BIRCHCLIFF
ENERGY

June 21, 2016

BIRCHCLIFF ENERGY LTD. ANNOUNCES STRATEGIC MONTNEY/DOIG ACQUISITION OF HIGH QUALITY OIL AND LIQUIDS-RICH NATURAL GAS AND $530 MILLION BOUGHT DEAL FINANCING

Calgary, Alberta – **Birchcliff Energy Ltd. ("Birchcliff" or the "Corporation") (TSX: BIR)** is pleased to announce that it has entered into an asset sale agreement (the "**Acquisition Agreement**") with Encana Corporation (the "**Vendor**") to purchase 100% of the Vendor's interests in the Gordondale area (the "**Assets**") which is within Birchcliff's primary focus area of Pouce Coupe/Gordondale, for cash consideration of $625 million, subject to closing adjustments (the "**Acquisition**"). The Assets include high working interest operated production and a large contiguous land base which fits between Birchcliff's existing Pouce Coupe and Gordondale properties. Please refer to the *Area Acreage Map* included in this press release.

The Acquisition will be partially funded through a $530.0 million bought deal equity financing co-led by National Bank Financial Inc. ("**NBF**"), Cormark Securities Inc. ("**Cormark**"), GMP Securities L.P. and Scotia Capital Inc. and a concurrent $18.75 million non-brokered private placement subscribed for by Mr. Seymour Schulich (or entities controlled by him), for aggregate gross proceeds of $548.75 million (the "**Financings**"), details of which are provided below under the heading "The Financings".

*This press release contains forward-looking information within the meaning of applicable securities laws. Such forward-looking information is based upon certain expectations and assumptions and actual results may differ materially from those expressed or implied by such forward-looking information. For further information regarding the forward-looking information contained herein, please see "Advisories – Forward-Looking Information". In addition, this press release contains references to certain measures which do not have standardized meanings prescribed by generally accepted accounting principles ("**GAAP**"). For further information regarding non-GAAP measures, please see "Advisories – Non-GAAP Measures".*

THE ACQUISITION

Overview

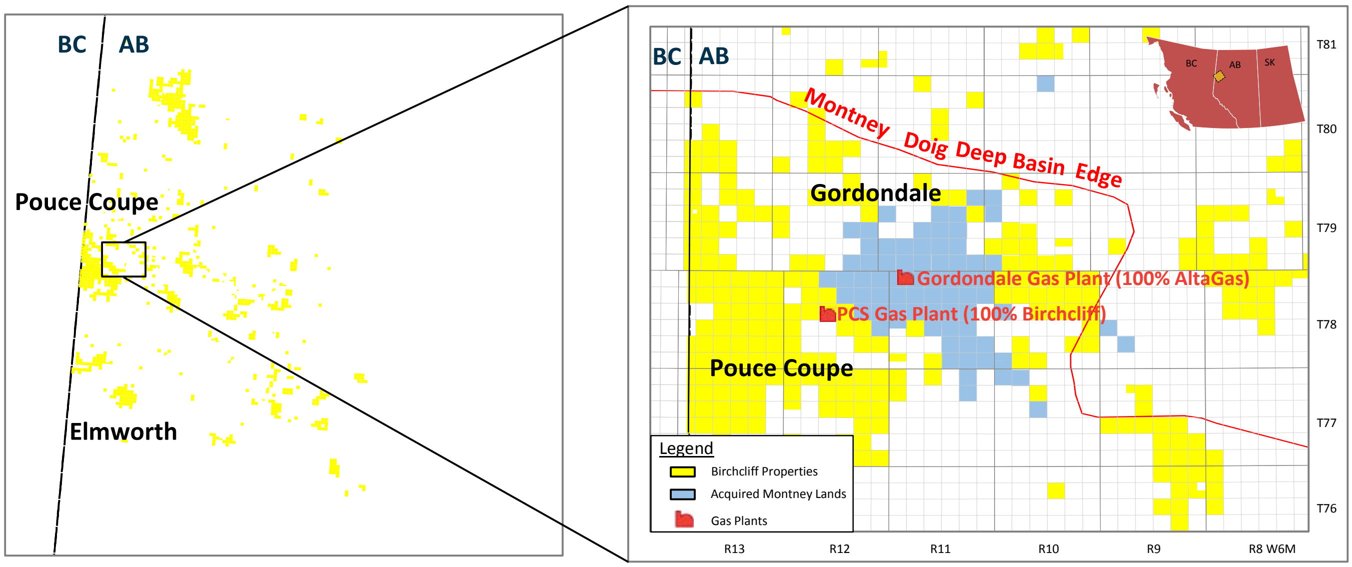
The Acquisition is transformational for Birchcliff and will create a stronger intermediate Montney/Doig growth company that will be producing approximately 65,000 boe/d (23% oil and NGLs) upon closing of the Acquisition. The Assets have a low-decline, operated, high working interest production base and includes a suite of low-risk oil and liquids-rich Montney/Doig development drilling locations across multiple intervals. Existing infrastructure will provide for future low-cost growth. In addition, the Financings will have the effect of de-levering the Corporation's balance sheet.

The Assets are primarily located in the Gordondale area of Alberta, approximately 100 km northwest of Grande Prairie. The Assets are located within Birchcliff's Montney/Doig Natural Gas Resource Play in the Peace River Arch area of Alberta, which, in the opinion of management, is one of the most prolific natural gas resource plays in North America. Forecast production from the Assets for the first half of 2016 is approximately 26,000 boe/d (41% oil and NGLs). The Assets include high working interest operated production and a large contiguous land base which fits between Birchcliff's existing Pouce Coupe and Gordondale properties. As a result, the Acquisition is a significant expansion to the Corporation's core area and is consistent with its strategy to continue to develop and expand its Montney/Doig Natural Gas Resource Play.

The Acquisition has an effective date of January 1, 2016 and closing is expected to occur on or about July 28, 2016, subject to usual closing conditions and regulatory approvals. The Acquisition will be funded by the aggregate net proceeds of the Financings and the Corporation's credit facilities.

As Birchcliff does not currently own the Assets, the information contained herein in respect of the Assets has been summarized from publicly available information and information obtained by the Corporation in connection with its due diligence investigation and the McDaniel Report (as defined below).

Area Acreage Map



National Bank Financial and Cormark acted as financial advisors to Birchcliff with respect to the Acquisition.

Strategic Rationale and Benefits

The Acquisition further strengthens Birchcliff's business model and creates one of the largest concentrations of high quality, low-cost production in the area. The Assets have an inventory of oil and liquids weighted drilling locations that complement Birchcliff's existing Montney/Doig inventory and will provide Birchcliff with an opportunity to drill oil wells and liquids rich Montney/Doig natural gas wells in a similar area to where Birchcliff's management and technical team have a proven track record to efficiently integrate, optimize and grow the Assets being acquired. In addition, the Financings provide an opportunity to strengthen the Corporation's balance sheet. In summary, with the completion of the Financings and the Acquisition, Birchcliff has positioned itself to be a stronger intermediate Montney/Doig producer with significant financial flexibility.

The highlights of the Acquisition and the anticipated benefits of and potential upside associated with the Acquisition and the Financings include, but are not limited to, the following:

- ***Consolidates a Sizeable and Contiguous Land Base within Birchcliff's Existing Gordondale/Pouce Coupe Area on the Montney/Doig Natural Gas Resource Play***
  - The Assets include a contiguous land position of 91,833 gross (54,206 net) acres of lands of which 46,233 gross (40,920 net) acres (72.3 gross (64.0 net sections)) are core Montney lands with a high average working interest of 89%.

- The Assets include 74,873 gross (42,862 net) acres of developed lands and 16,960 gross (11,344 net) acres of undeveloped lands, with an average working interest of 57% in developed lands and 67% in undeveloped lands.
- Drilling buffers on lands bordering Birchcliff lands will be eliminated, allowing for optimal well development planning and reservoir drainage from the lands.
- Birchcliff will have an extensive Montney/Doig land position of over 263,151 gross (251,950 net) acres, including 145,106 gross (140,695 net) acres of undeveloped land.
- Birchcliff will have a dominant contiguous land position in its main area of focus.

- ***Significantly Increases Production and Ability to Generate Funds Flow***
  - The Assets have a predictable low base production decline rate of approximately 20%, which is in line with Birchcliff's current corporate base production decline rate and which supports the Corporation's ability to grow funds flow and production.
  - Forecast average production from the Assets for the first half of 2016 is 26,000 boe/d (59% natural gas, 15% light crude oil and 26% NGLs).
  - As a result of the Acquisition, the Corporation has increased its annual average production guidance for 2016 from 40,000 to 41,000 boe/d to 49,000 to 51,000 boe/d, increasing Birchcliff's current production by approximately 25%.
  - After closing Birchcliff expects to have tax pools of approximately $2 billion.
  - After completion of the Acquisition the Corporation intends to adopt an ongoing hedging strategy

- ***De-Levers the Corporation's Balance Sheet***
  - The Financings will significantly de-lever the Corporation's balance sheet with *pro forma* total debt at December 31, 2016 estimated to be $675 million, assuming completion of the Financings and the Acquisition.

- ***Increases Birchcliff's Oil and NGLs Weighting***
  - As at March 31, 2016, Birchcliff's commodity mix was approximately 88% natural gas, 8% light oil and 4% NGLs.
  - After giving effect to the Acquisition, Birchcliff's expected commodity mix will be approximately 77% natural gas, 10% light oil and 13% NGLs.
  - Depending on the prevailing commodity price environment, Birchcliff will be able to invest in its most economic natural gas weighted or oil and liquids weighted Montney/Doig drilling locations to maximize funds flow and rates of return.

- ***Strategic Infrastructure***
  - The Assets include owned and operated light oil batteries, compressor stations and an extensive network of field gathering infrastructure, which was built for future growth and provides numerous operational synergies. By using existing underutilized infrastructure

and well sites, Birchcliff expects it can grow production while minimizing infrastructure capital.

- The Assets include the following infrastructure:
  - two light oil batteries with a combined handling capacity of approximately 20,000 bbls/d of oil (100% working interest);
  - a non-operated working interest of approximately 10% in the gas plant located in the Progress area which has a processing capacity of 135 MMcf/d and in which the Corporation has an existing non-operated working interest of approximately 3%; and
  - an extensive network of sour gas gathering and compression systems with capacity of approximately 65 MMcf/d (100% working interest).
- Natural gas from the Assets is primarily processed at AltaGas' deep cut sour gas processing facility at Gordondale, which has a processing capacity of 135 MMcf/d and is currently processing approximately 100 MMcf/d. The AltaGas Gordondale plant is located approximately 10 km to the northeast of Birchcliff's 100% owned and operated natural gas plant in the Pouce Coupe South area.
- The Acquisition provides secured long-term third party processing, transportation and sale agreements, including firm transportation capacity on Pembina's pipeline system and access to firm fractionation capacity at Pembina's fractionation facilities at Redwater, Alberta.

- ***Low Base Decline Production***
  - The Assets have a low base production decline rate of approximately 20%, which is in line with Birchcliff's current corporate base production decline rate. Limited new wells have been brought on production in recent years, with the last wells drilled in 2014.
- ***Significantly Increases Birchcliff's Reserves***
  - The Corporation engaged McDaniel & Associates Ltd. to prepare an independent reserves evaluation of the Assets dated June 14, 2016 with an effective date of March 31, 2016 (the "McDaniel Report").
  - Based on the McDaniel Report, the Acquisition adds material reserves as follows:
    - 54,027 Mboe of proved developed producing reserves, an increase of 53%;
    - 105,661 Mboe of proved reserves, an increase of 30%; and
    - 191,133 Mboe of proved plus probable reserves, an increase of 33%.
  - After closing, Birchcliff will have proved plus probable reserves 764.0 MMboe.
- ***High Quality Development Opportunities***
  - There are 993 gross (929.0 net) potential future drilling locations on the Assets.

- The Acquisition provides the Corporation with access to significant opportunities on properties that have not been fully developed.

Key Characteristics and Acquisition Metrics

The Acquisition has the following key characteristics:

Purchase price	\$625 million(1)
2016 First Half Forecast Production	26,000 boe/d (41% oil and NGLs)(1)
Base production decline	Approximately 20%
Proved reserves(2)	105,661 Mboe (12% light crude oil and medium crude oil, 27% NGLs, 60% shale gas and 1% conventional natural gas)
Proved NPV10(2)(3)	\$636 million
Proved plus probable reserves(2)	191,133 Mboe (13% light crude oil and medium crude oil, 26% NGLs, 60% shale gas and 1% conventional natural gas)
Proved plus probable NPV10(2)(3)	\$1,130 million
Proved plus probable RLI(4)	20 years
Land (net) acres	91,833 gross (54,206 net) acres

Notes:

(1) Effective date of January 1, 2016, subject to closing adjustments and non-material rights of first refusal that may be exercised.

(2) Reserves estimates contained herein in respect of the Assets are based on the independent evaluation contained in the McDaniel Report which used McDaniel's forecast prices as at April 1, 2016 (the "**McDaniel Price Forecast**"). Please see *"Advisories – Oil and Gas Advisories"* in this press release.

(3) Before tax net present value based on a 10% discount rate and the McDaniel Price Forecast. Estimated values of future net revenues do not represent the fair market value of the reserves. Please see *"Advisories – Oil and Gas Advisories"* in this press release.

(4) Based on forecast average production for the first half of 2016 of 26,000 boe/d. Please see *"Advisories – Oil and Gas Advisories"* in this press release.

The acquisition metrics(1) for the Acquisition are as follows:

Production	\$24,038/boe/d
Proved reserves(2)	\$5.92/boe
Proved plus probable reserves(2)	\$3.27/boe

Notes:

(1) Based on a purchase price of \$625 million. The purchase price is subject to closing adjustments and non-material rights of first refusal that may be exercised. Based upon estimated production of 26,000 boe/d.

(2) Please see *"Advisories – Oil and Gas Advisories"* in this press release.

INCREASED 2016 GUIDANCE

The Acquisition demonstrates Birchcliff's ability to acquire high quality oil and liquids rich natural gas assets during this period of low commodity prices. As a result, the Acquisition is expected to provide increased funds flow and production per share accretion and enhances Birchcliff's long-term sustainability.

The following is the Corporation's increased guidance for 2016, after giving effect to the Acquisition and the Financings:

2016 Guidance	Pre-Acquisition	Post-Acquisition	%Change
Average production (boe/d)(1)	40,000 – 41,000 boe/d	49,000 – 51,000 boe/d	25%
% oil and NGLs	11%	17%	53%
Pro forma common shares (basic)(2)	152,307,539	252,827,539	66%
Net capital expenditures (MM) (3)(4)	$103.5	$140.0	35%
Total debt at December 31, 2016 (MM) (2)(3)(4)	$656	$675	2.8%

Notes:

(1) Forecast average production from the Assets for the first half of 2016 is approximately 26,000 boe/d. The impact on 2016 is based on an estimated closing date of July 28, 2016 and therefore 2016 numbers do not represent full year 2016 average production.

(2) After giving effect to the exercise of the Over-Allotment Option (as defined below) and based on the issuance of 100.5 million Subscription Receipts pursuant to the Financings.

(3) After taking into account proceeds in the amount of $19.0 million received by the Corporation from a disposition completed in the Progress area on April 28, 2016. Forecast capital expenditures assume Birchcliff achieves its 2016 production targets. The Corporation's 2016 capital expenditure program assumes an annual average WTI price of US$45.00 per barrel of oil (revised from US$43.00 as announced on May 11, 2016), an AECO price of CDN$1.90 per GJ of natural gas and an exchange rate of CDN$/US$ of 1.29 (revised from 1.40) during 2016.

(4) Assuming an annual average WTI price of US$45.00 per bbl of oil and an AECO price of CDN$1.90 per GJ of natural gas during 2016. Total debt is a non-GAAP measure. Please see *"Advisories – Non-GAAP Measures"* in this press release.

2017 OPERATING NETBACK FORECAST FOR THE ASSETS

GORDONDALE ACQUISITION
2017 Forecast Operating Netback

OPERATING – Avg. Daily Production	
Oil (bbl/d)	6,426
Gas (mmcf/d)	90
NGL (bbl/d)	6,714
Total Sales (boe/d)	**28,197**
Oil and NGL %	*47%*
Total BOE	**10,291,791**
Field Operating Cash Flow ($mm)	**$151.3**
Netback and Cost ($/boe)	
Oil Sales ($/bbl)	$61.06
Gas Sales ($/mcf)	$2.87
NGL Sales ($/bbl)	$18.60
Total Sales	$27.53
Royalty Revenue	-
Total Revenue	$27.53
Royalty Expense	$3.88
Production Expense	$7.30
Transportation & Marketing	$1.66
Operating Netback	**$14.70**
Capital Expenditures ($mm)	**$87.9**

Assumptions:

1) Production volumes assume 17 Montney/Doig horizontal oil wells come onstream in 2017 and that Birchcliff's wells continue to produce as expected and there are no unexpected production or transportation interruptions of significance
2) Oil and NGL price offsets/differentials are based on 2015 actual amounts.
3) NGL transportation and marketing costs are offset against realized sales prices for NGLs.
4) Production expense is based on 2015 actual amounts.
5) Transportation and marketing expense is based on 2015 actual amounts.
6) Operating Netback does not include G&A and Interest
7) Assumes 2017 commodity prices average as follows: natural gas at AECO = CAD $2.60/GJ; WTI = USD $52.00/Bbl;
8) USD/CAD Exchange = $1.28
9) Operating netback does not have any standard meaning prescribed by IFRS and therefore may not be comparable with the calculation of similar measures for other entities. Operating netback equals total petroleum and natural gas sales less royalties and operating costs and transportation and marketing costs calculated on a boe basis. Birchcliff considers operating netback as an important measure to evaluate its operational performance as it demonstrates its field level profitability relative to current commodity prices.

CREDIT FACILITIES

The Corporation currently has in place extendible revolving credit facilities in the aggregate principal amount of $750 million (the "**Credit Facilities**"), which are comprised of: (i) an extendible revolving syndicated term credit facility of $710 million; and (ii) an extendible revolving working capital facility of $40 million.

Pursuant to the terms of the agreement governing the Credit Facilities, in the event the Corporation acquires reserves, it may request that the bank syndicate adjust the borrowing base limit under the Credit Facilities. Birchcliff expects that following the completion of the Acquisition, its bank syndicate will agree to an increase to the borrowing base under the Credit Facilities based on the proved developed producing reserves being acquired pursuant to the Acquisition.

THE FINANCINGS

In connection with the Acquisition, Birchcliff is also pleased to announce that it has entered into an agreement with a syndicate of underwriters (the "**Underwriters**"), co-led by NBF, Cormark, GMP Securities L.P. and Scotia Capital Inc., pursuant to which the Underwriters have agreed to purchase, on a bought deal basis, 84,800,000 subscription receipts of the Corporation ("**Subscription Receipts**") at a price of $6.25 per Subscription Receipt for aggregate gross proceeds of $530.0 million (the "**Bought Deal Financing**"). Concurrent with the Bought Deal Financing, Mr. Seymour Schulich has committed that he (or entities controlled by him) will purchase 3,000,000 Subscription Receipts at a price of $6.25 per Subscription Receipt for aggregate gross proceeds of $18.75 million pursuant to a non-brokered private placement (the "**Private Placement**", and together with the Bought Deal Financing, the "**Financings**"). In addition, it is expected that certain directors, officers and employees of the Corporation and their families will participate in the Bought Deal Financing. The gross proceeds from the Financings will be held in escrow pending completion of the Acquisition, as described in further detail below.

In addition, the Corporation has granted to the Underwriters an option (the "**Over-allotment Option**") to purchase up to an additional 12,720,000 Subscription Receipts at a price of $6.25 per Subscription Receipt, exercisable from time to time, in whole or in part, at any time prior to the earlier of: (a) 30 days following the Closing Date; and (b) the Termination Time (as defined below), to cover over-allotments, if any, and for market stabilization purposes. If the Over-allotment Option is fully exercised, gross proceeds from the Bought Deal Financing will be approximately $609.5 million.

The Subscription Receipts to be issued pursuant to the Bought Deal Financing will be distributed by way of short form prospectus in all provinces of Canada, in the United States via Rule 144A to Qualified Institutional Buyers only under the U.S. Securities Act of 1933, and on a private placement basis in the United Kingdom and certain other jurisdictions as may be agreed to by Birchcliff.

The gross proceeds from the sale of the Subscription Receipts (the "**Escrowed Funds**") will be held in escrow pending delivery by the Corporation to NBF of a certificate to the effect that (i) all material conditions (other than the payment of the purchase price) necessary to complete the Acquisition have been satisfied or waived, (ii) the concurrent Private Placement has been completed, and (iii) the Corporation has received all necessary regulatory and certain other approvals regarding the Financings and the Acquisition (the "**Escrow Condition**"). Upon satisfaction of the Escrow Condition, the Escrowed Funds and the interest earned thereon, less the fees payable to the Underwriters, will be released to the Corporation to complete the Acquisition. On the closing of the Acquisition, each holder of Subscription Receipts will receive one common share of the Corporation (an "**Underlying Share**") for each Subscription Receipt held, without payment of additional consideration or further action on the part of the holder. The portion of the Escrowed Funds released to the Corporation will be used to pay a portion of the purchase price for the Assets. The balance of the purchase price for the Assets will be funded by drawing on the credit facilities.

If: (a) the Escrow Condition is not satisfied by 5:00 p.m. (Calgary time) on September 30, 2016, or such later date within 15 days of September 30, 2016 as NBF may elect; (b) the Acquisition Agreement is terminated; or (c) the Corporation has advised the Underwriters or announced to the public that it does not intend to proceed with the Acquisition (in each case, the earliest of such dates being the "**Termination Time**"), holders of Subscription Receipts shall receive an amount equal to the full subscription price attributable to the Subscription Receipts and their *pro rata* entitlement to the interest accrued on such amount.

Completion of the Financings is subject to certain conditions including the receipt of all necessary regulatory approvals, including the approval of the Toronto Stock Exchange. The Bought Deal Financing and the Private Placement are expected to close concurrently on or about July 13, 2016.

This press release is not an offer of the Subscription Receipts or Underlying Shares for sale in the United States. The Subscription Receipts and Underlying Shares have not been and will not be registered under the U.S. Securities Act, or any state securities laws. Subscription Receipts and Underlying Shares may not be offered or sold in the United States absent registration or an exemption from registration. The Subscription Receipts and Underlying Shares will not be publicly offered in the United States.

ABBREVIATIONS

AECO	physical storage and trading hub for natural gas on the TransCanada Alberta transmission system which is the delivery point for various benchmark Alberta index prices
bbl	barrel
bbls	barrels
bbls/d	barrels per day
boe	barrels of oil equivalent
boe/d	barrels of oil equivalent per day

GJ	gigajoule
GAAP	generally accepted accounting principles
Mboe	thousand barrels of oil equivalent
MM	millions
MMboe	million barrels of oil equivalent
Mcf	thousand cubic feet
MMcf	million cubic feet
NGLs	natural gas liquids
WTI	West Texas Intermediate oil at Cushing, Oklahoma, the benchmark for North American crude oil pricing

ADVISORIES

Forward-Looking Information

This press release contains forward-looking statements and forward-looking information (collectively "**forward-looking information**") within the meaning of applicable securities laws relating to the Corporation's plans and other aspects of the Corporation's anticipated future operations, management focus, strategies, plans, financial, operating and production results and business opportunities. In addition, and without limiting the generality of the foregoing, this press release contains forward-looking information regarding: completion of the Acquisition and the timing thereof; completion of the Financings and the timing thereof; the expectation that certain directors, officers and employees of the Corporation will participate in the Bought Deal Financing; the exercise of the Over-allotment Option; the use of proceeds of the Financings and the funding of the purchase price of the Assets; the Corporation's expectation that the borrowing base under the Credit Facilities will be increased following the completion of the Acquisition; the Corporation's expectation that the Financings will have the effect of de-levering the Corporation's balance sheet post-closing of the Acquisition; the strategic rationale for the Acquisition and the anticipated benefits to be obtained as a result of the Acquisition; the performance characteristics of the Assets and the anticipated potential of the Assets; the impact of the Acquisition on the Corporation's operations, production, reserves, inventory, opportunities, financial condition, access to capital, funds flow and overall strategy; the Corporation's 2016 guidance and other financial results before and after giving effect to the Acquisition and the Financings; anticipated capital expenditures relating to the Assets; the potential reduction in general and administrative costs; the oil and natural gas reserves of the Corporation and those associated with the Assets; anticipated drilling locations and drilling inventories; expected decline rates; anticipated potential of the Assets including, but not limited to, capacity of infrastructure, potential reduction in operating costs; and potential growth. Forward-looking information typically uses words such as "anticipate", "believe", "project", "expect", "goal", "plan", "intend" or similar words suggesting future outcomes, statements that actions, events or conditions "may", "would", "could" or "will" be taken or occur in the future.

The forward-looking information is based on certain key expectations and assumptions made by management, including expectations and assumptions concerning: the satisfaction of all conditions to the closing of the Financings and the Acquisition and on the time frames contemplated; the Corporation's ability to develop the Assets and obtain the anticipated benefits thereof; prevailing and future commodity prices and differentials, exchange rates, interest rates, inflation rates, applicable royalty rates and tax laws; future production rates and estimates of operating costs; performance of existing and future wells; reserve volumes; anticipated timing and results of capital expenditures; the success obtained in drilling new wells; the sufficiency of budgeted capital expenditures in carrying out planned activities; the timing, location and extent of future drilling operations; the state of the economy and the exploration and production business; the regulatory framework regarding royalties, taxes and environmental law; results of operations; performance; business prospects and opportunities; the availability and cost of financing, labour and services; the impact of increasing competition; the ability to efficiently integrate assets and employees acquired through acquisitions, including the Acquisition; and the ability to market oil and natural gas successfully and the Corporation's ability to access capital. In addition, the Corporation's guidance for its average production for 2016, before and after giving effect to the Acquisition, assumes that the Corporation's capital expenditure program is carried out as contemplated, that no unexpected outages occur in the infrastructure that Birchcliff relies on to produce its wells and that any transportation service curtailments or unplanned outages that occur will be short in duration or otherwise insignificant, the construction of new infrastructure meets timing and operational expectations, existing wells continue to meet production expectations and future wells scheduled to come on production meet timing, production and capital expenditure expectations.

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

Forward-looking information necessarily involves both known and unknown risks and uncertainties that could cause actual results to differ materially from those anticipated, including, but not limited to: failure to complete the Acquisition in all material respects in accordance with the Acquisition Agreement; failure to obtain, in a timely manner, regulatory, stock exchange and other required approvals in connection with the Financings and the Acquisition; failure to realize the anticipated benefits of the Acquisition; unforeseen difficulties in integrating the Assets into the Corporation's operations; general economic, market and business conditions which will, among other things, impact the demand for and market prices of Birchcliff's products and Birchcliff's access to capital; volatility of crude oil and natural gas prices; fluctuations in currency and interest rates; operational risks and liabilities inherent in oil and natural gas operations; uncertainties associated with estimating oil and natural gas reserves; the accuracy of oil and natural gas reserves estimates and estimated production levels as they are affected by exploration and development drilling and estimated decline rates; geological, technical, drilling, construction and processing problems; uncertainty of geological and technical data; changes in tax laws, crown royalty rates, environmental laws and incentive programs relating to the oil and natural gas industry and other actions by government authorities, including changes to the royalty and carbon tax regimes and the imposition or reassessment of taxes; the cost of compliance with current and future environmental laws; political uncertainty and uncertainty associated with government policy changes; uncertainties and risks associated with pipeline restrictions and outages to third-party infrastructure that could cause disruptions to production; the inability to secure adequate production transportation for Birchcliff's products; the occurrence of unexpected events such as fires, equipment failures and other similar events affecting Birchcliff or other parties whose operations or assets directly or indirectly affect Birchcliff; potential delays or changes in plans with respect to exploration or development projects or capital expenditures; stock market volatility; environmental risks, claims and liabilities; incorrect assessments of the value of acquisitions and exploration and development programs; competition for, among other things, capital, acquisitions of reserves, undeveloped lands, equipment and skilled personnel; and uncertainties associated with credit facilities.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Additional information on these and other factors that could affect the Corporation's operations or financial results are included in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com). Management has included the above summary of assumptions and risks related to forward-looking information provided in this press release in order to provide securityholders with a more complete perspective on the Corporation's future operations and such information may not be appropriate for other purposes. These forward-looking statements are made as of the date of this press release and the Corporation disclaims any intent or obligation to update publicly any forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

This press release contains future-oriented financial information and financial outlook information (collectively, "**FOFI**") about Birchcliff's prospective funds flow and total debt, all of which are subject to the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraphs. FOFI contained in this press release was made as of the date of this press release and was provided for the purpose of providing further information about Birchcliff's anticipated future business operations. Birchcliff disclaims any intention or obligation to update or revise any FOFI contained in this press release, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this press release should not be used for purposes other than for which it is disclosed herein.

Non-GAAP Measures

This press release uses "funds flow" and "total debt". These measures do not have standardized meanings prescribed by GAAP and therefore may not be comparable to similar measures presented by other companies where similar terminology is used. Management believes that these non-GAAP measures assist management and investors in assessing Birchcliff's profitability, efficiency, liquidity and overall performance. Each of these measures is discussed in further detail below.

"**Funds flow**" denotes cash flow from operating activities before the effects of decommissioning expenditures and changes in non-cash working capital. Management believes that funds flow assists management and investors in assessing Birchcliff's profitability, as well as its ability to generate the cash necessary to fund future growth through capital investments, pay dividends on preferred shares and repay debt.

"**Total debt**" is calculated as the revolving term credit facilities plus working capital deficit. Management believes that total debt assists management and investors in assessing Birchcliff's liquidity.

Reconciliations of funds flow and total debt to the most directly comparable measures specified under GAAP are contained in the Corporation's management's discussion and analysis, copies of which are available on www.sedar.com.

Oil and Gas Advisories

Reserves Estimates

The reserves information contained herein in respect of the Assets is based upon the McDaniel Report with an effective date of March 31, 2016. The reserves information contained herein in respect of Birchcliff's reserves is based upon the reserves estimation and economic evaluation prepared by Deloitte LLP, Birchcliff's independent qualified reserves evaluator, with an effective date of December 31, 2015 (the "**Deloitte Report**").

There are numerous uncertainties inherent in estimating the quantities of reserves and the future net revenues attributed to those reserves. There is no assurance that the forecast prices and costs assumptions will be attained and variances could be material. The recovery and reserves estimates of the reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual reserves may be greater than or less than the estimates provided herein and variances could be material.

Certain *pro forma* information of the Corporation's reserves after giving effect to the Acquisition has been presented herein, including under the heading *"The Acquisition – Select Pro Forma Attributes"*. Since the estimates of the Corporation's reserves and the estimates of the reserves associated with the Assets were estimated as at different dates, they have been generated based on different assumptions in respect of commodity pricing among other metrics. As a result, the presentation of the Corporation's reserves on a consolidated *pro forma* basis for the Acquisition would not reflect the actual combined estimate of the Corporation's reserves and those of the Assets at December 31, 2015 and should not necessarily be viewed as predictive of the Corporation's reserves and future production once the Acquisition is completed.

Production Forecast

The production forecast for the Assets for the first half of 2016 is based upon actual production for the period from January 1, 2016 to April 30, 2016 and the field production estimates for the months of May and June, 2016.

Boe Conversions

Boe amounts have been calculated using the conversion ratio of 6 Mcf of natural gas to 1 bbl of oil. Boe's may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 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. In addition, given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, using a conversion on a 6:1 basis may be misleading as an indication of value.

Gross Volumes

Unless otherwise indicated, all reserves estimates contained herein are on a "gross" basis, meaning the total working interest share before the deduction of any royalties and without including any royalty interests.

Future Net Revenue

This press release contains estimates of the net present value of the future net revenue from the reserves to be acquired. Such amounts do not represent the fair market value of such reserves.

Reserves for Portions of 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.

Drilling Locations

This press release discloses potential future drilling locations in three categories: (i) proved locations; (ii) probable locations; and (iii) unbooked locations. Proved locations and probable locations are proposed drilling locations identified in the McDaniel Report that have proved and/or probable reserves, as applicable, attributed to them in the McDaniel Report. Unbooked locations are internal estimates based on prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal technical analysis review. Unbooked locations have been identified by management based on evaluation of applicable geologic, seismic, engineering, production and reserves information. Unbooked locations do not have proved or probable reserves attributed to them in the McDaniel Report. Of the 929.0 net future potential drilling locations identified within the Assets to be acquired, 51.0 net are proved locations, 109.0 net are proved plus probable locations and 820.0 net are unbooked locations.

Birchcliff's ability to drill and develop these locations and the drilling locations on which Birchcliff actually drills wells depends on a number of uncertainties and factors, including, but not limited to, the availability of capital, equipment and personnel, oil and natural gas prices, capital and operating costs, inclement weather, seasonal restrictions, drilling results, additional geological, geophysical and reservoir information that is obtained, production rate recovery, gathering system and transportation constraints, net price received for commodities produced, regulatory approvals and regulatory changes. As a result of these uncertainties, there can be no assurance that the potential future drilling locations Birchcliff has identified will ever be drilled or if Birchcliff will be able to produce oil, NGLs or natural gas from these or any other potential drilling locations. As such, Birchcliff's actual drilling activities may materially differ from those presently identified, which could adversely affect Birchcliff's business. While certain of the unbooked drilling locations have been derisked by drilling existing wells in relative close proximity to such unbooked drilling locations, some of the other unbooked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional proved or probable reserves, resources or production.

Oil and Gas Metrics

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

Reserve life index in this press release is calculated by dividing estimated reserves by expected production.

About Birchcliff:

Birchcliff is a Calgary, Alberta based intermediate oil and gas Corporation 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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