



12-13

October 16, 2012

BIRCHCLIFF ENERGY LTD. ANNOUNCES RECORD PRODUCTION AND PHASE III EXPANSION OF PCS GAS PLANT COMPLETE

Calgary, Alberta - Birchcliff Energy Ltd. ("Birchcliff") (TSX: BIR) is pleased to announce that the Phase III expansion of its 100% owned and operated Pouce Coupe South Gas Plant ("**PCS Gas Plant**") is complete and operational. The Phase III expansion of the PCS Gas Plant began processing gas approximately one month ahead of schedule.

Birchcliff is pleased to announce that as a result of the PCS Gas Plant being operational, record current production is approximately 25,500 boe/day. Birchcliff is confident that it will exceed its 2012 exit guidance of 26,000 boe/day.

Jeff Tonken, President and Chief Executive Officer of Birchcliff stated:

"The PCS Gas Plant is the cornerstone of our strategy to control and expand our production and further reduce our operating costs per boe. The PCS Gas Plant is expected to process our Montney/Doig natural gas for more than 30 years.

We gratefully acknowledge the hard work of the Birchcliff team in bringing the Phase III expansion of the PCS Gas Plant on production ahead of the scheduled November 1, 2012 start-up."

Birchcliff expects the PCS Gas Plant to process approximately 100 MMcf per day of natural gas at the end of 2012, leaving 50 MMcf per day of expected processing capacity available for future production growth, without incurring material facilities capital.

Forward-Looking Information: *This Press Release contains forward-looking information within the meaning of applicable Canadian securities laws, including information relating to the processing capacity of the PCS Gas Plant, the intention to drill and complete future wells and expected annual exit rate production. Undue reliance should not be placed on forward-looking information as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. Forward-looking information necessarily involves both known and unknown risks. The forward looking information is based upon assumptions as to operational run-time of the Phase III expansion of the PCS Gas Plant, well production rates, success rates for future drilling and availability of labour and services. Forward-looking information necessarily involved both known and unknown risks associated with oil and gas production. Risk factors affecting the Corporation are included in the Corporation's most recent Annual Information Form and in other reports filed with Canadian securities regulatory authorities. Forward-looking information is based on estimates and opinions of management at the time the information is presented. The Corporation is not under any duty to update the forward-looking information after the date of this Press Release to conform such information to actual results or to changes in the Corporation's plans or expectations, except as otherwise required by applicable securities laws.*

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

For further information, please contact:

Birchcliff Energy Ltd.

Suite 500, 630 – 4th Avenue S.W.

Calgary, AB T2P 0J9

Tel: (403) 261-6401

Fax: (403) 261-6424

Jeff Tonken, *President and Chief Executive Officer*