BIRCHCLIFF
ENERGY

17-08 May 10, 2017

BIRCHCLIFF ENERGY LTD. ANNOUNCES FIRST QUARTER 2017 RESULTS, A RETURN TO PROFITABILITY AND CONTINUED OPERATIONAL SUCCESS

Calgary, Alberta – Birchcliff Energy Ltd. ("Birchcliff" or the "Corporation") (TSX: BIR) is pleased to announce its 2017 first quarter results, with record quarterly average production of 61,662 boe/d. The full text of Birchcliff's First Quarter Report containing the unaudited interim condensed financial statements for the three month period ended March 31, 2017 and the related management's discussion and analysis will be available on Birchcliff's website at www.birchcliffenergy.com and on SEDAR at www.sedar.com.

Jeff Tonken, President and Chief Executive Officer of Birchcliff, stated: "Birchcliff's team executed another strong quarter, with record quarterly average production of 61,662 boe/d. During the first quarter of 2017, we advanced the construction of the Phase V and VI expansions of our Pouce Coupe natural gas processing plant. We expect to initiate commissioning of Phase V in July and to bring it on-stream by October 1, 2017. As a result, we expect to achieve record quarterly average production of 80,000 to 82,000 boe/d in the fourth quarter of 2017. In addition to the capital investment at Pouce Coupe, our development activities at Gordondale in the first quarter of 2017 allowed us to further our understanding of the D1 and D2 layers in the Montney, with early production results meeting or exceeding our expectations.

Our current balance sheet strength increases our ability to execute multi-year development projects and commence the planning necessary to construct in two phases a 250 MMcf/d deep-cut natural gas processing facility at Pouce Coupe, bringing the total capacity of our gas plant to 590 MMcf/d by year-end 2020. This deep-cut facility is expected to significantly reduce our future operating costs at Gordondale. Our drilling inventory together with our recent results and financial strength allows us to enter into long-term marketing arrangements as we develop our concentrated Montney/Doig Resource Play. Birchcliff remains committed to running a profitable business and with our low-cost Montney/Doig Resource Play, we expect we will be able to maximize the value we continue to create for our shareholders."

First Quarter 2017 Highlights

- Record quarterly average production of 61,662 boe/d, a 47% increase from 41,958 boe/d in the first quarter of 2016.
- Funds flow from operations of $67.6 million ($0.26/basic common share), a 227% increase from $20.7 million ($0.14/basic common share) in the first quarter of 2016.
- Net income to common shareholders of $28.9 million ($0.11/basic common share), as compared to the net loss to common shareholders of $13.0 million ($0.09/basic common share) in the first quarter of 2016.
- Operating costs of $5.22/boe, a 41% increase from $3.71/boe in the first quarter of 2016. Operating costs increased primarily as a result of the liquids-rich assets that Birchcliff acquired in the Gordondale area on July 28, 2016 which have a higher cost structure but also have higher realized sales prices.
- General and administrative expense of $1.05/boe, a 20% decrease from $1.31/boe in the first quarter of 2016.
- Net capital expenditures of $124.5 million. It is expected that the majority of capital under Birchcliff's $355 million capital expenditure program for 2017 will be spent during the first and second quarters of 2017 in order to complete the Phase V expansion of its 100% owned and operated natural gas plant in Pouce Coupe and to drill, complete, equip and tie-in the wells necessary to fill the expanded plant.
- At March 31, 2017, Birchcliff's long-term bank debt was $579.0 million and total debt was $664.4 million.
- Birchcliff drilled a total of 21 (21.0 net) wells in the first quarter of 2017, consisting of 13 (13.0 net) Montney/Doig horizontal natural gas wells in the Pouce Coupe area and 8 (8.0 net) Montney horizontal oil and natural gas wells in the Gordondale area.

- Birchcliff paid its first quarterly dividend to its common shareholders in the amount of $0.025 per common share for the quarter ended March 31, 2017.
- Birchcliff announced that it was initiating a sales process for its Charlie Lake Light Oil Resource Play, which includes its Worsley Charlie Lake Light Oil Pool.
- Birchcliff entered into agreements with TransCanada Pipelines for the firm service transportation of 175,000 GJ/d in aggregate of natural gas to the Dawn trading hub in Ontario.

Update on Credit Facilities – Extension of Maturity Dates and Unchanged Borrowing Base

- Birchcliff's syndicate of lenders recently completed its semi-annual review of the Corporation's borrowing base limit under the Corporation's credit facilities. In connection with such review, Birchcliff and the lenders agreed to an extension of the maturity dates from May 11, 2018 to May 11, 2020 and to the borrowing base remaining unchanged at $950 million.

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

FIRST QUARTER 2017 FINANCIAL AND OPERATIONAL HIGHLIGHTS

	Three months ended March 31, 2017	Three months ended March 31, 2016
OPERATING		
Average daily production		
Light oil – *(bbls)*	5,294	3,232
Natural gas – *(Mcf)*	291,770	222,478
NGLs – *(bbls)*	7,740	1,646
Total – boe	**61,662**	**41,958**
Average sales price *($ CDN)* (1)		
Light oil – *(per bbl)*	62.59	36.93
Natural gas – *(per Mcf)*	3.06	1.99
NGLs – *(per bbl)*	32.09	42.06
Total – boe	**23.90**	**15.05**
NETBACK AND COST *($/boe)*		
Petroleum and natural gas revenue(1)	23.91	15.06
Royalty expense	(1.98)	(0.67)
Operating expense	(5.22)	(3.71)
Transportation and marketing expense	(2.55)	(2.22)
Operating netback	**14.16**	**8.46**
General & administrative expense, net	(1.05)	(1.31)
Interest expense	(1.35)	(1.73)
Realized gain on financial instruments	0.43	-
Funds flow netback	**12.19**	**5.42**
Stock-based compensation expense, net	(0.14)	(0.17)
Depletion and depreciation expense	(7.59)	(8.94)
Accretion expense	(0.15)	(0.15)
Amortization of deferred financing fees	(0.06)	(0.06)
Gain on sale of assets	0.45	-
Unrealized gain on financial instruments	2.98	-
Dividends on Series C preferred shares	(0.16)	(0.23)
Income tax recovery (expense)	(2.13)	0.98
Net income (loss)	**5.39**	**(3.15)**
Dividends on Series A preferred shares	(0.18)	(0.26)
Net income (loss) to common shareholders	**5.21**	**(3.41)**
FINANCIAL		
Petroleum and natural gas revenue *($000s)* (1)	132,708	57,503
Funds flow from operations *($000s)*	67,630	20,695
Per common share – basic *($)*	0.26	0.14
Per common share – diluted *($)*	0.25	0.13
Net income (loss) *($000s)*	29,928	(12,035)
Net income (loss) to common shareholders *($000s)*	28,928	(13,035)
Per common share – basic *($)*	0.11	(0.09)
Per common share – diluted *($)*	0.11	(0.09)
Common shares outstanding *(000s)*		
End of period – basic	264,442	152,308
End of period – diluted	284,160	169,239
Weighted average common shares for period – basic	264,099	152,308
Weighted average common shares for period – diluted	268,077	153,418
Dividends on common shares *($000s)*	6,604	-
Dividends on Series A preferred shares *($000s)*	1,000	1,000
Dividends on Series C preferred shares *($000s)*	875	875
Capital expenditures, net *($000s)*	124,538	63,860
Revolving term credit facilities *($000s)*	578,954	647,359
Adjusted working capital deficit *($000s)*	85,398	42,779
Total debt *($000s)*	664,352	690,138

(1) Excludes the effect of hedges using financial instruments.

PRESIDENT'S MESSAGE FROM THE FIRST QUARTER 2017 REPORT

May 10, 2017

Fellow Shareholders,

We are pleased to report the first quarter financial and operational results for Birchcliff Energy Ltd. ("**Birchcliff**") for the three month period ended March 31, 2017.

Highlights for the First Quarter 2017

We had a successful first quarter in 2017, with record quarterly average production. In addition, we saw a return to net income as compared to the net loss recorded in the first quarter of 2016, primarily as a result of improved commodity prices and greater production. Highlights of the first quarter include the following:

- We had record quarterly average production of 61,662 boe/d, a 47% increase from 41,958 boe/d in the first quarter of 2016.
- We had funds flow from operations of $67.6 million ($0.26/basic common share), a 227% increase from $20.7 million ($0.14/basic common share) in the first quarter of 2016.
- We recorded net income to common shareholders of $28.9 million ($0.11/basic common share), as compared to the net loss to common shareholders of $13.0 million ($0.09/ basic common share) in the first quarter of 2016.
- Our operating costs were $5.22/boe, a 41% increase from $3.71/boe in the first quarter of 2016. Operating costs increased primarily as a result of the liquids-rich assets that we acquired in the Gordondale area on July 28, 2016 which have a higher cost structure but also have higher realized sales prices.
- Our general and administrative expense was $1.05/boe, a 20% decrease from $1.31/boe in the first quarter of 2016.
- We had net capital expenditures of $124.5 million. It is expected that the majority of capital under our $355 million capital expenditure program for 2017 (the "**2017 Capital Program**") will be spent during the first and second quarters of 2017 in order to complete the Phase V expansion of our 100% owned and operated natural gas plant located in the Pouce Coupe area of Alberta (the "**PC Gas Plant**") and to drill, complete, equip and tie-in the wells necessary to fill the expanded plant.
- At March 31, 2017, our long-term bank debt was $579.0 million and our total debt was $664.4 million.
- We drilled a total of 21 (21.0 net) wells in the first quarter of 2017, consisting of 13 (13.0 net) Montney/Doig horizontal natural gas wells in the Pouce Coupe area and 8 (8.0 net) Montney horizontal oil and natural gas wells in the Gordondale area.
- We paid our first quarterly dividend to our common shareholders in the amount of $0.025 per common share for the quarter ended March 31, 2017.
- We announced that we were initiating a sales process for our Charlie Lake Light Oil Resource Play, which includes our Worsley Charlie Lake Light Oil Pool.
- We entered into agreements with TransCanada Pipelines ("**TCPL**") for the firm service transportation of 175,000 GJ/d in aggregate of natural gas to the Dawn trading hub in Ontario.

Further information regarding our financial and operational results for the first quarter of 2017 is provided below under the heading *"First Quarter 2017 Financial and Operational Results".*

Update on the PC Gas Plant Expansions

Our PC Gas Plant currently has a processing capacity of 180 MMcf/d. We are actively working to further expand the processing capacity of the PC Gas Plant. Field installation of the Phase V expansion (which will increase processing capacity by 80 MMcf/d to 260 MMcf/d) commenced in January 2017. We expect to initiate commissioning of Phase V in July and to bring it on-stream by October 1, 2017. In addition, the engineering and licensing work has been completed for the Phase VI expansion (which will increase processing capacity by 80

MMcf/d to 340 MMcf/d). Fabrication of the major components has commenced and it is currently expected that Phase VI will be on-stream in October 2018.

We have commenced the planning and initial work to further expand the capacity of the PC Gas Plant in 2019 by 150 MMcf/d to 490 MMcf/d (Phase VII), which expansion would include a deep-cut capability. In addition, we have commenced the planning and initial work for a further expansion in 2020 to increase the capacity by an additional 100 MMcf/d (Phase VIII) which would bring the total processing capacity to 590 MMcf/d. An engineering and design study for Phases VII and VIII is expected to be complete by June 2017. Once we have finalized the design scope for Phases VII and VIII, we expect to commence the regulatory approval process.

Update on Credit Facilities – Extension of Maturity Dates and Unchanged Borrowing Base

Our syndicate of lenders recently completed their semi-annual review of the borrowing base limit under our extendible revolving credit facilities which have an aggregate principal amount of $950 million (the "**Credit Facilities**"). In connection therewith, Birchcliff and the lenders agreed to an extension of the maturity dates of each facility from May 11, 2018 to May 11, 2020 and to the borrowing base remaining unchanged at $950 million. In addition, subject to the terms and conditions of the agreement governing the Credit Facilities, the lenders have consented to the disposition of the Charlie Lake Light Oil Resource Play and to the borrowing base remaining at $950 million after giving effect to such disposition. The next semi-annual review is scheduled for November 2017.

Update on the Charlie Lake Light Oil Resource Play Sales Process

On March 21, 2017, we announced that we would pursue the sale of our oil and natural gas properties and related assets on the Charlie Lake Light Oil Resource Play located in the Peace River Arch of Alberta, which includes our Worsley Charlie Lake Light Oil Pool. We have engaged Scotiabank Global Banking and Markets as our marketing agent to seek potential purchasers. A virtual data room opened recently and is available for interested parties who have executed a confidentiality agreement. Further details on this opportunity are available at www.gbm.scotiabank.com.

Update on Natural Gas Transportation Capacity – Additional Firm Service

Virtually all of our natural gas production is currently transported on TCPL's NGTL System in Alberta pursuant to both firm and interruptible service agreements. We currently have in place firm service contracts that in the aggregate provide transportation capacity slightly above the processing capacity of our own processing facilities and sufficient transportation capacity to meet our processing commitments at third party processing facilities. In March 2017, we entered into agreements with TCPL for the firm service transportation of 175,000 GJ/d in aggregate (approximately 155 MMcf/d) of natural gas on TCPL's Canadian Mainline for a ten year term, whereby natural gas will be transported from the Empress receipt point in Alberta to the Dawn trading hub located in Southern Ontario. The toll for the Empress to Dawn portion of the service is $0.77/GJ plus fuel. Subject to regulatory approval, this service is expected to become available in three tranches on November 1 of each of 2017, 2018 and 2019. Provision of the service is conditional on, among other things, TCPL receiving National Energy Board approval on terms and conditions satisfactory to TCPL. The application to the National Energy Board for approval of the service was filed on April 26, 2017 and included the request to implement the service starting November 1, 2017.

FIRST QUARTER 2017 FINANCIAL AND OPERATIONAL RESULTS

Production

Production for the first quarter of 2017 averaged 61,662 boe/d, which is approximately 0.6% below our previous guidance of 62,000 boe/d. This quarterly average production represents a 47% increase over our quarterly average production of 41,958 boe/d in the first quarter of 2016. The increase in production from the first quarter of 2016 is primarily attributable to the production from our assets in Gordondale which we acquired on July 28, 2016 (the "**Gordondale Acquisition**").

Production consisted of approximately 79% natural gas, 9% light oil and 12% NGLs in the first quarter of 2017 as compared to 88% natural gas, 8% light oil and 4% NGLs in the first quarter of 2016. The increase in oil and NGLs weighting in 2016 is due to the more heavily-weighted oil and NGLs production from our assets in Gordondale.

Funds Flow from Operations, Cash Flow From Operating Activities and Net Income

Funds flow from operations was $67.6 million ($0.26/basic common share), a 227% increase from $20.7 million ($0.14/basic common share) in the first quarter of 2016. Cash flow from operating activities for the first quarter of 2017 was $70.6 million, a 241% increase from $20.7 million for the first quarter of 2016. These increases from the first quarter of 2016 were largely due to higher realized commodity prices and the production from our assets in Gordondale which we acquired pursuant to the Gordondale Acquisition.

We had net income of $29.9 million, as compared to the net loss of $12.0 million in the first quarter of 2016. We recorded net income to common shareholders of $28.9 million ($0.11/basic common share) in the first quarter of 2017, as compared to the net loss to common shareholders of $13.0 million ($0.09/basic common share) in the first quarter of 2016. The changes were largely due to: (i) higher funds flow from operations; (ii) a $2.4 million realized cash gain on financial commodity price risk management contracts; and (iii) a $16.5 million non-cash "mark to market" unrealized gain on commodity price risk management contracts.

Commodity Prices

During the first quarter of 2017, the average benchmark price for WTI oil was US$51.91/bbl, up 55% from US$33.45/bbl during the first quarter of 2016, and the average benchmark price for natural gas sold at AECO was $2.69/MMbtu, up 47% from $1.83/MMbtu during the first quarter of 2016. The average corporate realized sales price during the quarter was $23.90/boe, a 59% increase from $15.05/boe during the first quarter of 2016.

Operating Costs and General and Administrative Expense

Operating costs in the first quarter of 2017 were $5.22/boe, a 41% increase from $3.71/boe in the first quarter of 2016. The increase in operating costs per boe was largely due to the higher cost structure associated with our liquids-rich Gordondale assets that were acquired pursuant to the Gordondale Acquisition. General and administrative expense in the first quarter of 2017 was $1.05/boe, a 20% decrease from $1.31/boe in the first quarter of 2016. The decrease is largely due to the higher production as a result of the Gordondale Acquisition.

PC Gas Plant Netbacks

Approximately 59% of our total corporate natural gas production and 48% of our total corporate production was processed at the PC Gas Plant during the first quarter of 2017, as compared to 77% and 71%, respectively, during the first quarter of 2016. These decreases are primarily due to the liquids-rich production additions associated with our Gordondale assets. The average plant and field operating cost for production processed through the PC Gas Plant was $0.31/Mcfe ($1.88/boe) and the estimated operating netback at the PC Gas Plant was $2.59/Mcfe ($15.54/boe), resulting in an operating margin of 77%.

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

	Three months ended March 31, 2017		Three months ended March 31, 2016		Three months ended March 31, 2015	
Average daily production, net to Birchcliff:						
Natural gas *(Mcf)*		171,605		171,659		153,633
Oil & NGLs *(bbls)*		1,052		991		1,284
Total boe		**29,653**		**29,602**		**26,890**
Sales liquids yield (bbls/MMcf)		*6.1*		*5.8*		*8.4*
% of corporate natural gas production		*59%*		*77%*		*78%*
% of corporate production		*48%*		*71%*		*70%*
AECO – C daily ***($/Mcf)*** (1)	**2.69**		**1.83**		**2.75**	
Netback and cost:	*$/Mcfe*	*$/boe*	*$/Mcfe*	*$/boe*	*$/Mcfe*	*$/boe*
Petroleum and natural gas revenue(2)	3.37	20.24	2.16	12.94	3.21	19.24
Royalty expense	(0.13)	(0.77)	(0.10)	(0.60)	(0.15)	(0.91)
Operating expense(3)	(0.31)	(1.88)	(0.28)	(1.66)	(0.39)	(2.32)
Transportation and marketing expense	(0.34)	(2.05)	(0.30)	(1.80)	(0.33)	(1.96)
Estimated operating netback	**2.59**	**15.54**	**1.48**	**8.88**	**2.34**	**14.05**
Operating margin	**77%**	**77%**	**69%**	**69%**	**73%**	**73%**

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

(2) Excludes the effect of hedges using financial instruments.

(3) Represents plant and field operating costs.

Total Cash Costs and Funds Flow Netback

During the first quarter of 2017, we had total cash costs of $12.15/boe, a 26% increase from $9.64/boe in the first quarter of 2016. On a per boe basis, the increase in total cash costs in the first quarter of 2017 was primarily driven by higher royalty, operating and transportation and marketing expenses associated with our Gordondale assets, which were offset by lower general and administrative and interest expenses when compared to the first quarter of 2016.

During the first quarter of 2017, we had funds flow netback of $12.19/boe, a 125% increase from $5.42/boe in the first quarter of 2016. The increase was primarily driven by higher production and higher average realized oil and natural gas prices, offset by an increase in total cash costs per boe.

Capital Activities and Expenditures

Our 2017 Capital Program contemplates the drilling of a total of 46 (46.0 net) wells during 2017 and a continued investment in the expansions of the PC Gas Plant. In addition, our 2017 Capital Program includes capital for the various stages of the completion, equipping and tieing in of 10 wells drilled in 2016. Accordingly, it is expected that a total of 56 (56.0 net) wells will be brought on production during 2017. It is expected that the majority of capital under our 2017 Capital Program will be spent during the first and second quarters of 2017 in order to complete the Phase V expansion of our PCS Gas Plant (expected to come on-stream by October 1, 2017) and to drill, complete, equip and tie-in the wells necessary to fill the expanded plant. Accordingly, the majority of drilling is scheduled for the first half of the year.

During the first quarter of 2017, we had net capital expenditures of $124.5 million, as compared to $63.9 million during the first quarter of 2016. Our total F&D capital during the first quarter of 2017 (which excludes acquisitions, dispositions and administrative expenses) was $129.5 million, which consists of $0.7 million on land and seismic, $79.5 million on drilling and completions, $47.0 million on facilities and infrastructure and $2.3 million on other capital expenditures attributed to the execution of our 2017 Capital Program. Of the $47.0 million spent on facilities and infrastructure, approximately $25.4 million was spent on the Phase V and VI expansions of the PC Gas Plant. See *"Advisories – Capital Expenditures".*

Drilling and Completions

Our drilling and completions activities during the first quarter of 2017 were focused on our Pouce Coupe and Gordondale areas. During the quarter, we drilled a total of 21 (21.0 net) wells, with a 100% success rate. In the Pouce Coupe area, we drilled 13 (13.0 net) Montney/Doig horizontal natural gas wells, of which 9 were Montney

D1 wells, 3 were Basal Doig/Upper Montney wells and 1 was a Montney D4 well. In the Gordondale area, we drilled 8 (8.0 net) Montney horizontal oil and natural gas wells, of which 5 were Montney D1 wells (3 oil and 2 natural gas) and 3 were Montney D2 oil wells. In addition, we completed and brought on production a total of 10 (10.0 net) wells that were drilled in 2016, 4 in the Pouce Coupe area and 6 in the Gordondale area.

At March 31, 2017, we have successfully drilled and cased an aggregate of 316 (310.7 net) Montney/Doig horizontal wells, which includes 87 (81.8 net) wells acquired in the Gordondale Acquisition.

Debt

At March 31, 2017, our long-term bank debt was $579.0 million (March 31, 2016: $655.8 million) from available credit facilities of approximately $950 million (March 31, 2016: $800 million), leaving $350.6 million of unutilized credit capacity after adjusting for outstanding letters of credit and unamortized interest and fees. Total debt at March 31, 2017 was $664.4 million as compared to $690.1 million at March 31, 2016. The decreases in long-term debt and total debt from March 31, 2016 are largely due to the fact that the remaining net proceeds from the equity financings completed in July 2016 (after the payment of the balance of the purchase price for the Gordondale assets acquired pursuant to the Gordondale Acquisition) were used to reduce indebtedness under the Credit Facilities.

Our Credit Facilities are comprised of an extendible revolving syndicated term credit facility of $900 million (the "**Syndicated Credit Facility**") and an extendible revolving working capital facility of $50 million (the "**Working Capital Facility**"). The Credit Facilities are subject to a semi-annual review of the borrowing base limit by our syndicate of lenders. We may each year, at our option, request an extension to the maturity date of the Syndicated Credit Facility and the Working Capital Facility, or either of them, for an additional period of up to three years from May 11 of the year in which the extension request is made. In connection with the recently completed semi-annual review of the borrowing base limit, we and our lenders agreed to an extension of the maturity dates from May 11, 2018 to May 11, 2020 and to the borrowing base remaining unchanged at $950 million. The Credit Facilities do not contain any financial maintenance covenants.

Risk Management

At March 31, 2017, we are committed under our financial and physical hedge contracts to the sale of 189,350 GJ/d or approximately 50% of our forecast corporate natural gas production from April 1, 2017 to December 31, 2017 at an average price of $3.02/GJ. At March 31, 2017, we had the following AECO natural gas hedges outstanding on a quarterly basis:

	AECO *(GJ/d)*	**AECO** *($/GJ)*	**Natural Gas Production Hedged** *(Mcf/d)*	**Estimated Average Natural Gas Wellhead Price** *($/Mcf[1])*
Q2 2017	180,000	3.00	157,012	3.44
Q3 2017	180,000	3.00	157,012	3.44
Q4 2017	210,000	3.05	183,181	3.50
April 1, 2017 to December 31, 2017	**189,350**	**3.02**	**165,900**	**3.46**

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

We have also entered into financial derivative contracts for 1,500 bbls/d of crude oil at an average WTI price of CDN$69.90/bbl for 2017.

OPERATIONS UPDATE

Our 2017 Capital Program is progressing well, is on schedule and is meeting our expectations for capital costs. We have drilled a total of 30 (30.0 net) wells year-to-date (21 during the first quarter and an additional 9 wells subsequent to the end of the quarter), all of which were successful. Of these wells, only two have been brought on production to date. Of the 30 wells drilled year-to-date, 20 (20.0 net) wells were Montney/Doig horizontal natural gas wells drilled in the Pouce Coupe area and 10 (10.0 net) wells were Montney horizontal wells drilled in the Gordondale area. All wells were drilled on multi-well pads, which allows us to reduce our per well costs and our environmental footprint. In addition, we actively employ the evolving technology utilized by the industry regarding horizontal well drilling and the related multi-stage fracture stimulation technology.

We currently have 4 drilling rigs at work, 1 in the Gordondale area and 3 in the Pouce Coupe area. In addition to these drilling rigs, we have multiple completion rigs and pipeline crews working on various projects.

Pouce Coupe

To date in 2017, we have drilled 20 (20.0 net) Montney/Doig horizontal natural gas wells in Pouce Coupe: 14 Montney D1 wells, 4 Basal Doig/Upper Montney wells and 2 Montney D4 wells. All of these wells are in various stages of completion and equipping but only two have been brought on production to date. It is expected that the remaining 18 wells will be on production prior to the Phase V expansion coming on-stream. We have 12 wells left to drill in Pouce Coupe during the remainder of 2017: 8 Montney D1 wells, 3 Basal Doig/Upper Montney wells and 1 Montney D4 well.

Gordondale

The assets that we acquired pursuant to the Gordondale Acquisition in July 2016 continue to meet or exceed our expectations. In the fourth quarter of 2016, we drilled 6 (6.0 net) Montney horizontal wells, 3 of which were Montney D2 oil wells and 3 of which were Montney D1 liquids-rich natural gas wells. These wells were completed, equipped and brought on production in the first quarter of 2017 and continue to meet our expectations.

To date in 2017, we have drilled 10 (10.0 net) Montney horizontal wells in Gordondale: 4 Montney D2 oil wells, 4 Montney D1 oil wells and 2 Montney D1 liquids-rich natural gas wells. All of these wells are in various stages of completion and equipping but are not yet on production. We have 4 wells left to drill in Gordondale during the remainder of 2017: 3 Montney D2 oil wells and 1 Montney D1 oil well. After the conclusion of our planned drilling program for 2017, we will have drilled, cased, completed and equipped a total of 20 wells on our Gordondale assets (10 Montney D2 wells and 10 Montney D1 wells) since they were acquired in July 2016.

ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

Our Annual and Special Meeting of Shareholders will be held tomorrow, May 11, 2017, at 3:00 p.m. (MDT) in the McMurray Room at the Calgary Petroleum Club, 319 – 5th Avenue S.W.

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 recently acquired 5 million common shares and currently holds 40 million common shares, which represents 15% of the current issued and outstanding common shares.

OUTLOOK

We continue to execute on our business strategy of operating essentially all of our high working interest production, which is surrounded by large contiguous blocks of high working interest lands where we own and/or control the infrastructure. Our operatorship, land position and infrastructure ownership give us a competitive advantage over our competitors in our areas of operation and supports our low F&D costs and low operating cost structure, which helps us to maximize our funds flow. As part of our strategy, we intend to continue to develop and expand our Montney/Doig Resource Play. This resource play is large enough to provide us with an extensive inventory of repeatable, low-cost drilling opportunities that we expect will provide production and reserves growth for many years. Our strategy is based on our current ownership of large contiguous blocks of high working interest land in our operating areas and our high working interest or 100% ownership in our significant facilities and infrastructure. We have the ability to control our costs and our capital expenditures primarily because we control the infrastructure that handles the majority of our production. We continue to focus on improving our execution, reducing our costs and increasing our reserves, all leading to improved capital efficiencies and internal rates of return.

We are focused on executing the drilling program ahead of us and completing the Phase V and VI expansions of our PC Gas Plant. Our 2017 Capital Program contemplates the drilling, completing, equipping and bringing on production of a total of 46 (46.0 net) wells during 2017, as well as the completion, equipping and tieing in of 10 wells drilled in 2016. Accordingly, a total of 56 (56.0 net) wells are expected to be brought on production during 2017. With 30 wells drilled year-to-date, we have 16 wells left to drill in order to conclude our planned drilling program for 2017.

Our current production is approximately 62,500 boe/d. We expect to bring another 44 wells on production by October 1, 2017. Accordingly, production is expected to ramp up in the fourth quarter of 2017 in connection with the start-up of the Phase V expansion of the PC Gas Plant. We currently remain on target to meet our annual average production guidance for 2017 of 70,000 to 74,000 boe/d. We expect to be on the lower end of our annual average production guidance as a result of the extremely wet field conditions in the second quarter of 2017. The following table sets forth our production guidance for 2017:

2017 Production Guidance(1)	
Estimated 2017 Annual Average Production	70,000 – 74,000 boe/d
% Oil and NGLs	23%
Estimated 2017 Q4 Average Production	80,000 – 82,000 boe/d
% Oil and NGLs	21%

(1) For further information regarding Birchcliff's 2017 guidance, including the assumptions surrounding such guidance, please see *"Advisories – Forward-Looking Information"* in this press release.

We have hedged approximately 50% of our forecast 2017 natural gas production at an estimated average wellhead price of $3.46/Mcf, which helps to protect our balance sheet and our 2017 Capital Program. Although the majority of our capital expenditures are planned to be spent during the first half of 2017, we expect that the entirety of our 2017 Capital Program will be fully funded out of our forecast 2017 funds flow from operations as such funds flow is expected to exceed our 2017 capital expenditures over the course of 2017. The foregoing is based on our previously budgeted forecast average prices of WTI US$55.00 per barrel of oil and AECO CDN$3.00 per GJ of natural gas during 2017.

On March 21, 2017, we announced that we would pursue the sale of our oil and natural gas properties and related assets on the Charlie Lake Light Oil Resource Play located in the Peace River Arch of Alberta. The data room recently opened and presentations are ongoing.

In light of our strong results for 2016 and the first quarter of 2017, we are disappointed with the current trading price of our common shares as we believe that we are currently trading well below our inherent asset value. We are of the view that the oil and gas sector has been penalized by the uncertainty in the financial markets. We intend to continue to execute on our five-year plan and we believe that we have the financial liquidity, the people and the assets to meet our objectives. We believe that over time, our share price will eventually reflect our true asset value.

Our Management Team and our employees are excited, committed and remain enthusiastic about executing our long-term plan and delivering value to our shareholders. Thank you to all of our shareholders for your support and to our employees who continue to go that extra mile for the benefit of all of us.

With Respect,

(signed) "*A. Jeffery Tonken*"

President and Chief Executive Officer
Birchcliff Energy Ltd.

ABBREVIATIONS

AECO	physical storage and trading hub for natural gas on the TransCanada Alberta transmission system which is the delivery point for various benchmark Alberta index prices
bbl	barrel
bbls	barrels
bbls/d	barrels per day
boe	barrel of oil equivalent
boe/d	barrels of oil equivalent per day
F&D	finding and development
GAAP	generally accepted accounting principles
GJ	gigajoule
GJ/d	gigajoules per day
IFRS	International Financial Reporting Standards
m^3	cubic metres
Mcf	thousand cubic feet
Mcfe	thousand cubic feet of gas equivalent
MJ	megajoules
MMbtu	million British thermal units
MMcf	million cubic feet
MMcf/d	million cubic feet per day
NGLs	natural gas liquids
WTI	West Texas Intermediate oil at Cushing, Oklahoma, the benchmark for North American crude oil pricing
000s	thousands
$000s	thousands of dollars

NON-GAAP MEASURES

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

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

($000s)	Three months ended March 31, 2017	Three months ended March 31, 2016
Cash flow from operating activities	70,614	20,747
Adjustments:		
Decommissioning expenditures	301	577
Change in non-cash working capital	(3,285)	(629)
Funds flow from operations	**67,630**	**20,695**

"Operating netback" denotes petroleum and natural gas revenue less royalties, less operating expenses and less transportation and marketing expenses. "Estimated operating netback" of the PC Gas Plant (and the components thereof) is based upon certain cost allocations and accruals directly attributable to the PC Gas Plant and related wells and infrastructure on a production month basis. "Funds flow netback" denotes petroleum and natural gas revenue less royalties, less operating expenses, less transportation and marketing expenses, less net general and administrative expenses, less interest expenses and less any realized losses (plus realized gains) on financial instruments and plus any other cash income sources. All netbacks are calculated on a per boe basis, unless otherwise indicated. Management believes that operating netback, estimated operating netback and funds flow netback assist management and investors in assessing Birchcliff's profitability and its operating results on a per unit basis to better analyze its performance against prior periods on a comparable basis. The following table provides a breakdown of operating netback and funds flow netback for the periods indicated:

	Three months ended March 31, 2017		Three months ended March 31, 2016	
	($000s)	*($/boe)*(1)	*($000s)*	*($/boe)*(1)
Petroleum and natural gas revenue	132,708	23.91	57,503	15.06
Royalty expense	(10,966)	(1.98)	(2,551)	(0.67)
Operating expense	(28,950)	(5.22)	(14,152)	(3.71)
Transportation and marketing expense	(14,206)	(2.55)	(8,503)	(2.22)
Operating netback	**78,586**	**14.16**	**32,297**	**8.46**
General & administrative expense, net	(5,853)	(1.05)	(5,013)	(1.31)
Interest expense	(7,514)	(1.35)	(6,589)	(1.73)
Realized gain on financial instruments	2,411	0.43	-	-
Funds flow netback	**67,630**	**12.19**	**20,695**	**5.42**

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

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

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

"Adjusted working capital deficit" is calculated as current assets minus current liabilities excluding the effects of financial instruments. Management believes that adjusted working capital deficit assists management and investors in assessing Birchcliff's liquidity. The following table reconciles working capital deficit (current assets minus current liabilities), as determined in accordance with IFRS, to adjusted working capital deficit:

As at, *($000s)*	March 31, 2017	December 31, 2016	March 31, 2016
Working capital deficit	78,279	36,928	42,779
Fair value of financial instruments	7,119	(9,433)	-
Adjusted working capital deficit	**85,398**	**27,495**	**42,779**

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

As at, *($000s)*	**March 31, 2017**	**December 31, 2016**	**March 31, 2016**
Revolving term credit facilities	578,954	572,517	647,359
Adjusted working capital deficit	85,398	27,495	42,779
Total debt	**664,352**	**600,012**	**690,138**

ADVISORIES

Unaudited Information

All financial and operating information contained in this press release for the three months ended March 31, 2017 is unaudited.

Currency

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

Operating Costs

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

Boe and Mcfe Conversions

Boe amounts have been calculated by using the conversion ratio of 6 Mcf of natural gas to 1 bbl of oil and Mcfe amounts have been calculated by using the conversion ratio of 1 bbl of oil to 6 Mcf of natural gas. Boe and Mcfe amounts may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 bbl and an Mcfe conversion ratio of 1 bbl: 6 Mcf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

MMbtu Pricing Conversions

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

Conversion from GJ to Mcf – Wellhead Price

Birchcliff receives premium pricing for its natural gas production due to its high heat content from its properties. With respect to Birchcliff's natural gas hedging contracts outstanding as of March 31, 2017, the prices have been presented in both AECO CDN $/GJ and $/Mcf, with the latter representing the average expected natural gas wellhead price under contract. The conversion from GJ to Mcf is based on an expected corporate average natural gas heat content value of 40.66 MJ/m^3 for the period from April 1, 2017 to December 31, 2017.

Initial Production Rates

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

Oil and Gas Metrics

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

Capital Expenditures

Unless otherwise stated, "net capital expenditures" denotes F&D costs plus administrative expenses plus acquisition costs, less any dispositions.

Forward-Looking Information

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

In particular, this press release contains forward-looking information relating to the following: Birchcliff's plans and other aspects of its anticipated future operations, focus, objectives, strategies, opportunities, priorities and goals; the 2017 Capital Program and Birchcliff's proposed exploration and development activities and the timing thereof, including the amount of capital expenditures, Birchcliff's expectation that the majority of capital will be spent during the first and second quarters of 2017, the focus of the 2017 Capital Program, Birchcliff's plan to drill a total of 46 (46.0 net) wells during 2017, the timing for wells to be brought on production, Birchcliff's expectation that the entirety of the 2017 Capital Program will be fully funded out of the Corporation's forecast funds flow from operations for 2017 and Birchcliff's expectation that its funds flow from operations for 2017 will exceed its 2017 capital expenditures over the course of 2017; proposed expansions of the PC Gas Plant, including the anticipated processing capacities of the PC Gas Plant after such expansions, the anticipated timing of such expansions, the proposed design and capabilities of such expansions and Birchcliff's expectation that the deep-cut facility will significantly reduce the Corporation's future operating costs at Gordondale; the timing of the next semi-annual review under the Corporation's Credit Facilities; firm service on TCPL's Canadian Mainline, including the anticipated timing of such service; the performance characteristics of Birchcliff's oil and natural gas properties and expected results from its assets, including that the Montney/Doig Resource Play is large enough to provide the Corporation with an extensive inventory of repeatable, low-cost drilling opportunities that are expected to provide production and reserves growth for many years; Birchcliff's production guidance, including its estimates of its annual average and fourth quarter average production and commodity mix in 2017, Birchcliff's expectation that production is expected to ramp up in the fourth quarter of 2017 and Birchcliff's expectation that it will be on the lower end of its annual average production guidance for 2017; the potential disposition of the Corporation's Charlie Lake Light Oil Resource Play; the ability of the Corporation to execute multi-year development projects and commence the planning necessary to construct a 250 MMcf/d deep-cut natural gas processing facility; the ability of Birchcliff to enter into long-term marketing arrangements; Birchcliff's expectation that it will be able to maximize the value it continues to create for its shareholders; Birchcliff's competitive position; the Corporation's ability to control its costs and capital expenditures; that the Corporation intends to continue to execute on its five-year plan; the Corporation's belief that it has the financial liquidity, the people and the assets to meet its objectives; and the Corporation's belief that over time its share price will reflect its true asset value.

With respect to forward-looking information contained in this press release, assumptions have been made regarding, among other things: Birchcliff's ability to continue to develop its assets and obtain the anticipated benefits therefrom; prevailing and future commodity prices and differentials, currency exchange rates, interest rates, inflation rates, royalty rates and tax rates; expected funds flow from operations; Birchcliff's future debt levels; the state of the economy and the exploration and production business; the economic and political environment in which Birchcliff operates; the regulatory framework regarding royalties, taxes and environmental laws; the sources of funding for Birchcliff's capital expenditure programs and other activities; anticipated timing and results of capital expenditures; the sufficiency of budgeted capital expenditures to carry out planned operations; results of future operations; future operating, transportation, marketing and general and administrative costs; the performance of existing and future wells, well production rates and well decline rates; well drainage areas; success rates for future drilling; reserves and resource volumes and Birchcliff's ability to replace and expand oil and gas reserves through acquisition, development or exploration; the impact of competition on Birchcliff; the availability of, demand for and cost of labour, services and materials; Birchcliff's ability to access capital; the ability to obtain financing on acceptable terms; the ability to obtain any necessary regulatory approvals in a timely manner, including the ability of TCPL to obtain the approval of the National Energy Board for the proposed service on the Canadian Mainline; the ability of Birchcliff to secure adequate transportation for its products; Birchcliff's ability to market oil and gas; and the availability of hedges on terms acceptable to Birchcliff.

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

- With respect to statements regarding the 2017 Capital Program, such program is based on the following commodity price and exchange rate assumptions during 2017: an annual average WTI price of approximately US$55.00 per bbl of oil; an AECO price of approximately CDN $3.00 per GJ of natural gas; and an exchange rate of CDN$/US$ of 1.29. With respect to statements that Birchcliff expects that the entirety of the 2017 Capital Program will be fully funded out of its forecast 2017 funds flow from operations and that 2017 funds flow from operations is expected to exceed its 2017 capital expenditures over the course of 2017, such statements assume that: the 2017 Capital Program will be carried out as currently contemplated; the production targets and commodity price assumptions set forth herein are achieved; and Birchcliff's forecast commodity mix is achieved. Actual spending may vary due to a variety of factors, including commodity prices, economic conditions, results of operations and costs of labour, services and materials.

- With respect to statements of future wells to be drilled and brought on production, the key assumptions are: the continuing validity of the geological and other technical interpretations performed by Birchcliff's technical staff, which indicate that commercially economic volumes can be recovered from Birchcliff's lands as a result of drilling future wells; and that commodity prices and general economic conditions will warrant proceeding with the drilling of such wells.

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

- With respect to Birchcliff's production guidance, the key assumptions are that: Birchcliff's capital expenditure programs will be carried out as currently contemplated; no unexpected outages occur in the infrastructure that Birchcliff relies on to produce its wells and that any transportation service curtailments or unplanned outages that occur will be short in duration or otherwise insignificant; the construction of new infrastructure meets timing and operational expectations; existing wells continue to meet production expectations; and future wells scheduled to come on production meet timing, production and capital expenditure expectations. The production guidance contained herein does not take into account the potential disposition of the Corporation's Charlie Lake Light Oil Resource Play.

Birchcliff's actual results, performance or achievements could differ materially from those anticipated in the forward-looking information as a result of both known and unknown risks and uncertainties including, but not limited to: general economic, market and business conditions which will, among other things, impact the demand for and market prices of Birchcliff's products and Birchcliff's access to capital; volatility of crude oil and natural gas prices; fluctuations in currency and interest rates; operational risks and liabilities inherent in oil and natural gas operations; uncertainties associated with estimating oil and natural gas reserves and resources; the accuracy of oil and natural gas reserves estimates and estimated production levels as they are affected by exploration and development drilling and estimated decline rates; geological, technical, drilling, construction and processing problems; uncertainty of geological and technical data; uncertainties related to Birchcliff's future potential drilling locations; fluctuations in the costs of borrowing; changes in tax laws, crown royalty rates, environmental laws and incentive programs relating to the oil and natural gas industry and other actions by government authorities, including changes to the royalty and carbon tax regimes and the imposition or reassessment of taxes; the cost of compliance with current and future environmental laws; political uncertainty and uncertainty associated with government policy changes; uncertainties and risks associated with pipeline restrictions and outages to third-party infrastructure that could cause disruptions to production; the ability to satisfy obligations under Birchcliff's firm marketing and transportation arrangements; the inability to secure adequate production transportation for Birchcliff's products; the occurrence of unexpected events such as fires, equipment failures and other similar events affecting Birchcliff or other parties whose operations or assets directly or indirectly affect Birchcliff; potential delays or changes in plans with respect to exploration or development projects or capital expenditures; stock market volatility; loss of market demand; environmental risks, claims and liabilities; incorrect assessments of the value of acquisitions and exploration and development programs; shortages in equipment and skilled personnel; the absence or loss of key employees; uncertainties associated with the outcome of litigation or other proceedings involving Birchcliff; uncertainty that development activities in connection with its assets will be economical; competition for, among other things, capital, acquisitions of reserves, undeveloped lands, equipment and skilled personnel; uncertainties associated with credit facilities; counterparty credit risk; risks associated with Birchcliff's hedging program and the risk that hedges on terms acceptable to Birchcliff may not be available; risks associated with the declaration and payment of dividends, including the discretion of Birchcliff's board of directors to declare dividends; risks and uncertainties associated with the sales process and the potential disposition of the Corporation's Charlie Lake Light Oil Resource Play, including whether the sales process will result in a transaction and the terms of a transaction; the failure to obtain any required approvals in a timely manner or at all; the failure to realize the anticipated benefits of acquisitions and dispositions; unforeseen difficulties in integrating acquired assets into Birchcliff's operations; and variances in Birchcliff's actual capital costs, operating costs and economic returns from those anticipated.

With respect to the sales process for the Corporation's Charlie Lake Light Oil Resource Play, there can be no assurance that any agreement or transaction will occur, or if a transaction is undertaken, as to its terms or timing. No decision on any particular transaction structure has been reached at this time. Birchcliff does not intend to make further announcements or disclose developments with respect to the sales process until the board of directors has approved a definitive transaction, unless otherwise required by applicable laws or Birchcliff otherwise determines that disclosure is appropriate.

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

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

The forward-looking information and FOFI contained herein do not include or account for the potential disposition of the Corporation's Charlie Lake Light Oil Resource Play.

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

The forward-looking information contained in this press release is expressly qualified by the foregoing cautionary statements. The forward-looking information contained in this press release is made as of the date of this press release. Birchcliff is not under any duty to update or revise any of the forward-looking information except as expressly required by applicable securities laws.

About Birchcliff:

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

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