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# BIRCHCLIFF ENERGY LTD.

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## **Birchcliff Energy Ltd. Announces Sale Process, Production Update, Material Mid-Year Reserve Additions and Updated Montney/Doig Resource Assessment**

**Calgary, Alberta - Birchcliff Energy Ltd. (“Birchcliff”)** (TSX: **BIR**) is pleased to announce that as a result of unsolicited expressions of interest in Birchcliff, the Board of Directors, has determined to commence a public sale process, seeking offers to purchase, all of the outstanding shares of Birchcliff. At this time there can be no assurance that this process will result in an acceptable transaction.

**Jeff Tonken, President and Chief Executive Officer of Birchcliff** said:

“Birchcliff’s two resource plays continue to meet or exceed Birchcliff’s expectations and Birchcliff is on track to meet its guidance for 2011 and to meet its November 1, 2012 milestone for completion of the Phase III expansion of its Pouce Coupe South Gas Plant (the “**PCS Gas Plant**”) which will result in 2012 exit production of approximately 28,000 boe per day.

Current production is approximately 19,250 boe per day.

Birchcliff is commencing a sale process from a position of strength with a very focused, high working interest, operated, low cost asset base with significant growth potential. Birchcliff is well financed and is not facing any operational, financial or internal challenges that would necessitate a sale. However, in light of the recent expressions of interest that have been received, the Board of Directors believes it is in the best interests of all shareholders to explore the opportunity to sell Birchcliff at an acceptable price.

If Birchcliff does not conclude a satisfactory transaction, it is well positioned to continue to grow through the drill bit and to execute its 2011 and 2012 capital programs and its long term development plans for its substantial resource base, which plans include the doubling of the processing capacity of the PCS Gas Plant from 120 mmcf/day to 240 mmcf/day in 2014.”

Birchcliff has engaged Scotia Waterous, GMP Securities L.P., and Cormark Securities Inc. to seek potential purchasers and advise the Board of Directors of Birchcliff with

respect to the sale process. Birchcliff expects to open a Data Room as soon as reasonably possible. Birchcliff does not intend to make any further announcements regarding the sale process unless and until the Board of Directors has approved a specific transaction or otherwise deems that disclosure of developments is appropriate.

**Mr. Seymour Schulich, Birchcliff's largest shareholder**, who holds approximately 26% of the outstanding shares of Birchcliff, said: "I fully support Mr. Tonken and his team in this potential sale endeavour. If a reasonable price cannot be achieved at this time, I am happy to continue as Birchcliff's major shareholder and I will continue to support Birchcliff at every opportunity."

Further information regarding this opportunity is posted on the Scotia Waterous website at [www.ScotiaWaterous.com](http://www.ScotiaWaterous.com) and a current Birchcliff corporate fact sheet is posted on the Birchcliff website at [www.birchcliffenergy.com](http://www.birchcliffenergy.com).

### Updated Reserves and Resources

Birchcliff is also pleased to announce the results of its **mid-year independent reserves evaluation** and an **updated Montney/Doig resource assessment**, both of which were prepared effective June 30, 2011 by independent reserves evaluator, AJM Deloitte ("AJM").

**Jeff Tonken** said:

"Birchcliff's team is very proud of the significant production and reserves growth that has been achieved in 2011 through drilling operations:

- To June 30, 2011 we added approximately **31.4 million boe of proved plus probable reserves** before production
- At June 30, 2011, Birchcliff had **229.3 million boe of proved plus probable reserves**
- At June 30, 2011, on the Montney/Doig Natural Gas Resource Play, Birchcliff had **1.1 Tcfe (185.3 million boe)** of proved plus probable reserves
- The June 30, 2011 resource assessment contains best case estimates for Birchcliff's Montney/Doig Natural Gas Resource Play of **2.6 Tcfe of Contingent Resources** and **16.5 Tcfe of Prospective Resources**
- To date proved plus probable reserves have been attributed to only **104.6 net sections (21%) of the 494 net sections** of land Birchcliff holds on the Montney/Doig Natural Gas Resource Play
- Birchcliff's lands provide in excess of **1,900 net potential** Montney/Doig horizontal natural gas drilling locations of which only **16%** have been assigned proved plus probable reserves in the AJM Evaluation."

## June 30, 2011 Independent Reserves Evaluation

Birchcliff has had its reserves evaluated by AJM or its predecessor, an independent qualified reserves evaluator, in accordance with National Instrument 51-101 and the Canadian Oil and Gas Evaluation Handbook (“COGEH”) effective at December 31, 2010 and at June 30, 2011. Reserves estimates stated herein are extracted from the relevant evaluations prepared by AJM.

AJM has estimated that at June 30, 2011, Birchcliff had **229.3 million boe** of proved plus probable reserves and **121.7 million boe** of proved reserves in its evaluation report dated September 23, 2011 (the “AJM Evaluation”). Birchcliff’s proved plus probable reserves are comprised of 17% light oil and NGL’s and 83% natural gas.

Birchcliff expects that based on its current drilling activities, a further significant increase in both proved developed producing reserves and proved plus probable reserves will be reflected in its annual 2011 year-end independent reserves evaluation.

The AJM Evaluation estimates Birchcliff’s reserves and pre-tax discounted future net revenues based on forecast prices and costs are set forth in the following table:

(effective date)	mmboe		NPV 0% (MM\$)		NPV 5% (MM\$)		NPV 8% (MM\$)		NPV 10% (MM\$)	
	June 30, 2011	Dec 31, 2010	June 30, 2011	Dec 31, 2010	June 30, 2011	Dec 31, 2010	June 30, 2011	Dec 31, 2010	June 30, 2011	Dec 31, 2010
Proved Developed Producing	29.8	30.8	1,005	1,007	800	787	713	696	666	647
Total Proved	121.7	114.0	3,466	3,361	2,454	2,235	2,036	1,817	1,810	1,600
Probable	107.6	87.2	3,842	3,102	2,147	1,633	1,580	1,180	1,307	968
Total Proved plus probable	229.3	201.1	7,308	6,463	4,601	3,868	3,616	2,997	3,117	2,568

\*Note: NI 51-101 disclosure requires Birchcliff to provide the following warning - The estimates of discounted future net revenues disclosed in this table do not represent fair market values.

\*\*Note: AJM relied upon its forecast of commodity prices that was in effect on June 30, 2011 which can be found at [www.ajmpc.com](http://www.ajmpc.com).

The forecast AECO natural gas price per mcf used by AJM in the AJM Evaluation for the years 2011 through 2015 is \$4.10, \$4.60, \$5.20, \$5.50 and \$5.85.

## Highlights of AJM Evaluation as at June 30, 2011

- Proved plus probable reserves increased to **229.3 million boe**, an increase before production of **31.4 million boe**, which is a **16% increase** from December 31, 2010.
- Birchcliff added **9.9 boe** of proved plus probable reserves for each boe that was produced (**990% reserve replacement**).
- Proved plus probable reserves per share increased by **12.8%** from December 31, 2010 to **1.81 boe/share** using shares outstanding at June 30, 2011.

- Birchcliff's **reserve life index** on a proved plus probable basis at June 30, 2011 was **32.6 years** (assuming a production rate of **19,250 boe per day**).
- Total proved reserves increased to **121.7 million boe**, an increase before production of **10.9 million boe**, which is a **9.6% increase** from December 31, 2010.
- Proved developed producing reserves of **29.8 million boe** represent an increase of **2.2 million boe** before production, which is a **7.1% increase** from December 31, 2010.

### **Proved Developed Producing Reserves**

As a result of a prolonged spring break-up and very wet weather through the months of June and July, many of the wells drilled in early 2011 were not yet on production by June 30, 2011 and accordingly, the reserves associated with those wells did not qualify at June 30, 2011 as proved developed producing reserves for the purposes of the AJM Evaluation.

Since June 30, 2011, Birchcliff has brought on production 8 (6.6 net) Montney/Doig horizontal wells and 4 (4.0 net) wells at Worsley. Birchcliff expects to bring on production, before year-end, an additional 8 (7.1 net) Montney/Doig horizontal wells and 17 (12.5 net) other wells. Birchcliff expects that at year-end the reserves associated with these wells will be classified as proved developed producing reserves and this will result in a significant increase in Birchcliff's proved developed producing reserves at December 31, 2011.

### **Montney/Doig Natural Gas Resource Play Reserve Details**

Birchcliff increased by **17%** its proved plus probable Montney/Doig reserves attributed to horizontal wells to **1.1 Tcfe (185.3 mmboe)** at June 30, 2011, as compared to approximately 0.95 Tcfe (158.4 mmboe) at December 31, 2010.

The following table sets forth reserves data attributable only to Birchcliff's horizontal wells on the Montney/Doig Natural Gas Resource Play, the number of horizontal wells to which reserves were attributed and the future capital associated with such reserves:

<b>Montney/Doig Natural Gas Horizontal Resource Play Reserves Data (Horizontal wells only)</b>												
	Natural Gas (Bcf)		Natural Gas Liquids (mbbl)		Total (mboe)		Existing Horizontal Wells and Future Horizontal Well Locations				Estimated Net Future Capital (\$millions)	
							Gross		Net			
	June 30, 2011	Dec 31, 2010	June 30, 2011	Dec 31, 2010	June 30, 2011	Dec 31, 2010	June 30, 2011	Dec 31, 2010	June 30, 2011	Dec 31, 2010	June 30, 2011	Dec 31, 2010
Proved Developed Producing	105	99	672	658	18,195	17,214	53	48	43.8	40.0	0	0
Total Proved	546	494	3,986	3,571	95,042	85,970	245	221	197.3	177.3	797 <sup>(1)</sup>	597 <sup>(2)</sup>
Proved plus probable	1,063	911	8,125	6,653	185,301	158,403	366	321	299.2	259.0	1,223 <sup>(1)</sup>	938 <sup>(2)</sup>

- (1) Includes Future Plant Capital of approximately \$160.5 million for the Phase III and IV expansions of the PCS Gas Plant to 240 mmcf per day of total capacity.  
(2) Includes Future Plant Capital of approximately \$57 million for the Phase III expansion of the PCS Gas Plant to 120 mmcf per day of total capacity.

Birchcliff believes that the ultimate recovery from its Montney/Doig horizontal natural gas wells will continue to improve year over year to the extent that production history demonstrates that the terminal declines of these wells are at a lesser rate than that forecast by AJM. In addition, as drilling and completion technologies continue to improve, recovery factors and production rates from this unconventional resource should also improve.

<b>Basal Doig/ Upper Montney Play Land and Horizontal Wells Data</b>	<b>June 30, 2011</b>	
	<b>Gross</b>	<b>Net</b>
Number of sections to which AJM attributed reserves	73.8	61.3
Number of existing wells and future horizontal well locations to which AJM attributed proved plus probable reserves <sup>(1)</sup>	232	187.8
Average ultimate recoverable volumes estimated by AJM per existing horizontal well (Bcfe)	4.4	
Average proved plus probable reserves attributed by AJM per future full-length horizontal well location (Bcfe)	3.8	
Average number of net existing horizontal wells and future horizontal well locations per net section to which reserves were attributed by AJM	3.06	

- (1) Includes both full-length and half-length horizontal wells.

<b>Middle/Lower Montney Play Land and Horizontal Wells Data</b>	<b>June 30, 2011</b>	
	<b>Gross</b>	<b>Net</b>
Number of sections to which AJM attributed reserves	<b>52.7</b>	<b>43.3</b>
Number of existing wells and future horizontal well locations to which AJM attributed proved plus probable reserves <sup>(1)</sup>	<b>134</b>	<b>111.4</b>
Average ultimate recoverable volumes estimated by AJM per existing horizontal well (Bcfe)	<b>4.1</b>	
Average proved plus probable reserves attributed by AJM per future full-length horizontal well location (Bcfe)	<b>4.1</b>	
Average number of net existing horizontal wells and future horizontal well locations per net section to which reserves were attributed by AJM	<b>2.57</b>	

(1) Includes both full-length and half-length horizontal wells.

There are now approximately 25 net sections to which AJM has assigned reserves in respect of both the Basal Doig/Upper Montney and the Middle/Lower Montney stratigraphic plays.

Birchcliff believes that at June 30, 2011 it had at least 1,900 net potential future Montney/Doig horizontal natural gas well locations on its 494 net sections of land assuming 4 horizontal wells per stratigraphic play per section. These potential locations are comprised of 255.4 net future horizontal well locations to which proved plus probable reserves have been assigned in the AJM Evaluation and 1,644.6 net future horizontal well locations to which no proved plus probable reserves have been assigned by AJM.

### **Updated Montney/Doig Resource Assessment**

Birchcliff is pleased to announce the results of an updated resource assessment dated September 30, 2011 that was recently completed by AJM Deloitte (“**AJM**”) with an effective date of June 30, 2011.

This resource assessment was prepared in accordance with National Instrument 51-101 and the Canadian Oil and Gas Evaluation Handbook (“**COGEH**”) and includes the lands held by Birchcliff at June 30, 2011 that have potential for the Montney/Doig Natural Gas Resource Play in the Peace River Arch area of Alberta (the “**AJM Resource Assessment**”).

All resource data disclosed herein is extracted from the AJM Resource Assessment and reflects only Birchcliff’s working interest share of resources for its lands in the area covered by the AJM Resource Assessment (the “**Study Area**”).

AJM is a qualified reserves evaluator and had previously estimated Birchcliff’s proved and proved plus probable reserves at June 30, 2011 in a report dated September 23, 2011 (the “**AJM Evaluation**”).

**The AJM Resource Assessment relates only to Birchcliff's Montney/Doig Natural Gas Resource Play and does not include Birchcliff's Worsley Light Oil Resource Play or any of Birchcliff's other properties.**

### **Highlights of AJM Resource Assessment**

- A best estimate of Total Petroleum Initially-In-Place (“PIIP”) of **42.0 Tcfe**.
- A best estimate of recoverable **Contingent Resources of 2.6 Tcfe** which is in addition to the **proved plus probable reserves of 1.1 Tcfe** assigned in the AJM Evaluation to lands within the Study Area.

*These Contingent Resources are of similar technical quality as the proved plus probable reserves attributed by the AJM Evaluation to lands within the Study Area, but are not included in the proved plus probable reserves because they are subject to contingencies that primarily relate to the forecast timing of development of such Contingent Resources.*

- A best estimate of total **Discovered Petroleum Initially-In-Place** of **7.7 Tcfe**.
- A best estimate of **Undiscovered Petroleum Initially-In-Place** of **34.3 Tcfe** which includes a best estimate of recoverable **Prospective Resources of 16.5 Tcfe**.
- The AJM Resource Assessment covers 494 net sections of the land on the Montney/Doig Natural Gas Resource Play held by Birchcliff at June 30, 2011 which was comprised of:
  - 304 gross (278 net) sections of land which include Montney rights which are prospective for the Middle/Lower Montney play; and
  - 246 gross (216 net) sections of land which include Doig rights which are prospective for the Basal Doig/Upper Montney play.
- **The resource estimates contained in the AJM Resource Assessment demonstrate that Birchcliff's lands on the Montney/Doig Natural Gas Resource Play have significant value and future development potential far beyond the proved plus probable reserves that have been assigned to those lands in the AJM Evaluation.**

### **Background to Montney/Doig Resource Assessment**

Birchcliff holds significant high working interest acreage in large contiguous blocks on the Montney/Doig Natural Gas Resource Play in the Peace River Arch area of Alberta.

Birchcliff’s lands are proximal to its 100% owned Pouce Coupe South Gas Plant and to third party gathering and processing infrastructure.

AJM was commissioned to estimate, as at June 30, 2011, the total petroleum initially-in-place (“**PIIP**”) and contingent and prospective resources in the Study Area for the Doig Phosphate, Basal Doig, and Montney formations in the greater Pouce Coupe, Elmworth and Bezanson areas of the Peace River Arch region of Alberta. AJM utilized probabilistic methods to generate high, best, and low estimates of these volumes. The Study Area included 304 gross (278 net) sections of land which include Montney rights and 246 gross (216 net) sections of land which include Doig rights in an area ranging from Townships 69 to 81, Ranges 2 to 14W6. The Study Area is bounded in a northwest – southeast direction by the Montney/Doig Deep Basin Edges.

Results from the AJM Resource Assessment are presented in the following table for Birchcliff’s working interest share of the gross volumes. Proved and proved plus probable and proved plus probable plus possible reserves determined by the AJM Evaluation are included in this table for completeness, however reserves were not the focus of the AJM Resource Assessment.

<b>Summary of Birchcliff Reserves and Resources on Birchcliff Lands<sup>(1)</sup></b>				
Resource Class		Working Interest Bcfe		
		Low Estimate Case	Best Estimate Case	High Estimate Case
Discovered	Cumulative Production <sup>(2)</sup>	50.5	50.5	50.5
	Remaining Reserves <sup>(2)(3)</sup>	575.8	1,120.9	1,913.8
	Surface Loss/Shrinkage	38.4	70.6	117.8
	<b>Total Commercial</b>	<b>664.7</b>	<b>1,242.0</b>	<b>2,082.1</b>
	Contingent Resources	2,462.7	2,597.8	3,347.4
	Unrecoverable <sup>(4)</sup>	3,962.2	3,851.7	4,478.1
	<b>Total Sub-Commercial</b>	<b>6,424.8</b>	<b>6,449.6</b>	<b>7,825.4</b>
<b>Total Discovered PIIP</b>		<b>7,089.5</b>	<b>7,691.5</b>	<b>9,907.5</b>
Undiscovered	Prospective Resources	12,380.4	16,452.2	21,544.9
	Unrecoverable <sup>(4)</sup>	16,955.9	17,805.2	17,111.3
	<b>Total Undiscovered PIIP</b>	<b>29,336.3</b>	<b>34,257.4</b>	<b>38,656.2</b>
<b>Total Petroleum Initially In Place (PIIP)</b>		<b>36,425.8</b>	<b>41,948.9</b>	<b>48,563.7</b>

Notes:

- (1) All volumes at June 30, 2011. All Reserves and Resources are Gross volumes which are equal to Birchcliff's working interest share before deduction of royalties and without including any royalties held by Birchcliff.
- (2) Sales gas and related natural gas liquids.
- (3) Includes reserves assigned to both vertical and horizontal Montney/Doig wells. The best estimate reflects the estimate of proved plus probable reserves contained in the AJM Evaluation. The low estimate reflects the estimate of proved reserves contained in the AJM Evaluation. The high estimate reflects the estimate of proved plus probable plus possible reserves contained in the AJM Evaluation.
- (4) Unrecoverable includes surface loss/shrinkage on volumes of Contingent Resources and Prospective Resources. The unrecoverable portion of Undiscovered PIIP is those quantities determined not to be recoverable by future development projects. A portion of these resources may become recoverable in the future as commercial circumstances change or technological developments occur, but the remaining portion may never be recovered due to physical and/or chemical constraints of the reservoir rock and the fluid within it.

### Worsley Light Oil Resource Play Reserve Details

Birchcliff is pleased to report that the Worsley Light Oil Pool continues to prove itself as a top quality asset. Both the original oil in place and the estimated recoverable reserves for the pool continue to grow. As of June 30, 2011, AJM estimated reserves for the Worsley Light Oil Pool to be **30.2 mmboe proved plus probable, 6.5 mmboe proved developed producing** and **18.4 mmboe proved**.

<b>History of Reserves Estimated for Worsley Light Oil Pool (mmboe)</b>						
	<b>June 30, 2011</b>	Dec 31, 2010	Dec 31, 2009	Dec 31, 2008	Dec 31, 2007	July 1, 2007
<b>Proved Developed Producing</b>	<b>6.5</b>	6.8	6.0	6.4	6.0	5.1
<b>Proved Reserves</b>	<b>18.4</b>	18.8	18.3	17.5	15.0	11.3
<b>Proved plus Probable Reserves</b>	<b>30.2</b>	28.2	26.3	24.6	21.2	15.1

### New Resource Plays

In Birchcliff's focus area of the Peace River Arch, numerous industry competitors have announced significant developments on a number of different resource plays. Throughout 2010 and continuing through 2011 there have been significant lands posted and acquired by industry in the Peace River Arch area and numerous new wells have been drilled and completed by competitors targeting these new resource plays.

Birchcliff continues to spend significant time analyzing and evaluating various new resource plays in the Peace River Arch.

Birchcliff now holds the following lands that are prospective for the developing resource plays noted.

<b>Nordegg Resource Play</b>	721 (615.1 net) sections
<b>Banff/Exshaw Resource Play</b>	665 (652.0 net) sections
<b>Duvernay Resource Play</b>	196 (194.9 net) sections

As is consistent with our corporate strategy, the majority of this land is in large contiguous blocks at 100% working interest. Some of these lands are also prospective for the Montney/Doig Natural Gas Resource Play or the Worsley Light Oil Resource Play.

We are early in the development of these new resource plays; however, based on the high level of industry activity and our internal technical evaluation, we are optimistic about their potential ultimate value.

### **BC LNG Export Co-Operative and Douglas Channel Energy Partnership Project**

Birchcliff has recently become one of the Founding Members in the BC LNG Export Co-Operative which is involved in the development of a small scale LNG export project in Kitimat, British Columbia (the “**Project**”) with a planned start-up by early 2014. As a Founding Member of the Co-Operative, Birchcliff will be entitled to bid to supply feed gas for the project on such terms as Birchcliff considers appropriate at the relevant time.

Birchcliff has not undertaken and does not expect to undertake any financial obligations in respect of the Project, other than pursuant to gas supply contracts that may be entered into. The first phase of this Project is expected to need approximately 95 mmcf/day of feed gas and the volumes that may be supplied by Birchcliff will depend on whether Birchcliff’s gas supply bids are sufficiently competitive to be accepted.

### **Outlook**

Birchcliff believes that a public sale process is the appropriate course of action to attract a reasonable offer to purchase its shares. It is an open process that provides our staff, shareholders and stakeholders with full transparency.

Birchcliff is enjoying record production, our reserve growth is exceptional and our current drilling programs provide further optimism that we can continue to meet our development goals. We have the unwavering support of Mr. Schulich, our largest shareholder. Birchcliff is well capitalized and has an excellent relationship with our Banking Syndicate. The Birchcliff executive team is a close knit group of professionals whose interests are aligned with our shareholders. Birchcliff’s staff, our most important asset, is a motivated, highly trained group of professionals who strive to be the best in the industry.

In short, if Birchcliff receives a reasonable bid, the resulting sale will create value for our shareholders. In the event the sale process is not successful, we are very well positioned to execute our business plan with exceptional enthusiasm and a very large and stable asset base.

### **Definitions of Oil and Gas Resources and Reserves**

**Uncertainty Ranges** are described by the Canadian Oil and Gas Evaluation Handbook as low, best, and high estimates for reserves and resources as follows:

**Low Estimate:** This is considered to be a conservative estimate of the quantity that will actually be recovered. It is likely that the actual remaining quantities recovered will exceed the low estimate. If probabilistic methods are used, there should be at least a 90 percent probability (P90) that the quantities actually recovered will equal or exceed the low estimate.

**Best Estimate:** This is considered to be the best estimate of the quantity that will actually be recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. If probabilistic methods are used, there should be at least a 50 percent probability (P50) that the quantities actually recovered will equal or exceed the best estimate.

**High Estimate:** This is considered to be an optimistic estimate of the quantity that will actually be recovered. It is unlikely that the actual remaining quantities recovered will exceed the high estimate. If probabilistic methods are used, there should be at least a 10 percent probability (P10) that the quantities actually recovered will equal or exceed the high estimate.

**Reserves** are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on the analysis of drilling, geological, geophysical and engineering data; the use of established technology; and specified economic conditions, which are generally accepted as being reasonable.

Reserves are classified according to the degree of certainty associated with the estimates:

**Proved Reserves** are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

**Probable Reserves** are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

**Possible Reserves** are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves.

**Resources** encompasses all petroleum quantities that originally existed on or within the earth's crust in naturally occurring accumulations, including Discovered and Undiscovered (recoverable and unrecoverable) plus quantities already produced. "Total resources" is equivalent to "total Petroleum Initially-In-Place". Resources are classified in the following categories:

**Total Petroleum Initially-In-Place ("PIIP")** is that quantity of petroleum that is estimated to exist originally in naturally occurring accumulations. It includes that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations, prior to production, plus those estimated quantities in accumulations yet to be discovered.

**Discovered Petroleum Initially-In-Place** is that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production. The recoverable portion of discovered petroleum initially in place includes production, reserves, and contingent resources; the remainder is unrecoverable.

**Contingent Resources** are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development but which are not currently considered to be commercially recoverable due to one or more contingencies.

**Undiscovered Petroleum Initially-In-Place** is that quantity of petroleum that is estimated, on a given date, to be contained in accumulations yet to be discovered. The recoverable portion of undiscovered petroleum initially in place is referred to as “prospective resources” and the remainder as “unrecoverable.”

**Prospective Resources** are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects.

**Unrecoverable** is that portion of Discovered and Undiscovered PIIP quantities which is estimated, as of a given date, not to be recoverable by future development projects. A portion of these quantities may become recoverable in the future as commercial circumstances change or technological developments occur; the remaining portion may never be recovered due to the physical/chemical constraints represented by subsurface interaction of fluids and reservoir rocks.

**Production** is the cumulative quantity of petroleum that has been recovered at a given date.

#### Advisories

**Unaudited Numbers:** *The Corporation’s annual audit of its 2011 financial statements is not yet complete and accordingly all 2011 financial amounts referred to in this Press Release are management’s best estimates, which have not yet been audited.*

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

**Tcfe or Bcfe Conversions:** *Trillions of cubic feet of gas equivalent (“Tcfe”) and billions of cubic feet of gas equivalent (“Bcfe”) may be misleading, particularly if used in isolation. A Tcfe or Bcfe conversion is based on a conversion rate of six thousand cubic feet (6 mcf) of natural gas to one barrel of oil equivalent (1 bbl) (“6:1”) A Tcfe or Bcfe conversion ratio of 6:1 is based on an energy equivalent conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.*

**Reserves For A Portion Of Properties:** *Reserves disclosure contained in this Press Release relates to a portion of the Corporation’s properties. Accordingly, the estimates of reserves for individual properties may not reflect the same confidence level as estimates of reserves for all properties due to the effects of aggregation.*

**Possible Reserves:** *Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities of possible*

*reserves actually recovered will be equal or exceed the sum of proved plus probable plus possible reserves.*

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

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

***Forward Looking Information:*** *This Press Release contains forward-looking information within the meaning of applicable Canadian securities laws. Forward-looking information relates to future events or future performance and is based upon the Corporation's current internal expectations, estimates, projections, assumptions and beliefs. All information other than historical fact is forward-looking information. Information relating to "reserves" or "resources" is forward-looking as it involves the implied assessment, based on certain estimates and assumptions, that the reserves and resources exist in the quantities estimated and that they will be commercially viable to produce in the future. Words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "may", "will", "potential", "proposed" and other similar words that convey certain events or conditions "may" or "will" occur are intended to identify forward-looking information. In particular, this Press Release contains forward-looking information relating to a public sale of the Corporation, estimates of recoverable reserves and resource volumes, intentions to drill and complete future wells; planned production increases; and an estimate of potential Montney/Doig horizontal well locations.*

*The forward-looking information is based upon assumptions as to future commodity prices, currency exchange rates, inflation rates, well production rates, well drainage areas, success rates for future drilling and availability of labour and services. With respect to a sale process, a key assumption is that a reasonable price will be negotiated with a potential buyer. With respect to estimates of reserves and resource volumes, a key assumption is the validity of the data used by AJM Deloitte in their independent reserves evaluation and resource assessment. With respect to estimates of numbers of future wells to be drilled a key assumption is that geological and other technical interpretations performed by the Corporation's technical staff, which indicate that commercially economic reserves can be recovered from the Corporation's lands as a result of drilling such future wells, are valid.*

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

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

*The foregoing list of risk factors is not exhaustive. Additional information on these and other risk factors that could affect operations or financial results are included in the Corporation's most recent Annual Information Form and in other reports filed with Canadian securities regulatory*

*authorities. Forward-looking information is based on estimates and opinions of management at the time the information is presented. The Corporation is not under any duty to update the forward-looking information after the date of this Press Release to conform such information to actual results or to changes in the Corporation's plans or expectations, except as otherwise required by applicable securities laws.*

Birchcliff is a publicly traded company that trades on the TSX Exchange under the symbol “**BIR**”.

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