of condensate).

As a result of Birchcliff's strong execution, production history, drilling and completion results, low finding and development costs together with low operating costs, we are materially ahead of our 2018 Five Year Plan. Our assets continue to outperform our expectations. As our wells mature, the decline rate of our base production continues to decrease each year resulting in Birchcliff having more free cash flow to grow each year.

Our 2018 Five Year Plan envisioned 2018 exit production of 62,000 boe per day. Birchcliff estimates it will surpass that production milestone in 2016 exiting at just over 64,000 boe per day, well ahead of our earlier estimates.

Birchcliff expects to fund the 2019 Five Year Plan using primarily internally generated funds flow and available credit facilities. The ratio of year end debt to one year's forward funds flow is expected to remain fairly consistent, based on the production rates and commodity price assumptions contained in the 2019 Five Year Plan which are set out in the following table.

	2015	**2016**	**2017**	**2018**	**2019**
Exit production *(boe/day)*	49,000	64,000	72,000	82,000	100,000
Light oil – WTI Cushing *($USD/bbl)*	90.00	90.00	90.00	90.00	90.00
Light oil – Edmonton Par *($CDN/bbl)*	91.00	91.00	91.00	91.00	91.00
Natural gas – AECO – C daily *($CDN/GJ)*	4.00	4.00	4.00	4.00	4.00

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 access to the capital required to successfully execute our 2019 Five Year Plan.

Birchcliff's 2019 Five Year Plan is based on our belief that its Montney/Doig Natural Gas Resource Play has been substantially de-risked and that we are now highly confident in our ability to extract, produce and process very large volumes of natural gas from our extensive land base on this play. Our planned future growth is not contingent on success of exploration drilling. We have a massive inventory of long life natural gas resources in the Montney/Doig Natural Gas Resource Play fairway and we have developed the technical expertise to efficiently and economically extract that resource through horizontal drilling and multi-stage fracture stimulations. We have already built out the base facilities and infrastructure that allows us to operate and grow economically at very low natural gas prices.

We intend to continue to build and own our processing facilities in the Pouce Coupe area to provide room for production growth and to continue to reduce our processing costs and control our pace of drilling.

We are extremely focused on profitability irrespective of the commodity price environment we face. In our plan for each of the years in our 2019 Five Year Plan, just over 75% of the capital expenditures relates to drilling, completions, well equipment and tie-ins. We are of a size now that we should have the cash flow to continue to build out our facilities even in extremely low commodity pricing environments as they are becoming a smaller component of our capital expenditures as we grow.

As each year passes we have another group of producing wells that are entering a low stable decline phase of their lifecycle. This increases the portion of our production base with a low decline and reduces the volume of production that must be replaced each year by new drilling. As a result, each of our processing facilities we build becomes a free cash flow asset within approximately two years of start-up, so that when we stop building new processing capacity we will produce free cash flow relatively quickly.

In a low gas price environment we can prudently conserve capital and avoid increased debt by cutting back the drilling and completion component of our capital program.

In a high commodity price environment we can expand our facilities and fill them in a very short period of time. In either price environment we are profitable.

2014 THIRD QUARTER FINANCIAL AND OPERATIONAL RESULTS

Production

Record third quarter production averaged 34,235 boe per day, which is a 39% increase over production of 24,662 boe per day in the third quarter of 2013. Production per common share increased 32% from the third quarter of 2013.

Production consisted of approximately 84% natural gas and 16% crude oil and natural gas liquids in the third quarter. Approximately 78% of Birchcliff's natural gas production and 68% of corporate production was processed at our PCS Gas Plant in the first nine months of 2014.

Birchcliff has consistently demonstrated significant growth in third quarter production per common share. This growth has been primarily achieved through Birchcliff's low risk development drilling on the Montney/Doig Natural Gas Resource Play and the impact of the low operating cost structure of the PCS Gas Plant and related infrastructure.

The following table highlights Birchcliff's third quarter production per common share growth since 2010.

	Q3 2010	**Q3 2011**	**Q3 2012**	**Q3 2013**	**Q3 2014**	**Change Since 2010** *(%)*	**Average Annualized Growth** *(%)*
Production *(boe/day)*	13,109	17,648	21,426	24,662	34,235	161%	40%
Production per common share *(boe/day/share)*(1)	105.0	139.4	151.4	173.0	228.9	118%	30%

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

Funds Flow and Earnings

Funds flow increased 74% from the third quarter of 2013, to $75.0 million or $0.50 per basic common share. This increase was largely a result of a 39% increase in production and the average AECO natural gas spot price increasing by 65% to $4.02 per Mcf in the third quarter of 2014 compared to $2.44 per Mcf in the third quarter of 2013.

Birchcliff had net income of $29.7 million as compared to $10.2 million in the third quarter of 2013, a significant increase of 192%. This is Birchcliff's 20th consecutive quarter of earnings, again demonstrating that our repeatable, low-cost business continues to be successful and continues to generate positive returns for our shareholders.

Operating Costs

Operating costs were at a record low of $5.06 per boe, down 11% from $5.66 per boe in the third 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.

General and Administrative Expense

General and administrative expense of $1.44 per boe was a record low and represents a 14% decrease from $1.67 per boe in the third quarter of 2013.

PCS Gas Plant Netbacks

Processing natural gas at the PCS Gas Plant has materially improved Birchcliff's funds flow and net earnings since it first became operational in March 2010.

In the first nine months of 2014, net operating costs for natural gas processed at the PCS Gas Plant averaged $0.40 per Mcfe ($2.40 per boe) and the estimated operating netback for Birchcliff's natural gas production flowing to the PCS Gas Plant was $4.55 per Mcfe ($27.27 per boe), achieving an operating margin of 82%. Also, the volume of high value liquids recovered at the PCS Gas Plant, which are primarily condensate, has increased significantly to 8.0 bbls per MMcf from 4.9 bbls per MMcf in the comparable nine month period of 2013.

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, 2014[(1)]**		**Nine months ended September 30, 2013**	
Average daily production, net to Birchcliff:				
Natural gas *(Mcf)*		126,450		86,870
Oil & NGLs *(bbls)*		1,007		427
Total boe *(6:1)*		**22,082**		**14,905**
% of corporate natural gas production		*78%*		*71%*
% of corporate production		*68%*		*60%*
Sales liquids yield (bbls/MMcf)		*8.0*		*4.9*
Netback and cost:	*$/Mcfe*	*$/boe*	*$/Mcfe*	*$/boe*
Petroleum and natural gas revenue[(2)]	5.54	33.23	3.57	21.42
Royalty expense	(0.29)	(1.75)	(0.15)	(0.92)
Operating expense	(0.40)	(2.40)	(0.36)	(2.19)
Transportation and marketing expense	(0.30)	(1.81)	(0.27)	(1.54)
Estimated operating netback[(3)]	**$4.55**	**$27.27**	**2.79**	**16.77**
Operating margin[(3)]	**82%**	**82%**	**78%**	**78%**

(1) The PCS Gas Plant processed an average of 133 MMcf per day of gross raw gas at the inlet during the first nine months of 2014.

(2) AECO natural gas spot price averaged $4.81 per Mcf and $3.06 per Mcf for the nine months ended September 30, 2014 and 2013, respectively.

(3) See "Non-GAAP Measures" in the Advisories section of this report.

Debt and Capitalization

At September 30, 2014, Birchcliff's drawn long-term bank debt was $438.6 million from available credit facilities aggregating $750 million leaving $311.4 million of unutilized capacity which provides significant financial flexibility.

Total debt at September 30, 2014, including the working capital deficiency was $495.3 million.

At September 30, 2014, Birchcliff had outstanding 152,153,906 basic common shares.

Hedging Program

Birchcliff's natural gas production is unhedged beginning November 1, 2014 and the Corporation anticipates that it will monitor the April 1, 2015 to October 31, 2015 summer gas prices with a view to locking in forward sales contracts should the opportunities arise. Birchcliff will also review other potential hedging strategies relating to its natural gas and light oil production.

OPERATIONS UPDATE

Drilling

Birchcliff's 2014 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 technology.

During the third quarter of 2014, Birchcliff drilled 16 (15.5 net) wells, being 10 (10.0 net) horizontal natural gas wells and 6 (5.5 net) horizontal light oil wells. The natural gas wells are all Montney/Doig horizontal natural gas wells. The light oil wells included 5 (5.0 net) Worsley Charlie Lake horizontal light oil wells and 1 (0.5 net) Halfway horizontal light oil well.

Year-to-date Birchcliff has drilled 49 (48.5 net) wells, 31 (31.0 net) natural gas wells and 18 (17.5 net) oil wells. The natural gas wells are all Montney/Doig horizontal natural gas wells. The light oil wells included 4 (4.0 net) Montney/Doig horizontal light oil wells, 11 (11.0 net) Worsley Charlie Lake horizontal light oil wells, 2 (1.5 net) Halfway horizontal light oil wells and 1 (1.0 net) Upper Doig horizontal light oil well. All of the wells drilled to date are horizontal wells that were completed with multi-stage fracture stimulation technology.

Birchcliff currently has four drilling rigs working. Three rigs are drilling Montney/Doig horizontal natural gas wells, and one rig is currently drilling a Charlie Lake horizontal light oil well in the Progress area. Birchcliff is at various stages of drilling, completing and tying in the remaining wells in our 2014 drilling program.

Birchcliff has 13 (13.0 net) horizontal wells to bring on production before year end, including 12 (12.0 net) Montney/Doig horizontal natural gas wells, and 1 (1.0 net) Charlie Lake horizontal light oil well.

Montney/Doig Natural Gas Resource Play

In the third quarter of 2014, Birchcliff drilled 10 (10.0 net) Montney/Doig horizontal natural gas wells. Year-to-date Birchcliff has drilled 31 (31.0 net) Montney/Doig horizontal natural gas wells and 4 (4.0 net) Montney/Doig horizontal light oil wells. We also had significant exploration success as 2 (2.0 net) of the gas wells were drilled in a new interval of the Montney/Doig Natural Gas Resource Play - the Montney D4. Birchcliff continues to expand the Montney/Doig Natural Gas Resource Play both geographically and stratigraphically.

On our Montney/Doig Natural Gas Resource Play we are currently utilizing multi-well pad drilling, allowing us to drill continuously through spring break-up. Our budget for 2014 includes drilling 41 (41.0 net) Montney/Doig horizontal wells from 13 multi-well pads and two wells on single well pads. The pads range from two to five wells per pad.

Recently, there have been some significant positive developments by industry on the Montney/Doig Natural Gas Resource Play. One general area of development is the piloting and commercialization of new stratigraphic intervals within this play. The play exists in two different geological formations the Montney and the Doig. Birchcliff has adopted a widely used industry informal nomenclature for the Montney and Doig Formations. Due to the complexity of the geology, not all of the same intervals are present in all areas of the play trend.

The Montney/Doig Natural Gas Resource Play in the Pouce Coupe area is approximately 300 meters (1,000 feet) thick. Utilizing the industry nomenclature, Birchcliff has divided the geologic column into eight intervals from youngest (top) to oldest (bottom); Doig Phosphate, Basal Doig, Montney D5, Montney D4, Montney D3, Montney D2, Montney D1 and Montney C. Prior to the recent exploration success in the Montney D4, Birchcliff commercialized and drilled wells in two plays, the Basal Doig/Upper Montney Play and the Middle/Lower Montney Play.

Birchcliff believes its wells drilled in the Basal Doig interval of the Basal Doig/Upper Montney Play access the resources in the Doig Phosphate, Basal Doig and the upper most interval of the Montney - the Montney D5. The second play Birchcliff has drilled wells in is the Middle/Lower Montney Play and the specific interval drilled is the Montney D1 interval.

To quantify the potential of these two mature proven plays as of September 30, 2014, Birchcliff owns 307.6 net sections which have potential for the Middle/Lower Montney Play and 287.4 net sections which have potential for the Basal Doig/Upper Montney Play. Birchcliff's total land holdings on these two mature proven plays are 595.0 net sections. On full development of four horizontal wells per section per play, Birchcliff has 2,380.2 net existing horizontal wells and future horizontal drilling locations. With 145.9 net horizontal locations drilled to September 30, 2014, there remains 2,234.3 net future horizontal drilling locations on these two mature proven plays.

There are four other intervals in the Montney/Doig Natural Gas Resource Play that previous to the third quarter of 2014 Birchcliff had not yet drilled wells in, but which, Birchcliff feels are highly prospective; the lowermost Montney C, the Montney D2, the Montney D3 and the Montney D4.

Recently, Birchcliff drilled two exploration horizontal wells in the Montney D4 with very positive results. The first well was at Pouce Coupe and the second was in the Elmworth/Sinclair area. These drilling results establish the commerciality of the Montney D4 in both of these areas.

Increased Future Drilling Locations

Birchcliff is very excited about this exploration success in the Montney D4. Birchcliff currently holds 319.1 (307.6 net) sections of land that have Montney rights which it interprets to be prospective in the Montney D4 interval. Assuming four wells per section, the ultimate potential of the Montney D4 interval could add 1,230.4 net future locations to Birchcliff's inventory. This in addition to the 2,234.3 net future horizontal drilling locations on Birchcliff's two mature proven intervals, totals 3,464.7 net future locations. This exploration success will also result in the booking of significant reserves in all three categories of proven, probable and possible reserves as there were no reserves booked to this Montney D4 interval previously.

Elmworth/Sinclair Area

Birchcliff has accumulated a vast land base on its Elmworth/Sinclair exploration project with 87.5 sections of land all at 100% working interest. The land is in two land blocks, Elmworth where Birchcliff has a 36 section contiguous land position and Sinclair where Birchcliff has a 51.5 section land block. Sinclair is approximately 10 kilometers to the northwest, of Elmworth.

As a result of this success in the Elmworth/Sinclair area, Birchcliff is now planning for significant operations and future growth in this area.

The Montney/Doig Natural Gas Resource Play continues to get bigger and better and Birchcliff has an extensive set of assets right in the middle of a vast sweet spot within this exciting play.

Montney C Interval Exploration Potential

Industry has also been active in other Montney intervals and with Birchcliff's recent results Birchcliff is currently drilling another exploration well at Pouce Coupe, in a new Montney interval – the Montney C, which is the oldest and lowest Montney interval.

PCS Gas Plant Phase IV Expansion Complete

The Phase IV expansion of the PCS Gas Plant is complete and as a result processing capacity has increased to 180 MMcf per day from 150 MMcf per day. The estimated cost of the Phase IV expansion was approximately $11.6 million. The project was completed on schedule and on budget.

Future Expansion of the PCS Gas Plant

Engineering, procurement and fabrication work is underway for the Phase V expansion of the PCS Gas Plant which will increase processing capacity to 240 MMcf per day with an expected startup late in the fourth quarter of 2015.

Preliminary planning and permitting work has been initiated for the Phase VI expansion of the PCS Gas Plant that will increase processing capacity to 300 MMcf per day with startup currently being planned for late 2016.

Worsley Charlie Lake Light Oil Resource Play

In the third quarter of 2014, Birchcliff was extremely active on the Worsley Charlie Lake Light Oil Resource Play. In the third quarter we drilled 5 (5.0 net) Worsley Charlie Lake horizontal light oil wells. To date in 2014, we have successfully drilled 11 (11.0 net) Charlie Lake horizontal light oil wells utilizing multi-stage fracture stimulation technology. We are currently drilling our last well of the 2014 Charlie Lake program, a horizontal well in the Progress area.

Our budget for 2014 includes 12 (12.0 net) Charlie Lake horizontal light oil wells.

We have recently completed a significant facility optimization and infrastructure debottlenecking project in the northwest end of the Worsley field that will allow us to meet our exit production targets for this area and provide opportunity for growth in 2015.

With the continued positive response of the water flood on our Worsley Charlie Lake pool, we are expanding the water flood area and have conducted the field operations necessary to convert two more wells to injectors and have installed the associated water injection infrastructure.

Halfway Light Oil Play

In the third quarter of 2014, Birchcliff drilled 1 (0.5 net) Halfway horizontal light oil well, which was recently brought on production. To date in 2014, we have drilled 2 (1.5 net) Halfway horizontal light oil wells. Both wells were completed utilizing multi-stage fracture stimulation technology.

SHAREHOLDER SUPPORT

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

Mr. Schulich holds 40 million common shares representing 26.3% of the current issued and outstanding common shares.

OUTLOOK

Exit production in 2014 is expected to be approximately 40,000 boe per day, setting the stage for strong production in the first quarter of 2015 and beyond. Our 2014 fourth quarter average production is expected to be approximately 38,000 boe per day. Annual average production for 2014 is expected to be approximately 34,000 boe per day, representing 32% growth over the 2013 annual average of 25,829 boe per day.

We expect 2015 exit production to be between 48,000 and 50,000 boe per day, which would result in 20% to 25% year over year exit production growth. The capital expenditure required to achieve this production target is expected to be between $450 million to $500 million, which includes approximately $110 million for infrastructure.

Birchcliff will adjust its 2015 capital expenditure program to maintain its strong balance sheet if commodity prices weaken or other assumptions materially change from our preliminary estimates.

We expect to add material reserves additions at year end 2014 including material additions to our proved developed producing ("**PDP**") reserves. As a result of the reserves additions, Birchcliff expects for 2014 to report top tier finding and development costs which again will result in top tier PDP recycle ratios and profitability, given its high operating netback and funds flow netback as compared to its industry peers. Birchcliff also expects these material reserves additions will add significant credit capacity in May 2015 upon its annual bank credit facilities renewal.

Birchcliff continues to be focused on improving capital efficiency. We are utilizing multi-well pad drilling on our Montney/Doig Natural Gas Resource Play to improve drilling and completion efficiencies and reduce the cost per well. The reduction in drilling and completion costs is significant. Further, pad drilling allowed us to drill continuously through spring break-up, which improves our capital efficiencies.

Birchcliff has now successfully drilled and cased 153 (152.9 net) Montney/Doig horizontal wells, utilizing the latest multi-stage fracture stimulation technology. Currently, we have up to 3,464.7 net future potential horizontal drilling locations on the Montney/Doig Natural Gas Resource Play.

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 2014 year end financial results, and summaries of its 2014 year end reserves evaluation, 2014 year end Montney/Doig Natural Gas Resource Assessment, 2014 finding and development costs and 2015 Budget on February 11, 2015.

We are very pleased and excited with the future outlook for Birchcliff. Our production and opportunity portfolio continues to increase while our cost structure continues to decrease. Focus, high value products, 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

Non-GAAP Measures: *This Press Release uses "funds flow", "funds flow from operations", "funds flow per common share", "netback", "operating netback", "estimated operating netback", "funds flow netback", "operating margin", "adjusted working capital" and "total debt" which do not have standardized meanings prescribed by GAAP and therefore may not be comparable measures to other companies where similar terminology is used. Funds flow or funds flow from operations denotes cash flow from operating activities as it appears on the Corporation's statements of cash flows before decommissioning expenditures and changes in non-cash working capital. Funds flow per common share denotes funds flow divided by the basic or diluted weighted average number of common shares. Netback or operating netback denotes petroleum and natural gas revenue less royalties, less operating expenses and less transportation and marketing expenses. Estimated operating netback of the PCS Gas Plant (and the components thereof) is based upon certain cost allocations and accruals directly related to the PCS Gas Plant and the related wells and infrastructure and is calculated on a production month basis. Funds flow netback denotes petroleum and natural gas revenue less royalties, less operating expenses, less transportation and marketing expenses, less net general and administrative expenses, less interest expenses and less any realized losses (plus realized gains) on financial instruments. Operating margin for the PCS Gas Plant is calculated by dividing the estimated operating netback for the period by the petroleum and natural gas revenue for the period. Adjusted working capital is calculated as current assets minus current liabilities, excluding the fair value of financial instruments and related deferred premium. Total debt is calculated as revolving term credit facilities plus non-revolving term credit facilities as they appear on the Corporation's statement of financial position plus adjusted working capital deficit.*

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

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

Forward-Looking Information: *This Press Release contains forward-looking information within the meaning of applicable Canadian securities laws. Forward-looking information relates to future events or future performance and is based upon the Corporation's current internal expectations, estimates, projections, assumptions and beliefs. All information other than historical fact is forward-looking information. 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", "estimated", "forecast", "may", "will", "potential", "proposed" and other similar words that convey certain events or conditions "may" or "will" occur are intended to identify forward-looking information. In particular, this Press Release contains forward-looking information relating to estimated 2014 exit, average fourth quarter and average annual production; anticipated strong 2015 first quarter production; 2015 exit production; the Corporation's 2019 Five Year Plan production targets and sources of funding; planned 2015 capital spending and sources of funding; the expected ratios of year end debt to one year's forward funds flow; the intention to drill, complete, equip and tie-in future wells; the intention to complete proposed expansions of the PCS Gas Plant and to build other processing facilities; expected material reserves additions at* *year end which would result in top tier finding and development costs, top tier PDP recycle ratios and add significant credit capacity in May 2015; estimated 2014 annual basic weighted average common shares outstanding; estimates of net future locations; and statements as to future decline rates of well production.*

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.

Statements as to the addition of material reserves at year-end 2014 assume that in conducting its reserves evaluation, the independent reserves evaluator will concur with Birchcliff's internal technical interpretations.

Statements as to expected top tier finding and development costs and top tier PDP recycle ratios assume that Birchcliff's capital costs for the remainder of 2014 will be consistent with our internal estimates.

Statements as to the addition of significant credit capacity in May 2015 assume that the criteria applied by Birchcliff's syndicate of bank lenders remains consistent with historical practice and that commodity prices are consistent with the forecast contained with Birchcliff's 2019 Five Year Plan.

With respect to statements of future wells to be drilled, completed, equipped and tied-in, and estimates of future drilling locations, the key assumption is the validity of the geological and other technical interpretations performed by the Corporation's technical staff, which indicates that commercially economic volumes can be recovered from the Corporation's lands as a result of drilling future wells.

With respect to statements of future decline rates of well production, the key assumption is that geological and other technical interpretations performed by the Corporation's technical staff are valid.

Estimates as to 2014 exit production, average fourth quarter and average annual production rates, 2015 first quarter production and 2015 exit production rate and the estimated production targets in the 2019 Five Year Plan assume that: no unexpected outages occur in the infrastructure that the Corporation relies on to produce its wells; construction of new infrastructure meets timing expectations; existing wells continue to meet production expectations; and future wells scheduled to come on production meet timing and production expectations.

Estimates as to future capital spending, sources of funding and future debt ratios assume the Corporation realizes the production targets and commodity prices as set forth in the disclosures relating to the Corporation's 2019 Five Year Plan.

Statements as to the Corporation's intention to complete proposed expansions of the PCS Gas Plant and to build other processing facilities, the anticipated processing of the PCS Gas Plant and the anticipated timing thereof assume that future drilling is successful, the availability of sufficient labour, services and equipment and that the Corporation will have access to sufficient capital to fund those projects.

Estimates of 2014 annual basic weighted common shares outstanding assume that grants, exercises and forfeitures of stock options remain consistent with past history.

Any "financial outlook" contained in this Press Release, as such term is defined by applicable securities laws, is provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that reliance on such information may not be appropriate for other purposes.

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, commodity price fluctuations, 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.

About Birchcliff:

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

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