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Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Vice President, Corporate Development and Corporate Secretary of Birchcliff Energy Ltd. at Suite 500, 630 – 4th Avenue S.W., Calgary, Alberta T2P 0J9, telephone (403) 261-6401, and are also available electronically at www.sedar.com.

SHORT FORM PROSPECTUS

New Issue

April 12, 2012



\$71,893,750

\$61,773,750
8,075,000 Common Shares

and

\$10,120,000
1,100,000 Flow-Through Shares

Price:
\$7.65 per Common Share
\$9.20 per Flow-Through Share

This short form prospectus qualifies the distribution of: (i) 8,075,000 common shares ("**Offered Shares**") of Birchcliff Energy Ltd. ("**Birchcliff**" or the "**Corporation**") at a price of \$7.65 per Offered Share; and (ii) 1,100,000 common shares of the Corporation to be issued as "flow-through shares" ("**Flow-Through Shares**" and together with the Offered Shares and the Additional Offered Shares (as defined herein), the "**Offered Securities**") within the meaning of the *Income Tax Act* (Canada) (the "**Tax Act**") at a price of \$9.20 per Flow-Through Share (the "**Offering**").

The Corporation will covenant to incur on or before December 31, 2013, and renounce to each subscriber of Flow-Through Shares effective on or before December 31, 2012, Canadian Exploration Expense (as defined herein) in an amount equal to the aggregate purchase price for Flow-Through Shares paid by such subscriber. See "*Subscription for Flow-Through Shares*" and "*Certain Canadian Federal Income Tax Considerations*".

The issued and outstanding common shares in the capital of the Corporation (the "**Common Shares**") are listed on the Toronto Stock Exchange (the "**TSX**") under the symbol "BIR". On March 28, 2012, the last trading day prior to the public announcement of the Offering, the closing price of the Common Shares on the TSX was \$8.82. On April 11, 2012, the last trading day prior to the date of this short form prospectus, the closing price of the Common

Shares on the TSX was \$6.25. The TSX has conditionally approved the listing of the Offered Securities. Listing is subject to the Corporation fulfilling all of the listing requirements of the TSX on or before July 3, 2012. The terms of the Offering, including the offering prices of the Offered Securities, were determined by negotiation between the Corporation and GMP Securities L.P., Cormark Securities Inc. and National Bank Financial Inc. (collectively, the “**Co-Lead Underwriters**”), on their own behalf and on behalf of CIBC World Markets Inc., HSBC Securities (Canada) Inc. (“**HSBC**”) and Stifel Nicolaus Canada Inc. (collectively, the “**Underwriters**”).

	<u>Price to the Public</u>	<u>Underwriters’ Fee⁽¹⁾</u>	<u>Net Proceeds to the Corporation⁽²⁾</u>
Per Offered Share	\$7.65	\$0.3825	\$7.2675
Total.....	\$61,773,750.00	\$3,088,687.50	\$58,685,062.50
Per Flow-Through Share	\$9.20	\$0.46	\$8.74
Total.....	\$10,120,000.00	\$506,000.00	\$9,614,000.00
Total Offering ⁽³⁾⁽⁴⁾	\$71,893,750.00	\$3,594,687.50	\$68,299,062.50

Notes:

- (1) The Corporation has agreed to pay the Underwriters a cash commission equal to 5.0% of the gross proceeds of the Offering (the “**Underwriters’ Fee**”). See “*Plan of Distribution*”.
- (2) Before deducting expenses of the Offering, estimated to be \$310,000.
- (3) The Corporation has granted the Underwriters an option (the “**Over-Allotment Option**”) to purchase up to an additional 1,211,250 Common Shares (“**Additional Offered Shares**”) at a price of \$7.65 per Additional Offered Share on the same terms and conditions as the Offering, exercisable in whole or in part at any time up to 30 days following the closing of the Offering, to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the total Offering, Underwriters’ Fee and net proceeds to the Corporation (before deducting the estimated expenses of the Offering) will be \$81,159,812.50, \$4,057,990.63 and \$77,101,821.87, respectively. This short form prospectus qualifies the distribution of the grant of the Over-Allotment Option and the issuance of the Additional Offered Shares pursuant to the exercise of the Over-Allotment Option. A purchaser who acquires Additional Offered Shares forming any part of the Underwriters’ over-allocation position, if applicable, acquires those Additional Offered Shares under this short form prospectus regardless of whether the Underwriters’ over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. Unless the context otherwise requires, references to the “Offering”, “Offered Shares” and “Offered Securities” include the Over-Allotment Option and the Additional Offered Shares. See “*Plan of Distribution*”.
- (4) Assuming no exercise of the Over-Allotment Option.

The following table sets forth the number of Additional Offered Shares that may be issued by the Corporation pursuant to the Over-Allotment Option.

<u>Underwriters’ Position</u>	<u>Maximum Size or Number of Securities Available</u>	<u>Exercise Period</u>	<u>Exercise Price</u>
Over-Allotment Option	1,211,250 Additional Offered Shares	Exercisable at any time up to 30 days following the closing of the Offering	\$7.65 per Additional Offered Share

The Underwriters, as principals, conditionally offer the Offered Shares, subject to prior sale, if, as and when issued by the Corporation and delivered to and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “*Plan of Distribution*” and subject to approval of certain legal matters relating to the Offering on behalf of the Corporation by Borden Ladner Gervais LLP and on behalf of the Underwriters by Burnet, Duckworth & Palmer LLP.

The Underwriters have agreed to act as, and the Corporation has appointed the Underwriters as, the sole and exclusive agents of the Corporation to offer the Flow-Through Shares for sale, provided that in the event that less than 1,100,000 Flow-Through Shares are sold by the Underwriters as agents, the Underwriters have agreed to purchase as principals the Flow-Through Shares not sold by the Underwriters as agents, in accordance with the conditions contained in the Underwriting Agreement referred to under “*Plan of Distribution*” and subject to approval of certain legal matters relating to the Offering on behalf of the Corporation by Borden Ladner Gervais LLP and on behalf of the Underwriters by Burnet, Duckworth & Palmer LLP.

Subscriptions for the Offered Securities will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that closing of the Offering will occur on or about April 19, 2012, or such other date not later than 42 days after the date of the receipt for the

(final) short form prospectus as the Corporation and Underwriters may agree (the “**Closing Date**”). See “*Plan of Distribution*”.

Except in certain limited circumstances, including, without limitation, with respect to Offered Shares and Additional Offered Shares sold pursuant to Rule 506 of Regulation D or Rule 144A (as such terms are defined herein), which shall be represented by definitive, physical certificates registered in the names of the purchasers thereof: (i) Offered Securities will be registered to CDS Clearing and Depository Services Inc. (“**CDS**”) or its nominee under the book-based system administered by CDS; (ii) no certificates evidencing the Offered Securities will be issued to purchasers of Offered Securities; and (iii) purchasers of Offered Securities will receive only a customer confirmation from the Underwriter or other registered dealer who is a CDS participant and from or through whom a beneficial interest in the Offered Securities is purchased. See “*Plan of Distribution*”.

Subject to applicable laws, the Underwriters may, in connection with the Offering, effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See “*Plan of Distribution*”.

The Underwriters propose to offer the Offered Shares initially at the offering price specified above. After a reasonable effort has been made to sell all of the Offered Shares at the offering price specified above, the Underwriters may subsequently reduce the selling price to investors from time to time in order to sell any of the Offered Shares remaining unsold. Any such reduction will not affect the proceeds received by the Corporation or the fees payable by the Corporation to the Underwriters in connection with the Offering. See “*Plan of Distribution*”.

HSBC, one of the Underwriters, is a direct or indirect wholly-owned subsidiary of a Canadian chartered bank that is a lender to the Corporation and to which the Corporation is presently indebted. Consequently, the Corporation may be considered to be a “connected issuer” of HSBC within the meaning of applicable Canadian securities legislation. The net proceeds of the Offering will be used by the Corporation to initially reduce indebtedness under the Revolving Facilities (as defined herein), including its indebtedness to such bank. See “*Relationship Between the Corporation and an Underwriter*”.

Seymour Schulich (the “**Shareholder**”) beneficially owns, or exercises control or direction over, directly or indirectly, an aggregate of 35,000,000 Common Shares as at April 11, 2012, which represents approximately 27.5% of the issued and outstanding Common Shares. The Corporation has agreed with the Shareholder and the Underwriters that the Corporation will, concurrently with the completion of the Offering, complete a private placement (the “**Concurrent Private Placement**”) with the Shareholder, pursuant to which the Shareholder (or entities controlled by the Shareholder) will purchase on a “private placement” basis, 5,000,000 Common Shares at the same price as the Offered Shares for gross proceeds to the Corporation of \$38,250,000. No commission or other fee will be paid to the Underwriters in connection with the Concurrent Private Placement. This short form prospectus does not qualify the distribution of the Common Shares issuable pursuant to the Concurrent Private Placement and such Common Shares will be subject to a statutory hold period. The Corporation has applied to list the Common Shares to be issued pursuant to the Concurrent Private Placement on the TSX. Listing will be subject to the Corporation fulfilling all of the listing requirements of the TSX. See “*Concurrent Private Placement*”.

The Offered Securities may be sold only in those jurisdictions where offers and sales are permitted. This short form prospectus is not an offer to sell or a solicitation of an offer to buy the Offered Securities in any jurisdiction where it is unlawful. Investors should rely only on the information contained in or incorporated by reference in this short form prospectus. The Corporation has not authorized anyone to provide investors with different information. Investors should not assume that the information contained in this short form prospectus is accurate as of any date other than the date of this short form prospectus.

An investment in the securities of the Corporation involves a high degree of risk. The risk factors contained in this short form prospectus or incorporated by reference herein should be carefully reviewed and considered by purchasers in connection with an investment in the Offered Securities. See “*Forward-Looking Statements*” and “*Risk Factors*” in this short form prospectus, “*Forward Looking Information*” and “*Risk Factors*” in the AIF (as defined herein) and “*Forward Looking Information*” and “*Risk Factors & Risk Management*” in the Annual MD&A (as defined herein).

The corporate head and registered office of the Corporation is located at Suite 500, 630 – 4th Avenue S.W., Calgary, Alberta T2P 0J9.

All references herein to “\$” are to Canadian dollars unless otherwise specified.

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FORWARD-LOOKING STATEMENTS

This short form prospectus and the documents incorporated by reference herein contain certain forward-looking statements and forward-looking information (collectively, “**forward-looking statements**”) which are based upon the Corporation’s current internal expectations, estimates, projections, assumptions and beliefs. In some cases, words such as “plan”, “expect”, “project”, “intend”, “believe”, “anticipate”, “estimate”, “may”, “will”, “potential”, “proposed” and other similar words, or statements that certain events or conditions “may” or “will” occur, are intended to identify forward-looking statements. These forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in the forward-looking statements. In addition, this short form prospectus and the documents incorporated by reference herein may contain forward-looking statements attributed to third party industry sources. By its nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur. Such forward-looking statements in this short form prospectus speak only as of the date of this short form prospectus or as of the date specified in the documents incorporated by reference herein.

Forward-looking statements in this short form prospectus and the documents incorporated by reference herein include, but are not limited to, statements with respect to:

- the closing of the Offering and the Concurrent Private Placement and the timing thereof;
- the use of the net proceeds of the Offering and the Concurrent Private Placement;
- drilling inventory, drilling plans and timing of drilling, re-completion and tie-in of wells;
- plans for facilities construction and expansion and completion of the timing and method of funding thereof;
- productive capacity of wells, anticipated or expected production rates and anticipated dates of commencement of production;
- drilling, completion and facilities costs;
- results of various projects of the Corporation;
- ability to lower cost structure in certain projects of the Corporation;
- growth expectations within the Corporation;
- timing of development of undeveloped reserves;
- the tax horizon of the Corporation;
- the timing of renunciation of CEE (as defined herein);
- the performance and characteristics of the Corporation’s oil and natural gas properties;
- oil, natural gas and natural gas liquids production levels;
- capital expenditure programs, including the Corporation’s announced 2012 capital budget program;
- supply and demand for oil and natural gas and commodity prices;
- the impact of Canadian federal and provincial governmental regulation on the Corporation relative to other oil and gas issuers of similar size;
- weighting of production between different commodities;
- expected levels of royalty rates, operating costs, general administrative costs, costs of services and other costs and expenses;
- expectations regarding the Corporation’s ability to raise capital and to continually add to reserves through acquisitions, exploration and development;
- treatment under governmental regulatory regimes and tax laws; and
- realization of the anticipated benefits of acquisitions and dispositions.

With respect to the forward-looking statements contained in this short form prospectus and the documents incorporated by reference herein, the Corporation has made assumptions regarding, among other things:

- the use of the net proceeds of the Offering and the Concurrent Private Placement;
- the timing of renunciation of CEE;
- oil and natural gas production levels;

- commodity prices;
- future currency and interest rates;
- the Corporation's ability to generate sufficient cash flow from operations and to access existing credit facilities and capital markets to meet its future obligations;
- availability of labour and drilling equipment;
- general economic and financial market conditions; and
- government regulation in the areas of taxation, royalty rates and environmental protection.

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. Neither the Corporation nor the Underwriters can guarantee future results, levels of activity, performance or achievements. Consequently, there is no representation by the Corporation that actual results achieved will be the same, in whole or in part, as those set out in the forward-looking statements. The Corporation intends to use the net proceeds of the Offering and the Concurrent Private Placement to initially reduce indebtedness under its Credit Facilities (as defined herein) as at the Closing Date, which may be subsequently redrawn and applied as needed to fund the Corporation's ongoing capital expenditure program including, in the case of proceeds from the issuance of the Flow-Through Shares, the incurring of CEE, and for general corporate purposes. See "*Use of Proceeds*". There may be circumstances that are not known to the Corporation at this time where reallocations of net proceeds from the Offering and the Concurrent Private Placement may be advisable for business reasons that management believes are in the Corporation's best interests. Some of the risks and other factors, some of which are beyond the Corporation's control, which could cause results to differ materially from those expressed in the forward-looking statements contained in this short form prospectus and the documents incorporated by reference herein include, but are not limited to:

- general economic conditions in Canada, the United States and globally;
- industry conditions, including fluctuations in the price of oil and natural gas;
- governmental regulation of the oil and gas industry, including environmental regulation;
- fluctuation in foreign exchange or interest rates;
- liabilities inherent in oil and natural gas operations;
- geological, technical, drilling and processing problems and other difficulties in producing reserves;
- failure to realize anticipated benefits of acquisitions;
- unanticipated operating events which can reduce production or cause production to be shut in or delayed;
- failure to obtain industry partner and other third party consents and approvals, when required;
- stock market volatility and market valuations;
- competition for, among other things, capital, acquisitions of reserves, undeveloped land and skilled personnel;
- competition for and inability to retain drilling rigs and other services;
- the need to obtain required approvals from regulatory authorities; and
- the other factors considered under "*Risk Factors*" in this short form prospectus and in the AIF and under "*Risk Factors & Risk Management*" in the Annual MD&A, which are incorporated by reference herein.

Readers are cautioned that the foregoing list of factors is not exhaustive. Statements relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and resources described can be profitably produced in the future. The forward-looking statements contained in this short form prospectus and the documents incorporated by reference herein are expressly qualified by this cautionary statement. Neither the Corporation nor the Underwriters are under any duty to update any of the forward-looking statements after the date of this short form prospectus to conform such statements to actual results or to changes in the Corporation's expectations and the Corporation disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Vice President, Corporate Development and Corporate Secretary of the Corporation at Suite 500, 630 – 4th Avenue S.W., Calgary, Alberta T2P 0J9, telephone: (403) 261-6401. In addition, copies of the documents incorporated herein by reference may be obtained by accessing the disclosure documents available through the Internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) website at www.sedar.com.

The following documents of the Corporation, filed with the various provincial securities commissions or similar authorities in Canada, are specifically incorporated into and form an integral part of this short form prospectus:

- (a) the annual information form of the Corporation dated March 14, 2012 for the financial year ended December 31, 2011 (the “**AIF**”);
- (b) the audited financial statements of the Corporation as at December 31, 2011 and 2010 and for the years then ended, together with the notes thereto and the auditors’ report thereon (the “**Annual Financial Statements**”);
- (c) the management’s discussion and analysis of the financial condition and results of operations of the Corporation for the year ended December 31, 2011 (the “**Annual MD&A**”);
- (d) the Corporation’s management information circular dated March 27, 2012 with respect to the annual meeting of the shareholders of the Corporation to be held on May 16, 2012;
- (e) the Corporation’s management information circular dated March 29, 2011 with respect to the annual and special meeting of the shareholders of the Corporation held on May 19, 2011; and
- (f) the amended material change report of the Corporation dated April 11, 2012 with respect to the announcement of the Offering, the Concurrent Private Placement and the termination of the corporate sale process.

Any documents of the type referred to in National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus, including any annual information forms, material change reports (except confidential material change reports), financial statements and related management’s discussion and analysis, business acquisition reports and information circulars, if filed by the Corporation with the provincial securities commissions or similar authorities in Canada after the date of this short form prospectus and before the termination of the Offering, are deemed to be incorporated by reference in this short form prospectus.

Any statement contained in this short form prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this short form prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein, modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this short form prospectus.

BIRCHCLIFF ENERGY LTD.

General

The Corporation was originally incorporated on July 6, 2004 under the *Business Corporations Act* (Alberta) (the “**ABCA**”) as 1116463 Alberta Ltd. and on September 10, 2004 changed its name to “Birchcliff Energy Ltd.”. On January 18, 2005, the Corporation amalgamated under the ABCA with Scout Capital Corp., a public corporation, pursuant to a plan of arrangement to form an amalgamated corporation that continued under the name “Birchcliff Energy Ltd.”. On May 31, 2005, the Corporation amalgamated under the ABCA with Veracel Inc. pursuant to a plan of arrangement to form an amalgamated corporation that continued under the name “Birchcliff Energy Ltd.”.

Business of the Corporation

The Corporation is in the business of exploring for, developing and producing oil and natural gas resources in the Western Canadian Sedimentary Basin with operations focused in one core area of Alberta, the Peace River Arch. The Corporation’s business model envisages continuous growth through drilling and the acquisition of suitable properties via asset purchases, farm-ins and corporate acquisitions or mergers. For further details concerning Birchcliff, including information with respect to its assets, operations and history, see the AIF, which is incorporated by reference herein.

RECENT DEVELOPMENTS

Concurrent Private Placement

The Corporation has agreed with the Shareholder and the Underwriters that the Corporation will, concurrently with the completion of the Offering, complete the Concurrent Private Placement. See “*Capitalization of the Corporation*”, “*Use of Proceeds*” and “*Concurrent Private Placement*”.

Termination of Corporate Sale Process

On March 29, 2012, the Corporation announced the termination of its corporate sale process previously announced on October 3, 2011. Birchcliff did not receive an acceptable offer reflecting the value of the Corporation.

2012 Capital Budget

On March 29, 2012, Birchcliff announced its 2012 capital budget, which contemplates expenditures in the amount of approximately \$292,000,000 (the “**Capex Budget**”). Pursuant to the Capex Budget, Birchcliff anticipates spending \$188,000,000 on drilling and development activities, \$68,000,000 on facilities, \$23,000,000 on production optimization and \$13,000,000 on land, seismic and other activities. With respect to drilling and development activities, Birchcliff expects to drill 32 (31.03 net) wells in 2012. Approximately \$210,100,000 of the Capex Budget is anticipated to be directed towards the Phase III expansion of the Pouce Coupe South Gas Plant (the “**PCS Gas Plant**”), with approximately \$149,300,000 anticipated to be spent for the drilling, completion and tie-in of Montney/Doig horizontal natural gas wells that will produce to the expanded PCS Gas Plant and approximately \$60,800,000 anticipated to be spent on the Phase III expansion of the PCS Gas Plant, which includes an acid gas disposal well, minor upgrades and an associated gathering trunk line.

In addition, Birchcliff announced it is applying to re-licence its PCS Gas Plant to increase the processing capacity to 150 million cubic feet per day from the current licenced processing capacity of 120 million cubic feet per day. This re-licencing will recognize the expected actual processing capacity of the PCS Gas Plant once the Phase III expansion is completed but it will not require any further capital expenditures.

CAPITALIZATION OF THE CORPORATION

The following table sets forth the Corporation's capitalization as at December 31, 2011, before and after giving effect to the Offering and the Concurrent Private Placement. The table should be read in conjunction with the Annual Financial Statements and the Annual MD&A, each of which is incorporated by reference herein. There has not been any material change in the share or loan capital of the Corporation since December 31, 2011.

Description	Authorized	As at December 31, 2011, before giving effect to the Offering and Concurrent Private Placement	As at December 31, 2011, after giving effect to the Offering ⁽¹⁾	As at December 31, 2011, after giving effect to the Offering and Concurrent Private Placement ⁽²⁾
Bank Debt ⁽³⁾	\$520,000,000	\$388,425,000	\$320,436,000	\$282,261,000
Common Shares ⁽⁴⁾⁽⁵⁾	Unlimited	\$567,816,000 (126,745,577 Common Shares)	\$635,076,000 (135,920,577 Common Shares)	\$673,270,000 (140,920,577 Common Shares)
Preferred Shares ⁽⁴⁾	Unlimited	Nil	Nil	Nil

Notes:

- (1) Before giving effect to the Over-Allotment Option and based on the issuance of 8,075,000 Offered Shares and 1,100,000 Flow-Through Shares pursuant to the Offering for aggregate gross proceeds of \$71,893,750, less the Underwriters' Fee of \$3,594,687.50 and the estimated expenses of the Offering of \$310,000.
- (2) Before giving effect to the Over-Allotment Option and based on: (i) the issuance of 8,075,000 Offered Shares and 1,100,000 Flow-Through Shares pursuant to the Offering for aggregate gross proceeds of \$71,893,750, less the Underwriters' Fee of \$3,594,687.50 and the estimated expenses of the Offering of \$310,000; and (ii) the issuance of 5,000,000 Common Shares pursuant to the Concurrent Private Placement for aggregate gross proceeds of \$38,250,000, less the estimated expenses of the Concurrent Private Placement of \$75,000.
- (3) As at December 31, 2011, total bank facilities available to the Corporation were \$520,000,000, comprised of a non-revolving five-year term credit facility with an authorized limit of \$70,000,000 (the "**Non-Revolving Facility**"), an extendible revolving term credit facility with an authorized limit of \$420,000,000 (the "**Syndicated Credit Facility**") and an extendible revolving working capital credit facility with an authorized limit of \$30,000,000 (the "**Working Capital Facility**"). The Non-Revolving Facility requires principal payments of \$350,000 per quarter commencing July 1, 2013. The Syndicated Credit Facility and the Working Capital Facility (collectively, the "**Revolving Facilities**") have a conversion date of May 18, 2012 (the "**Conversion Date**") and a maturity date of May 18, 2014 (the "**Maturity Date**"). The Corporation may request an extension of the Conversion Date with such an extension not exceeding 364 days, in order to maintain the Revolving Facilities. If the lenders do not grant an extension of the Conversion Date: (i) the Syndicated Credit Facility will convert to a term loan on the Conversion Date, whereby all principal and interest will be required to be repaid at the Maturity Date; and (ii) the Working Capital Facility will convert to a term loan four months after the expiry of the Conversion Date, whereby all principal and interest will be required to be repaid at the Maturity Date. The Non-Revolving Facility and the Revolving Facilities (collectively, the "**Credit Facilities**") are secured by a fixed and floating charge debenture, an instrument of pledge and a general security agreement encompassing all of the assets of the Corporation. The Revolving Facilities allow for prime rate loans, U.S. base rate loans, bankers' acceptances, letters of credit and LIBOR loans and the Non-Revolving Facility allows for prime rate loans and bankers' acceptances. The interest rates applicable to drawn loans under the Credit Facilities are based on a pricing grid and change as a result of the ratio of outstanding indebtedness to EBITDA (as such term is defined in the Credit Facilities). As at April 11, 2012, approximately \$449,497,000 was owing under the Credit Facilities, approximately \$68,384,000 was owing under the Non-Revolving Facility, approximately \$361,148,000 was owing under the Syndicated Credit Facility and approximately \$19,965,000 was owing under the Working Capital Facility. Based on approximately \$449,497,000 owing under the Credit Facilities as at April 11, 2012, the Corporation expects the total amount owing under the Credit Facilities to be approximately \$343,333,000 following the closing of the Offering and the Concurrent Private Placement (approximately \$334,545,000 assuming the exercise in full of the Over-Allotment Option). See "*Use of Proceeds*" and "*Relationship Between the Corporation and an Underwriter*".
- (4) See "*Description of Share Capital*".
- (5) As at December 31, 2011, the Corporation also had outstanding: (i) options ("**Options**") to purchase an aggregate of 10,466,941 Common Shares at a weighted average exercise price of \$8.73 per Common Share; and (ii) performance warrants ("**Performance Warrants**") to acquire an aggregate of 2,939,732 Common Shares at a weighted average exercise price of \$3.00 per Common Share.

DESCRIPTION OF SHARE CAPITAL

The authorized capital of the Corporation consists of an unlimited number of Common Shares and an unlimited number of preferred shares (“**Preferred Shares**”) issuable in series, each without par value. As at April 11, 2012, 127,154,844 Common Shares and no Preferred Shares are issued and outstanding.

Common Shares

The holders of Common Shares are entitled to receive notice of and to attend all meetings of the shareholders of the Corporation and to vote one vote per Common Share at such meetings. The holders of Common Shares are entitled to receive dividends declared on the Common Shares declared by the board of directors of the Corporation and subject to the rights of the holders of shares ranking prior to the Common Shares, to receive pro rata the distribution of assets of the Corporation in the event of liquidation, dissolution or winding up in equal rank with the holders of other Common Shares.

Preferred Shares

The Preferred Shares are issuable in series and each series will have such designation, rights, privileges, restrictions and conditions as are fixed by the board of directors of the Corporation at the time of issue. As a class, the Preferred Shares are entitled to preference over the Common Shares with respect to the payment of dividends and in the distribution of assets in the event of liquidation, dissolution or winding-up.

The Preferred Shares of each series shall rank on a parity with the Preferred Shares of every other series provided that when any cumulative dividends or amounts payable on return of capital in respect of any series are not paid in full in accordance with their respective terms, the Preferred Shares of all series shall participate rateably in respect of such dividends in accordance with the sums which would be payable on such shares if all such dividends were declared and paid in full in accordance with their respective terms and on any return of capital in accordance with the sums payable on such return of capital if all sums so payable were paid in full in accordance with their terms.

PRIOR SALES

The following table summarizes the issuances by the Corporation of Common Shares or securities convertible into or exercisable for Common Shares in the 12-month period prior to the date of this short form prospectus.

<u>Date of Issuance</u>	<u>Securities</u>	<u>Price Per Security</u>	<u>Number of Securities</u>
April 4, 2011	Common Shares ⁽¹⁾	\$5.03 – \$9.72	35,900
April 5, 2011	Common Shares ⁽¹⁾	\$4.53 – \$5.03	5,000
April 6, 2011	Common Shares ⁽¹⁾	\$5.03	16,600
April 11, 2011	Common Shares ⁽¹⁾	\$7.35 – \$7.38	8,500
April 11, 2011	Options	\$12.37 ⁽²⁾	80,000
April 12, 2011	Common Shares ⁽¹⁾	\$8.63	4,000
April 27, 2011	Common Shares ⁽¹⁾	\$3.87 – \$8.77	19,333
April 27, 2011	Options	\$12.73 ⁽²⁾	65,000
April 28, 2011	Common Shares ⁽¹⁾	\$3.87	100,000
April 28, 2011	Options	\$12.78 ⁽²⁾	95,000
April 29, 2011	Common Shares ⁽¹⁾	\$4.50	2,000
May 2, 2011	Options	\$13.08 ⁽²⁾	36,000
May 16, 2011	Options	\$12.53 ⁽²⁾	3,000
May 20, 2011	Common Shares ⁽¹⁾	\$9.49	4,800
May 24, 2011	Common Shares ⁽¹⁾	\$7.36	7,500

<u>Date of Issuance</u>	<u>Securities</u>	<u>Price Per Security</u>	<u>Number of Securities</u>
May 25, 2011	Common Shares ⁽¹⁾	\$5.75	10,000
June 2, 2011	Common Shares ⁽¹⁾	\$3.90 – \$7.47	58,333
June 6, 2011	Common Shares ⁽¹⁾	\$6.30 – \$9.72	10,500
June 7, 2011	Common Shares ⁽¹⁾	\$9.72	3,000
June 8, 2011	Common Shares ⁽¹⁾	\$5.75	1,400
June 9, 2011	Common Shares ⁽¹⁾	\$5.03 – \$5.75	11,100
June 15, 2011	Common Shares ⁽¹⁾	\$7.58	25,000
June 16, 2011	Common Shares ⁽¹⁾	\$7.38 – \$10.04	5,100
June 27, 2011	Common Shares ⁽¹⁾	\$4.50 – \$9.72	11,367
June 27, 2011	Options	\$12.48 ⁽²⁾	22,000
June 29, 2011	Common Shares ⁽¹⁾	\$5.03	8,400
June 30, 2011	Common Shares ⁽¹⁾	\$5.03	6,600
July 5, 2011	Common Shares ⁽¹⁾	\$7.38 – \$9.72	2,533
July 11, 2011	Common Shares ⁽¹⁾	\$5.03	2,000
July 15, 2011	Common Shares ⁽¹⁾	\$5.03 – \$9.25	35,000
July 19, 2011	Common Shares ⁽¹⁾	\$6.23	13,000
July 20, 2011	Common Shares ⁽¹⁾	\$5.03 – \$5.75	38,333
July 22, 2011	Common Shares ⁽¹⁾	\$9.00	3,333
July 26, 2011	Common Shares ⁽¹⁾	\$5.03 – \$9.72	4,534
July 28, 2011	Common Shares ⁽¹⁾	\$4.25 – \$10.33	60,834
July 29, 2011	Common Shares ⁽¹⁾	\$3.87 – \$9.72	12,000
August 14, 2011	Options	\$13.16 ⁽²⁾	55,000
August 17, 2011	Options	\$12.69 ⁽²⁾	10,000
August 26, 2011	Common Shares ⁽¹⁾	\$5.03	4,000
September 2, 2011	Common Shares ⁽¹⁾	\$9.99	3,333
September 13, 2011	Options	\$13.26 ⁽²⁾	9,000
September 16, 2011	Common Shares ⁽¹⁾	\$9.92	4,000
September 26, 2011	Options	\$11.02 ⁽²⁾	7,500
October 1, 2011	Options	\$10.18 ⁽²⁾	4,500
October 13, 2011	Common Shares ⁽¹⁾	\$3.87 – \$7.38	14,500
October 14, 2011	Common Shares ⁽¹⁾	\$4.38	20,000
October 26, 2011	Common Shares ⁽¹⁾	\$6.23 – \$9.72	9,500
October 27, 2011	Common Shares ⁽¹⁾	\$9.98	10,000
October 31, 2011	Common Shares ⁽¹⁾	\$7.38 – \$9.98	12,000
March 29, 2012	Common Shares ⁽¹⁾	\$3.87	225,000
March 30, 2012	Common Shares ⁽¹⁾	\$5.03	35,000
April 3, 2012	Common Shares ⁽¹⁾	\$3.87	14,000
April 4, 2012	Common Shares ⁽¹⁾	\$3.87 – \$5.03	38,000

<u>Date of Issuance</u>	<u>Securities</u>	<u>Price Per Security</u>	<u>Number of Securities</u>
April 9, 2012	Common Shares ⁽¹⁾	\$3.87 – \$5.03	61,000
April 10, 2012	Common Shares ⁽¹⁾	\$3.87 – \$5.03	17,400
April 11, 2012	Common Shares ⁽¹⁾	\$3.87 – \$3.90	18,867

Notes:

- (1) Represents Common Shares issued pursuant to the exercise of previously granted Options.
(2) Represents the exercise price per Option.

PRICE RANGE AND TRADING VOLUME

The Common Shares trade on the TSX under the symbol “BIR”. The following table sets forth the high and low trading prices (which are not necessarily the closing prices) and the aggregate volume of trading of the Common Shares on the TSX for the periods indicated (as quoted by the TSX).

<u>Period</u>	<u>High</u>	<u>Low</u>	<u>Volume</u>
2012			
April 1 – 11	\$7.35	\$6.20	6,129,525
March	\$11.35	\$6.57	16,877,768
February	\$14.10	\$11.00	14,800,344
January	\$14.09	\$11.91	11,122,703
2011			
December	\$14.27	\$12.95	4,957,861
November	\$15.49	\$13.20	5,934,803
October	\$15.58	\$10.94	13,616,562
September	\$13.70	\$10.14	6,210,625
August	\$14.50	\$11.26	4,741,497
July	\$14.18	\$12.85	3,394,779
June	\$13.85	\$12.23	6,030,885
May	\$13.74	\$12.24	5,037,565
April	\$13.17	\$11.52	5,331,749
March	\$12.42	\$10.69	8,514,727
February	\$12.23	\$11.04	4,965,563
January	\$11.52	\$9.24	8,652,214

On March 28, 2012, the last trading day prior to the public announcement of the Offering, the closing price of the Common Shares on the TSX was \$8.82. On April 11, 2012, the last trading day prior to the date of this short form prospectus, the closing price of the Common Shares on the TSX was \$6.25.

USE OF PROCEEDS

The net proceeds to the Corporation from the sale of the Offered Securities under this short form prospectus are estimated to be \$67,989,062.50 after deducting the Underwriters’ Fee of \$3,594,687.50 and the estimated expenses of the Offering of \$310,000. If the Over-Allotment Option is exercised in full, the net proceeds from the sale of the Offered Securities offered under this short form prospectus are estimated to be \$76,776,821.87 after deducting the Underwriters’ Fee of \$4,057,990.63 and the estimated expenses of the Offering of \$325,000. The net proceeds to the Corporation from the Concurrent Private Placement are estimated to be \$38,175,000 after deducting the estimated expenses of the Concurrent Private Placement of \$75,000. See “*Concurrent Private Placement*”. The aggregate net proceeds of the Offering and the Concurrent Private Placement are estimated to be \$106,164,062.50 (\$114,951,821.87 assuming the exercise in full of the Over-Allotment Option).

The net proceeds of the Offering and the Concurrent Private Placement will be used by the Corporation to temporarily reduce indebtedness under the Revolving Facilities, which will be subsequently redrawn and applied as needed to fund the Corporation's ongoing exploration and development programs, including incurring CEE in an amount equal to the gross proceeds from the issuance of Flow-Through Shares prior to December 31, 2013, and for general working capital purposes. See "*Recent Developments – 2012 Capital Budget*", "*Capitalization of the Corporation*", "*Plan of Distribution*" and "*Relationship Between the Corporation and an Underwriter*".

The Corporation's current indebtedness under the Revolving Facilities was incurred in the ordinary course of business and operations in connection with ongoing oil and gas exploration and development activities. The Corporation funded its capital expenditures for the past two financial years through the use of the Credit Facilities and cash generated by operations. For further details regarding the Corporation's expenditures in respect of its exploration and development activities, please see the Annual MD&A under the heading "*Capital Expenditures and Capital Resources*", the AIF under the heading "*Description of the Business*" and Form 51-101F1 – *Statement of Reserves Data and other Oil & Gas Information* dated March 14, 2012, incorporated by reference into the AIF.

The use of the net proceeds of the Offering and the Concurrent Private Placement by the Corporation is consistent with the Corporation's stated business objectives and strategic goals in respect of the Corporation's exploration for and development of its oil and natural gas properties. To accomplish its business objectives, the Corporation intends to continue exploration and development drilling together with possible acquisitions in the Corporation's core area of the Peace River Arch, including potential new tight/shale oil resource plays. Other than the completion of Phase III development of the Corporation's PCS Gas Plant, there is no particular significant event or milestone that must occur for the Corporation's business objectives to be accomplished. While the Corporation believes that it has the skills and resources necessary to accomplish its stated business objectives, its business has a number of inherent risks. See "*Risk Factors*".

Due to the nature of the oil and natural gas industry, budgets are reviewed regularly in light of the success of expenditures and other opportunities which may become available to the Corporation. Potential investors are cautioned that notwithstanding the Corporation's current intentions regarding the use of the net proceeds of the Offering and the Concurrent Private Placement, there may be circumstances where a reallocation of funds may occur. While the Corporation anticipates that it will spend the funds available as set forth above, subject to satisfying the Flow-Through Share CEE expenditure and renunciation commitment, there may be circumstances where, for business reasons, a reallocation of the net proceeds may be necessary, depending on future operations or the Corporation's properties or unforeseen events.

PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement (the "**Underwriting Agreement**") dated effective March 29, 2012, among the Corporation and the Underwriters, the Corporation has agreed to: (i) issue and sell the Offered Shares to the Underwriters and the Underwriters have severally agreed to purchase such Offered Shares at a price of \$7.65 per Offered Share; and (ii) the Underwriters have agreed to act as, and the Corporation has appointed the Underwriters as, the sole and exclusive agents of the Corporation to offer the Flow-Through Shares for sale at a price of \$9.20 per Flow-Through Share, payable in cash to the Corporation against delivery of the Offered Securities, subject to compliance with all necessary legal requirements and the terms and conditions of the Underwriting Agreement. The Underwriters have agreed that in the event that less than 1,100,000 Flow-Through Shares are sold by the Underwriters as agents, the Underwriters shall, subject to the terms and conditions of the Underwriting Agreement, purchase as principals at a price of \$9.20 per Flow-Through Share, the Flow-Through Shares not sold by the Underwriters as agents. The Underwriting Agreement provides that the Corporation will pay the Underwriters a fee of \$0.3825 per Offered Share and a fee of \$0.46 per Flow-Through Share for an aggregate fee payable by the Corporation of \$3,594,687.50, in consideration for the services of the Underwriters in connection with the Offering. The terms of the Offering, including the offering prices of the Offered Securities, were determined by negotiation between the Corporation and the Co-Lead Underwriters, on their own behalf and on behalf of the other Underwriters, having regard to the purchase price of the Common Shares under the Concurrent Private Placement.

The Corporation has granted the Underwriters the Over-Allotment Option to purchase up to 1,211,250 Additional Offered Shares at a price of \$7.65 per Additional Offered Share on the same terms and conditions as the Offering, exercisable in whole or in part at any time up to 30 days following the closing of the Offering, to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the gross

proceeds of the Offering, Underwriters' Fee and net proceeds to the Corporation (before deducting the estimated expenses of the Offering) will be \$81,159,812.50, \$4,057,990.63 and \$77,101,821.87, respectively. This short form prospectus qualifies the distribution of the grant of the Over-Allotment Option and the issuance of the Additional Offered Shares pursuant to the exercise of the Over-Allotment Option. A purchaser who acquires Additional Offered Shares forming any part of the Underwriters' over-allocation position, if applicable, acquires those Additional Offered Shares under this short form prospectus regardless of whether the Underwriters' over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

The obligations of the Underwriters under the Underwriting Agreement are several and neither joint nor joint and several, and may be terminated at their discretion upon the occurrence of certain stated events. If one or more of the Underwriters fails to purchase its allotment of the Offered Securities that it has agreed to purchase, the remaining Underwriters may, but are not obligated to, purchase such Offered Securities. The Underwriters are, however, obligated to take up and pay for all Offered Securities if any are purchased under the Underwriting Agreement (other than pursuant to the Over-Allotment Option except to the extent it shall have been exercised). The Underwriting Agreement also provides that the Corporation will indemnify the Underwriters and their directors, officers, agents, shareholders and employees against certain liabilities and expenses.

It is expected that closing of the Offering will occur on or about April 19, 2012, or such other date not later than 42 days after the date of the receipt for the (final) short form prospectus as the Corporation and the Underwriters may agree.

The Corporation has been advised by the Underwriters that, in connection with the Offering, the Underwriters may effect transactions that stabilize or maintain the market price of the Common Shares at levels other than those that might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

The Underwriters propose to offer the Offered Shares initially at the offering price specified herein. After a reasonable effort has been made to sell all of the Offered Shares at the offering price specified herein, the Underwriters may subsequently reduce the selling price to investors from time to time in order to sell any of the Offered Shares remaining unsold. In the event the offering price of the Offered Shares is reduced, the compensation received by the Underwriters will be decreased by the amount of the aggregate price paid by the purchasers for the Offered Shares that is less than the gross proceeds paid by the Underwriters to the Corporation for the Offered Shares. Any such reduction will not affect the proceeds received by the Corporation or the fees payable by the Corporation to the Underwriters in connection with the Offering.

The TSX has conditionally approved the listing of the Offered Securities. Listing will be subject to the Corporation fulfilling all of the listing requirements of the TSX on or before July 3, 2012.

Other than in respect of the issue and sale of 5,000,000 Common Shares pursuant to the Concurrent Private Placement to be completed concurrently with the Offering, the Corporation has agreed, pursuant to the Underwriting Agreement, that, from the date of the Underwriting Agreement and ending on the date that is 90 days following the Closing Date, it shall not offer, or announce the offering of, or make or announce any agreement to issue, sell, or exchange Common Shares or securities convertible or exchangeable into Common Shares without the prior consent of the Co-Lead Underwriters, for and on behalf of the Underwriters, which consent shall not be unreasonably withheld, provided that notwithstanding the foregoing, the Corporation may issue Common Shares to satisfy existing obligations to the holders of Options and Performance Warrants existing at the date of the Underwriting Agreement as well as grant Options and issue Common Shares pursuant to the exercise of Options issued after the date of the Underwriting Agreement to officers, directors, employees and consultants of the Corporation pursuant to board approved option incentive programs or to satisfy existing instruments and agreements already issued and executed as of the date of the Underwriting Agreement, without the consent of the Co-Lead Underwriters, for and on behalf of the Underwriters.

The Offered Securities offered hereby have not been and will not be registered under the U.S. Securities Act or any state securities laws, and accordingly may not be offered or sold within the United States except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. The Underwriting Agreement permits the Underwriters to offer and resell the Offered Shares and Additional Offered Shares that they have acquired pursuant to the Underwriting Agreement to "qualified institutional buyers" (as defined in Rule 144A ("**Rule 144A**") under the U.S. Securities Act) in the United States, provided such offers and

sales are made in transactions exempt from the registration requirements of the U.S. Securities Act pursuant to Rule 144A and similar exemptions under applicable state securities laws. The Underwriting Agreement also permits the Underwriters to offer the Offered Shares and Additional Offered Shares to institutional “accredited investors” (within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D (“**Regulation D**”) under the U.S. Securities Act) in the United States, for sale directly by the Corporation in transactions exempt from the registration requirements of the U.S. Securities Act pursuant to Rule 506 of Regulation D and similar exemptions under applicable state securities laws. No Flow-Through Shares will be offered or sold within the United States. Moreover, the Underwriting Agreement provides that the Underwriters will offer and sell the Offered Securities outside the United States only in accordance with Rule 903 of Regulation S under the U.S. Securities Act.

In addition, until 40 days after the commencement of the Offering, any offer or sale of Offered Shares or Additional Offered Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act.

Except in certain limited circumstances, including, without limitation, with respect to Offered Shares and Additional Offered Shares sold pursuant to Rule 506 of Regulation D or Rule 144A, which shall be represented by definitive, physical certificates registered in the names of the purchasers thereof: (i) Offered Securities will be registered to CDS or its nominee under the book-based system administered by CDS; (ii) no certificates evidencing the Offered Securities will be issued to purchasers of Offered Securities; and (iii) purchasers of Offered Securities will receive only a customer confirmation from the Underwriter or other registered dealer who is a CDS participant and from or through whom a beneficial interest in the Offered Securities is purchased.

Certificates representing Offered Shares and Additional Offered Shares sold pursuant to Rule 144A or Rule 506 of Regulation D will bear a legend to the effect that the securities they represent are not registered under the U.S. Securities Act or any applicable state securities laws and may not be offered or sold except under certain exemptions from the registration requirements of the U.S. Securities Act and applicable state securities laws.

SUBSCRIPTION FOR FLOW-THROUGH SHARES

The Flow-Through Shares will be Common Shares issued as “flow-through shares” under the Tax Act. Subscriptions for Flow-Through Shares will be made pursuant to one or more subscription and renunciation agreements (the “**Subscription Agreements**”) to be made between the Corporation and the Underwriters for, on behalf of, and in the name of all subscribers of Flow-Through Shares. **Subscribers who place an order to purchase Flow-Through Shares with the Underwriters will be deemed to have authorized such Underwriter to execute and deliver, on their behalf, the Subscription Agreements.**

Pursuant to the Subscription Agreements, the Corporation will covenant and agree: (i) to incur on or before December 31, 2013 and renounce to the subscriber effective on or before December 31, 2012, CEE in an amount equal to the aggregate purchase price for Flow-Through Shares paid by such subscriber; and (ii) that if the Corporation does not renounce to such subscriber, effective on or before December 31, 2012, CEE equal to such amount, or if there is a reduction in such amount renounced pursuant to the provisions of the Tax Act, the Corporation shall indemnify the subscriber for an amount equal to the amount of any tax payable or that may become payable under the Tax Act (and under any corresponding provincial legislation) by the subscriber as a consequence of such failure or reduction. See “*Certain Canadian Federal Income Tax Considerations*”. The Subscription Agreements will contain additional representations, warranties, covenants and agreements by the Corporation in favour of the subscriber of Flow-Through Shares which are consistent with and supplement the Corporation’s obligations as described in this short form prospectus.

The Subscription Agreements will also provide representations, warranties and agreements of the subscriber, and by its purchase of Flow-Through Shares each subscriber of Flow-Through Shares offered under this short form prospectus will be deemed to have represented, warranted and agreed, for the benefit of the Corporation and the Underwriters that is signatory thereto that:

- (a) the Subscription Agreement is subject to acceptance by the Corporation and is effective only upon such acceptance;

- (b) the subscriber has received and reviewed a copy of this short form prospectus;
- (c) except as provided in the Subscription Agreement or as otherwise set out herein, the subscriber waives any right it may have to any potential incentive grants, credits or similar or like payments or benefits which accrue as a result of the operations relating to CEE and acknowledges that all such grants, credits, payments or benefits accrue to the benefit of the Corporation;
- (d) neither the subscriber, nor any beneficial purchaser for whom it is acting, is a non-resident of Canada for the purposes of the Tax Act;
- (e) the subscriber, if an individual, is of the full age of majority and is otherwise legally competent to enter into the Subscription Agreement or, if other than an individual, has the necessary capacity and authority to enter into the Subscription Agreement and has taken all necessary action in respect thereof;
- (f) neither the subscriber, nor any beneficial purchaser for whom it is acting, will enter into any arrangement that would cause the Flow-Through Shares to be “prescribed shares” or “prescribed rights” for the purposes of the Tax Act;
- (g) the subscriber, and any beneficial purchaser for whom it is acting deals, and until January 1, 2014 will continue to deal, at arm’s length with the Corporation for the purposes of the Tax Act;
- (h) the liability of the Corporation to renounce CEE is limited to the extent specifically stated herein and in the Subscription Agreement;
- (i) the subscriber has such knowledge, or has received advice, in financial and business affairs as to be capable of evaluating the merits and risks of the investment and the subscriber is able to bear the economic risk of loss of its entire investment;
- (j) if required by applicable securities legislation, policy or order of a securities commission or other regulatory authority, the subscriber will execute, deliver, file and otherwise assist the Corporation in filing such reports, undertakings and other documents with respect to the issue of the Flow-Through Shares;
- (k) the entering into of the Subscription Agreement and the transactions contemplated thereby will not result in a violation of any of the terms and provisions of any law applicable to the subscriber, or, if the subscriber is not a natural person, any of its constating documents, or of any agreement to which the subscriber is a party or by which it is bound;
- (l) the subscriber is aware that the Flow-Through Shares have not been and will not be registered under the U.S. Securities Act or the securities laws of any state and that these securities may not be offered or sold in the United States;
- (m) the Flow-Through Shares have not been offered to the subscriber in the United States, and the individuals making the order to purchase the Flow-Through Shares and executing and delivering the Subscription Agreement on behalf of the subscriber were not in the United States when the order was placed and the Subscription Agreement was executed and delivered;
- (n) the subscriber is not in the United States and is not acquiring the Flow-Through Shares on behalf of, or for the account or benefit of, a person in the United States;
- (o) the covenants, representations and warranties of the subscriber stated or referred to in the Subscription Agreement shall be true and correct both as of the execution of the Subscription Agreement and as of the Closing Date as if repeated at such time, and will survive the completion of the issuance of the Flow-Through Shares and the completion of the transactions contemplated under the Subscription Agreement and the Underwriting Agreement; and

- (p) the subscriber acknowledges that it has been encouraged to obtain independent legal, income tax and investment advice with respect to its subscription for the Flow-Through Shares and accordingly, has had the opportunity to acquire an understanding of the meanings of all terms contained in the Subscription Agreement relevant to the subscriber for the purposes of giving representations, warranties and covenants thereunder.

Notwithstanding the foregoing, the Corporation may enter into one or more subscription and renunciation agreements for Flow-Through Shares on such other terms as may be agreed to by the Corporation, the Underwriters and the applicable subscriber.

CONCURRENT PRIVATE PLACEMENT

The Shareholder beneficially owns, or exercises control or direction over, directly or indirectly, an aggregate of 35,000,000 Common Shares as at April 11, 2012, which represents approximately 27.5% of the issued and outstanding Common Shares. The Corporation has agreed with the Shareholder and the Underwriters that the Corporation will, concurrently with the completion of the Offering, complete the Concurrent Private Placement with the Shareholder, pursuant to which the Shareholder (or entities controlled by the Shareholder) will purchase on a “private placement” basis, 5,000,000 Common Shares at the same price as the Offered Shares for gross proceeds to the Corporation of \$38,250,000. Assuming completion of the Concurrent Private Placement and the Offering, the Shareholder will beneficially own, or exercise control or direction over, directly or indirectly, an aggregate of 40,000,000 Common Shares, representing approximately 28.3% of the issued and outstanding Common Shares (28.1% assuming the exercise in full of the Over-Allotment Option). No commission or other fee will be paid to the Underwriters in connection with the Concurrent Private Placement. This short form prospectus does not qualify the distribution of the Common Shares issuable pursuant to the Concurrent Private Placement and such Common Shares will be subject to a statutory hold period. The Corporation has applied to list the Common Shares to be issued pursuant to the Concurrent Private Placement on the TSX. Listing will be subject to the Corporation fulfilling all of the listing requirements of the TSX.

The net proceeds of the Concurrent Private Placement will be used by the Corporation, along with the net proceeds of the Offering, to temporarily reduce indebtedness under the Revolving Facilities, which will be subsequently redrawn and applied as needed to fund the Corporation’s ongoing exploration and development programs and for general working capital purposes. See “*Use of Proceeds*”.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Borden Ladner Gervais LLP, counsel to the Corporation, and Burnet, Duckworth & Palmer LLP, counsel to the Underwriters, the following is, as of the date hereof, a fair and adequate summary of the principal Canadian federal income tax considerations generally applicable to a subscriber who acquires, as beneficial owner, Offered Securities, pursuant to the Offering and who, at all relevant times, for purposes of the application of the Tax Act: (1) is, or is deemed to be, resident in Canada; (2) deals at arm’s length with the Corporation; (3) is not affiliated with the Corporation; and (4) holds the Offered Securities acquired under this short form prospectus as capital property (a “**Holder**”). Generally, the Offered Securities will be capital property to a Holder provided the Holder does not acquire or hold those Offered Securities in the course of carrying on a business or as part of an adventure or concern in the nature of trade. Certain Holders, whose Offered Shares (and not Flow-Through Shares) might not otherwise be capital property, may, in certain circumstances, be entitled to have the Offered Shares and all other “Canadian securities”, as defined in the Tax Act, owned by such Holder in the taxation year in which the election is made, and in all subsequent taxation years, deemed to be capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Such an election is not available with respect to Flow-Through Shares. Subscribers considering making an election should consult with their own advisors.

This summary does not apply to a subscriber: (i) that is a “principal-business corporation” within the meaning of the Tax Act; (ii) whose business includes trading or dealing in rights, licenses or privileges to explore for, drill for or take minerals, petroleum, natural gas or other related hydrocarbons; (iii) that is a “financial institution”, “specified financial institution” or an interest in which constitutes a “tax shelter investment”, all within the meaning of the Tax Act; (iv) whose “functional currency” for the purpose of the Tax Act is a currency of a country other than Canada; (v) that is a partnership or trust; or (vi) that is exempt from tax under Part I of the Tax Act. Such subscribers should consult their own tax advisors.

This summary is based on the current provisions of the Tax Act, the regulations thereunder (the “**Regulations**”), and counsel’s understanding of the current published administrative and assessing practices and policies of the Canada Revenue Agency (the “**CRA**”). This summary takes into account all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Proposed Amendments**”) and assumes that all Proposed Amendments will be enacted in the form proposed. No assurances can be given, however, that the Proposed Amendments will be enacted as proposed, or at all. This summary does not take into account or anticipate any changes in law or administrative or assessing practice whether by legislative, regulatory, administrative or judicial action nor does it take into account the tax legislation or assessing practices and policies of any province, territory or foreign jurisdiction, which may be materially different from those discussed herein.

This summary assumes that the Corporation will make all necessary tax filings in respect of the issuance of the Flow-Through Shares and the renunciation of CEE in the manner and within the time required by the Tax Act and the Regulations, that the Corporation will incur sufficient CEE to enable it to renounce to subscribers all of the CEE the Corporation agrees to renounce to subscribers pursuant to the Subscription Agreements effective on the dates set out therein and that all expenses which comprise CEE will be reasonable in amount. This summary assumes that the Corporation will be a “principal-business corporation” at all material times and that the Flow-Through Shares, when issued, will be “flow-through shares” for the purposes of the Tax Act and will not be “prescribed shares” or “prescribed rights” for the purpose of the definition of “flow-through share” in subsection 66(15) of the Tax Act or Regulation 6202.1 of the Regulations.

The income tax consequences to a particular subscriber of an investment in Flow-Through Shares will vary according to a number of factors including the legal status of the subscriber as an individual (including a trust), a trust, a corporation or a partnership, the province or provinces in which the subscriber resides, carries on business or has a permanent establishment, the sources of the subscriber’s income, the value and amount of deductions claimed by the subscriber and the amount that would be the subscriber’s taxable income but for the investment in the Flow-Through Shares.

This summary is of a general nature only and is not, and is not intended to be, legal, business or tax advice to any particular subscriber. This summary is not exhaustive of all Canadian federal income tax considerations applicable to subscribers. Accordingly, prospective subscribers of the Offered Securities should consult their own tax advisors having regard to their own particular circumstances.

Canadian Exploration Expense

Subject to certain restrictions outlined below, the Corporation will be entitled to renounce to a subscriber for Flow-Through Shares expenses described in paragraph (a) or (d) of the definition of “Canadian exploration expense” in subsection 66.1(6) of the Tax Act or that would be included in paragraph (h) of such definition if the reference therein to “paragraphs (a) to (d) and (f) to (g.1)” were a reference to “paragraphs (a) and (d)” (defined herein as “**Canadian Exploration Expense**” or “**CEE**”), excluding amounts which are prescribed to constitute “Canadian exploration and development overhead expense” under the Tax Act, the amount of any assistance described in paragraph 66(12.6)(a) of the Tax Act and any expenditure described in paragraph 66(12.6)(b.1) of the Tax Act, incurred by it in an amount equal to the aggregate purchase price paid by such subscriber for the Flow-Through Shares. Such CEE that is properly renounced to a subscriber will be deemed to be CEE incurred by the subscriber on the effective date of the renunciation.

The Corporation will be entitled to renounce expenses that are CEE incurred by it on or after the date that subscriptions for the Flow-Through Shares are accepted, less (i) any previous renunciation of such CEE, (ii) any portion of such CEE that is prescribed under the Tax Act as being “Canadian exploration and development overhead expenses”, (iii) certain seismic expenses, and (iv) any expense that is offset by assistance that the Corporation has received, is entitled to receive, or may reasonably be expected to receive at any time. The Corporation may not renounce to subscribers an amount in excess of the amount paid by the subscribers for the Flow-Through Shares. Further, the Corporation will not be entitled to renounce CEE to the extent that the amount so renounced exceeds the Corporation’s own “cumulative Canadian exploration expense” (as defined in the Tax Act) (“**CCEE**”).

A subscriber for Flow-Through Shares to whom the Corporation renounces CEE will add such CEE to the subscriber’s CCEE. A subscriber may deduct in computing the subscriber’s income from all sources for a taxation

year an amount not exceeding 100% of the balance of the subscriber's CCEE at the end of that taxation year. Deductions claimed by a subscriber reduce the subscriber's CCEE by the amount claimed. To the extent that a subscriber does not deduct the full CCEE balance at the end of the taxation year, the balance will be carried forward and the subscriber will be entitled to claim deductions in respect thereof in subsequent taxation years in accordance with, and subject to the restrictions under, the provisions of the Tax Act. If at the end of a taxation year, amounts deducted exceed the subscriber's CCEE, the excess must be included in computing the subscriber's income for that year and the subscribers' CCEE will thereupon have a nil balance. The disposition of Flow-Through Shares will not reduce a subscribers' CCEE. Certain restrictions apply in respect of the deduction of CEE following an acquisition of control (and certain reorganizations) of a corporate subscriber. Corporate subscribers should consult their own tax advisors with respect to the application of these rules. The right to deduct CCEE renounced accrues to the initial subscriber for Flow-Through Shares and is not ordinarily transferable.

If a subscriber purchases Flow-Through Shares through a Deferred Plan (defined below under the heading “Eligibility for Investment”), the CEE renounced will not be available for deduction against the income of the annuitant or beneficiary of such Deferred Plan and the associated tax benefits will be lost.

The acquisition of Offered Shares under this short form prospectus will not entitle the subscriber to any deductions with respect to CEE.

Adjusted Cost Base

The adjusted cost base of each Common Share owned by a Holder (including all Offered Securities) at any particular time will generally be the average of the cost of all Common Shares of the Corporation (including all Offered Securities) then held by the Holder. The cost to a Holder of Offered Shares and Additional Offered Shares will be equal to the initial acquisition cost thereof (i.e. the subscription price) as adjusted in accordance with the provisions of the Tax Act. The cost to a Holder of Flow-Through Shares is deemed to be nil.

Disposition of Offered Securities

Generally, a disposition or deemed disposition of an Offered Security (other than to the Corporation) will result in the Holder thereof realizing a capital gain (or a capital loss) in the taxation year of the disposition equal to the amount by which the proceeds of disposition exceed (or are less than) the aggregate of the Holder's ACB of such Offered Securities and reasonable costs of the disposition. See “*Adjusted Cost Base*”.

Generally, one-half of any such capital gain (a “**taxable capital gain**”) must be included in computing the income of the Holder in the year of disposition, and one-half of any such capital loss (an “**allowable capital loss**”) is required to be deducted against taxable capital gains realized by the Holder in the year of disposition. Allowable capital losses in excess of taxable capital gains for the year of disposition generally may be deducted by the Holder against net taxable capital gains realized in any of the three preceding years or in any subsequent year, subject to various detailed provisions of the Tax Act.

A subscriber who disposes of Flow-Through Shares will retain the entitlement to be renounced CEE by the Corporation as described above, as well as the ability to deduct any CEE previously deemed to have been incurred by the subscriber, and a subsequent purchaser of such Flow-Through Shares will not be entitled to any renunciation of CEE in respect thereof.

A subscriber that is, throughout the relevant taxation year, a “Canadian-controlled private corporation” (as defined in the Tax Act) will be liable to pay an additional 6 2/3% refundable tax on its “aggregate investment income” (as defined in the Tax Act) for the year, including taxable capital gains realized and dividends received or deemed to be received in respect of the Offered Securities (but not dividends that are deductible in computing taxable income).

Paid-Up Capital Adjustment

The paid-up capital of the Corporation will be increased upon the issuance of the Flow-Through Shares. For purposes of the Tax Act the Corporation must reduce the paid-up capital of all its issued Common Shares by an amount equal to 50% of the CEE renounced in respect of the Flow-Through Shares issued. As paid-up capital represents an amount that the Corporation may potentially return to its shareholders without being characterized as a

dividend, the reduction in paid-up capital could result in increased tax payable if there was ever to be a return of capital to shareholders.

Cumulative Net Investment Loss

One-half of the CEE renounced to and deducted by a subscriber will increase the subscriber's cumulative net investment loss ("CNIL") (as defined in the Tax Act). A subscriber's CNIL will impair the subscriber's ability to claim some or all of the lifetime capital gains deduction available on the disposition of certain qualified small business corporation shares, qualified farm property and qualified fishing property.

Alternative Minimum Tax

Pursuant to the alternative minimum tax rules in the Tax Act, the tax otherwise payable under Part I of the Tax Act by an individual (other than certain trusts) will not be less than the minimum amount computed by reference to the individual's "adjusted taxable income" for the year. For these purposes, the minimum amount generally means the "appropriate percentage" (currently 15%) of adjusted taxable income in excess of \$40,000. In calculating adjusted taxable income for this purpose, certain deductions and credits otherwise available are disallowed and certain amounts otherwise not taxable are included in income. These disallowed items include deductions for CEE to the extent the deductions exceed the individual's resource income before deduction of those amounts, and deductions for carrying charges which relate to an investment in flow-through shares to the extent that such deductions exceed the individual's resource income after deductions for resource expenses, including CEE. Also included in adjusted taxable income are 80% of capital gains. Whether and to what extent a particular individual will be subject to minimum tax will depend upon the amount of the individual's income, the sources from which it is derived and the nature and amount of any deductions that are claimed. Any additional tax payable for a year resulting from the application of the minimum tax provisions is recoverable to the extent the tax otherwise determined exceeds the minimum amount for any of the following seven taxation years.

ELIGIBILITY FOR INVESTMENT

In the opinion of Borden Ladner Gervais LLP, counsel to the Corporation, and Burnet, Duckworth & Palmer LLP, counsel to the Underwriters, based on the current provisions of the Tax Act and Regulations, and the Proposed Amendments, the Offered Securities if issued on the date hereof, would be "qualified investments" under the Tax Act for trusts governed by registered retirement savings plans ("RRSP"), registered retirement income funds ("RRIF"), registered disability savings plans, deferred profit sharing plans, registered education savings plans and tax-free savings accounts ("TFSA") (collectively, "Deferred Plans"), provided that the Common Shares are listed on a designated stock exchange (which currently includes the TSX) at such time.

Notwithstanding the foregoing, the annuitant of a RRSP or RRIF or the holder of a TFSA (collectively, "Registered Holders"), as the case may be, will be subject to a penalty tax if the Offered Securities held in a RRSP, RRIF or TFSA are a "prohibited investment" for the purpose of the Tax Act. The Offered Securities will generally be a "prohibited investment" if a Registered Holder has a "significant interest" (as defined in the Tax Act) in the Corporation or a corporation, partnership or trust with whom the Corporation does not deal at arm's length for the purposes of the Tax Act. Generally, a Registered Holder should not hold a significant interest in the Corporation provided that neither the Registered Holder nor any one or more persons with whom the Registered Holder does not deal at arm's length, alone or in any combination, directly or indirectly holds 10% or more of the issued shares of any class of shares in the capital stock of the Corporation. For these purposes, specific rules may deem a Registered Holder to own shares of the Corporation that are held by a partnership in which the Registered Holder is a member or by a trust of which the Registered Holder is a beneficiary.

Prospective investors who intend to hold the Offered Securities in a Deferred Plan should consult their own tax advisors regarding their particular circumstances and the requirements and rules regarding holding and transferring securities therein.

If a Deferred Plan subscribes for Flow-Through Shares, the tax benefits of the CEE as described under the heading "*Certain Canadian Federal Income Tax Considerations*" will not be available for deduction against the income of the holder, annuitant or beneficiary of such Plan.

RELATIONSHIP BETWEEN THE CORPORATION AND AN UNDERWRITER

HSBC is a direct or indirect wholly-owned subsidiary of a Canadian chartered bank (the “**Lender**”), which is a lender to the Corporation pursuant to the Credit Facilities. Accordingly, the Corporation may be considered to be a “connected issuer” of HSBC within the meaning of applicable Canadian securities legislation. For a description of the Credit Facilities, please See Note 3 to the table under the heading “*Capitalization of the Corporation*”.

The Corporation is in compliance with all material terms of the agreements governing the Credit Facilities and the Lender has not waived any material breach of such agreements since their execution. Neither the financial position of the Corporation nor the value of the security under the Credit Facilities has changed materially since the indebtedness under the Credit Facilities was incurred. The Corporation will use the net proceeds of the Offering to initially reduce indebtedness under the Revolving Facilities, including its indebtedness to the Lender. See “*Use of Proceeds*”.

The decision to distribute the Offered Securities offered under this short form prospectus and the determination of the terms of the Offering were made through negotiations between the Corporation and the Co-Lead Underwriters, on their own behalf and on behalf of the other Underwriters. The Lender did not have any involvement in such decision or determination but it has been advised of the Offering and its terms. On completion of the Offering, HSBC will receive its share of the Underwriters’ Fee. In addition, the Lender will receive its proportionate share of the net proceeds of the Offering from the Corporation in connection with the reduction under the Revolving Facilities.

RISK FACTORS

An investment in the Offered Securities involves a high degree of risk, should be considered speculative and is only suitable for those investors who are willing to risk a loss of their entire investment. Investors should carefully consider the risks described under the heading “*Risk Factors*” in the AIF and under the heading “*Risk Factors & Risk Management*” in the Annual MD&A, each of which is incorporated by reference in this short form prospectus, as well as the risk factors set forth below in this short form prospectus prior to making an investment decision and consult their own experts where necessary.

Canadian Tax Treatment of Flow-Through Shares

The tax treatment of oil and gas activities and Flow-Through Shares constitutes a major consideration of an investment in the Flow-Through Shares. There is no guarantee that the current tax laws and administrative practices of both the federal and provincial tax authorities will not be amended or construed in such a way that the tax considerations for a subscriber holding Flow-Through Shares will not be altered in a materially unfavourable way and there is no guarantee that there will be no material differences of opinion between the federal and provincial tax authorities with respect to the tax treatment of the Flow-Through Shares, the status of such Flow-Through Shares and the activities contemplated by the Corporation’s exploration and development programs. There is no guarantee that the CEE incurred by the Corporation, or the expected tax deductions claimed by subscribers will be accepted as CEE by the CRA. See “*Certain Canadian Federal Income Tax Considerations*”.

Notwithstanding its agreement to do so (see “*Subscription for Flow-Through Shares*”) there is no guarantee that the Corporation will expend an amount equal to the aggregate purchase price for Flow-Through Shares on or prior to December 31, 2013 to incur qualifying CEE. If the Corporation does not expend an amount equal to the aggregate purchase price for Flow-Through Shares to incur qualifying CEE prior to December 31, 2013, it will be required to reduce the amount of CEE that it has renounced in favour of the subscribers and the subscribers will be reassessed accordingly. Subscribers will not be subject to penalties for any such reassessment but interest will be payable on such additional tax if such tax is not paid by April 30, 2014. The Corporation has agreed to indemnify the subscribers for any such tax remittances they are required to make; however there can be no certainty that the Corporation will have the necessary financial resources to fulfil its obligations under such indemnity.

Volatility of Market Price of Common Shares

The market price of the Common Shares may be volatile. The volatility may affect the ability of investors to sell the Offered Securities at an advantageous price. Market price fluctuations in the Common Shares may be due to

Birchcliff's operating results failing to meet the expectations of securities analysts or investors in any quarter, downward revision in securities analysts' estimates, governmental regulatory action, adverse change in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by Birchcliff or its competitors, along with a variety of additional factors, including, without limitation, those set forth under "*Forward-Looking Statements*" in this short form prospectus. In addition, the market price for securities in the stock markets, including the TSX, recently experienced significant price and trading fluctuations. These fluctuations have resulted in volatility in the market prices of securities that often has been unrelated or disproportionate to changes in operating performance. These broad market fluctuations may adversely affect the market price of the Common Shares (including the Offered Securities).

Future Sales of Common Shares by the Corporation

The Corporation may issue additional Common Shares, or securities of the Corporation convertible into Common Shares, in the future, which may dilute a shareholder's holdings in the Corporation. The Corporation's articles permit the issuance of an unlimited number of Common Shares and Preferred Shares and shareholders will have no pre-emptive rights in connection with such further issuances. The directors of the Corporation have the discretion to determine the provisions attaching to any series of Preferred Shares and the price and the terms of issue of further issuances of Common Shares. Also, additional Common Shares will be issued by the Corporation on the exercise of Options under the Corporation's stock option plan and on the exercise of previously issued Performance Warrants.

Use of Proceeds

The Corporation currently intends to allocate the net proceeds received from the Offering and Concurrent Private Placement as described under "*Use of Proceeds*" in this short form prospectus. However, management will have discretion in the actual application of the net proceeds, and may elect to allocate proceeds differently from that described in "*Use of Proceeds*" if it is believed it would be in the best interests of the Corporation to do so as circumstances change. The failure by management to apply these funds effectively could have a material adverse effect on the business of the Corporation.

Commodity Price Risk

The Corporation's liquidity and cash flow is largely impacted by petroleum and natural gas commodity prices. The Corporation has not hedged any of its oil and natural gas production at the date hereof and although it does monitor the hedge market, its strategy is to continue to sell its oil and natural gas production at the spot market rate. If there is a significant deterioration in the price it receives for oil and natural gas, the Corporation will consider reducing its capital spending or access alternate sources of capital.

Access to Credit Markets

Due to the nature of the Corporation's business it is necessary from time to time for the Corporation to access other sources of capital beyond its internally generated cash flow in order to fund the development and acquisition of its long term asset base. As part of this strategy, the Corporation obtains some of the necessary capital by incurring debt and therefore the Corporation is dependent to a certain extent on continued availability of the credit markets. The continued availability of the credit markets for Birchcliff is primarily dependent on the state of the economy and the health of the banking industry in North America and abroad. There is risk that if the global economy and banking industry experience unexpected and/or prolonged deterioration, then Birchcliff's access to credit markets may contract or disappear altogether. The Corporation tries to mitigate this risk by dealing with reputable lenders and tries to structure its lending agreements to give it the most flexibility possible should these situations arise. However, the situations that may give rise to credit markets tightening or disappearing are beyond Birchcliff's control.

Birchcliff is also dependent to a certain extent on continued access to equity capital markets. The Corporation is listed on the TSX and maintains an active investor relations program. Continued access to capital is dependent on Birchcliff's ability to continue to perform at a level that meets market expectations.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Corporation are KPMG LLP, Chartered Accountants, of Calgary, Alberta. The transfer agent and registrar in Canada for the Common Shares is Olympia Trust Company at its principal office in Calgary, Alberta.

INTERESTS OF EXPERTS

Certain legal matters in connection with the issuance of the Common Shares offered under this short form prospectus will be passed upon on behalf of the Corporation by Borden Ladner Gervais LLP and on behalf of the Underwriters by Burnet, Duckworth & Palmer LLP. As of the date hereof, the partners and associates of Borden Ladner Gervais LLP, as a group, beneficially own, directly and indirectly, less than 1% of the securities of the Corporation. As of the date hereof, the partners and associates of Burnet, Duckworth & Palmer LLP, as a group, beneficially own, directly and indirectly, less than 1% of the securities of the Corporation.

Reserve estimates incorporated by reference in the AIF and this short form prospectus are based upon a report prepared by Deloitte & Touche LLP (“**AJM Deloitte**”), the Corporation’s independent reserves evaluator. None of the designated professionals of AJM Deloitte have any registered or beneficial interests, direct or indirect, in any securities or other property of the Corporation.

KPMG LLP is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

PURCHASERS’ STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revision of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province for the particulars of these rights or consult with a legal adviser.

AUDITORS' CONSENT

Consent of KPMG LLP

We have read the short form prospectus dated April 12, 2012 relating to the qualification for distribution and sale of common shares and flow-through common shares of Birchcliff Energy Ltd. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned short form prospectus of our report to the shareholders of Birchcliff Energy Ltd. on the financial statements of Birchcliff Energy Ltd., which comprise the statements of financial position as at December 31, 2011, December 31, 2010 and January 1, 2010, the statements of net income and comprehensive income, changes in shareholders' equity and cash flows for the years ended December 31, 2011 and December 31, 2010, and notes, comprising a summary of significant accounting policies and other explanatory information. Our report is dated March 14, 2012.

(signed) "*KPMG LLP*"

Chartered Accountants
April 12, 2012
Calgary, Canada

CERTIFICATE OF THE CORPORATION

Dated: April 12, 2012

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada, other than Québec.

(Signed) "*A. Jeffery Tonken*"
President and Chief Executive Officer

(Signed) "*Bruno P. Geremia*"
Vice President and Chief Financial Officer

On Behalf of the Board of Directors

(Signed) "*Larry A. Shaw*"
Director

(Signed) "*Kenneth N. Cullen*"
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: April 12, 2012

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada, other than Québec.

GMP SECURITIES L.P.

CORMARK SECURITIES INC.

**NATIONAL BANK FINANCIAL
INC.**

By: (signed) *“Dan Tsubouchi”*

By: (signed) *“Ryan A. Shay”*

By: (signed) *“Craig Langpap”*

CIBC WORLD MARKETS INC.

HSBC SECURITIES (CANADA) INC.

By: (signed) *“John M. Peltier”*

By: (signed) *“Greg Gannett”*

STIFEL NICOLAUS CANADA INC.

By: (signed) *“Terris N. Chorney”*