12-11 August 14, 2012

BIRCHCLIFF ENERGY LTD. ANNOUNCES RECORD AVERAGE QUARTERLY PRODUCTION AND STRONG SECOND QUARTER RESULTS

Calgary, Alberta - Birchcliff Energy Ltd. ("Birchcliff") (TSX: BIR) is pleased to announce its financial and operating results for the second quarter of 2012. The full text of Birchcliff's Second Quarter Report containing the unaudited interim Condensed Financial Statements for the three and six month periods ended June 30, 2012 and the related Management's Discussion and Analysis is available on Birchcliff's website at www.birchcliffenergy.com and will be available on SEDAR at www.sedar.com.

Current Update:

- Birchcliff continues to expect its 2012 exit rate to be approximately 26,000 boe per day.
- Birchcliff is on time and on budget for the completion of construction and the commencement of gas processing at its Phase III expansion of the Pouce Coupe South Gas Plant (the "**PCS Gas Plant**") on or before November 1, 2012. Birchcliff is spending significant capital on the construction, drilling, completion and pipelining of Montney/Doig horizontal natural gas wells in preparation for the start-up of Phase III.
- Current production is estimated at 21,900 boe per day based on field estimates. Average daily production in the third quarter is expected to be lower as the PCS Gas Plant will be shut down for up to 10 days for completion of construction of the Phase III expansion of that plant.
- Birchcliff announced and completed its first $50 million equity issue of perpetual preferred shares, the proceeds of which were used to pay down bank debt.

Second Quarter Highlights:

- Record production averaged 22,039 boe per day, a 27% increase from the second quarter of 2011 and a 5% increase from the first quarter of 2012.
- Cash flow of $26 million ($0.19 per share), down 24% from the second quarter of 2011 and down 1% from the first quarter of 2012. Net income of $0.42 million, down 96% from the second quarter of 2011.
- Operating expenses per boe of $6.22, down 8% from the second quarter of 2011 and 20% from the second quarter of 2010. Operating costs (net of recoveries) at the PCS Gas Plant during the first half of 2012 were $0.26 per Mcfe ($1.56 per boe).
- Operating netback of $17.17 per boe and cash flow netback of $12.96 per boe.
- Net capital expenditures of $58.8 million.
- Drilled 9 (9.0 net) wells, including 8 (8.0 net) Montney/Doig horizontal natural gas wells, and 1 (1.0 net) Worsley horizontal light oil well, all were successful with no dry holes.
- In the first half of 2012, Birchcliff successfully drilled 16 (16.0 net) Montney/Doig Horizontal natural gas wells.

- Since November 2007, Birchcliff has drilled and cased 90 (78.2 net) successful Montney/Doig horizontal natural gas wells.
- Increased undeveloped land base to 552,355 gross (514,814 net) acres, all in the Peace River Arch area of Alberta.
- Received approval from the Energy Resources Conservation Board to increase the processing capacity of its PCS Gas Plant to 150 MMcf per day from 120 MMcf per day.
- Increased its Syndicated Bank Credit Facilities to an aggregate of $540 million from $520 million. The terms of the facilities remain essentially unchanged, including the two year term out feature applicable to the extendible revolving credit facilities.
- Completed a $110 million equity issue on April 19, 2012 at a price of $7.65 per common share and $9.20 per flow through common share, the proceeds of which were used to pay down debt.

Subsequent Events:

$50 million Perpetual Preferred Share Equity Issue

On August 8, 2012 Birchcliff raised gross proceeds of $50 million by completing a public equity offering of 2 million 8% perpetual preferred shares and 6 million warrants exercisable at $8.30 per common share. The proceeds of the common share and the preferred share financings together with our current credit facilities will provide Birchcliff with the financial flexibility required to properly and conservatively manage its business in the current environment of extremely low natural gas prices.

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

> *"In the second quarter we achieved record production levels for Birchcliff as our past infrastructure and development investments in the Montney/Doig Natural Gas Resource Play continue to pay off. Birchcliff continues to focus on reducing its operating costs on a boe basis to meet our goal of being one of the lowest cost producers in the industry. Complementing that, Birchcliff has and continues to have top decile finding and development costs. We believe that ultimately, the lowest cost producer who has a significant, low cost inventory of repeatable natural gas opportunities will create significant value for its shareholders.*
>
> *Total corporate production is expected to be approximately 26,000 boe per day at the end of 2012. We anticipate that by the end of 2012, the PCS Gas Plant will have throughput of approximately 100 MMcf per day out of a total capacity of 150 MMcf per day. Therefore, there is expected to be approximately 50 MMcf per day of processing capacity available to Birchcliff for future production growth.*
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> *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 will process our Montney/Doig natural gas for more than 30 years and once the Phase III expansion is operating, we will be able to process a significant amount of incremental natural gas, without incurring further material facilities capital."*

FINANCIAL AND OPERATIONAL HIGHLIGHTS

	Three months ended June 30, 2012	Three months ended June 30, 2011	**Six months ended June 30, 2012**	Six months ended June 30, 2011
OPERATING				
Average daily production				
Light oil – (barrels)	4,447	3,589	4,511	3,666
Natural gas – (thousands of cubic feet)	100,843	78,714	98,042	79,635
NGLs – (barrels)	785	615	699	593
Total – barrels of oil equivalent (6:1)	**22,039**	**17,324**	**21,550**	**17,532**
Average sales price ($ Canadian)				
Light oil – (per barrel)	81.45	99.31	85.84	93.08
Natural gas – (per thousand cubic feet)	2.05	4.15	2.18	4.08
NGLs – (per barrel)	83.53	94.15	87.71	88.63
Total – barrels of oil equivalent (6:1)	**28.77**	**42.76**	**30.72**	**41.01**
Undeveloped land				
Gross (acres)	552,355	542,143	552,355	542,143
Net (acres)	514,814	501,188	514,814	501,188
NETBACK AND COST				
($ per barrel of oil equivalent at 6:1)				
Petroleum and natural gas revenue	28.78	42.79	30.74	41.05
Royalty expense	(3.00)	(5.58)	(3.39)	(4.73)
Operating expense	(6.22)	(6.74)	(6.20)	(6.85)
Transportation and marketing expense	(2.39)	(2.67)	(2.38)	(2.60)
Netback	17.17	27.80	18.77	26.87
General & administrative expense, net	(2.26)	(3.07)	(3.17)	(2.88)
Interest expense	(1.95)	(2.99)	(2.30)	(3.01)
Cash Flow Netback	12.96	21.74	13.30	20.98
Stock-based compensation expense, net	(0.64)	(1.45)	(0.75)	(1.36)
Depletion and depreciation expense	(11.48)	(10.17)	(11.52)	(10.12)
Accretion expense	(0.22)	(0.28)	(0.22)	(0.28)
Amortization of deferred financing fees	(0.11)	(0.15)	(0.10)	(0.15)
Gain (loss) on sale of assets	-	(0.58)	0.99	(0.29)
Deferred income tax expense	(0.30)	(2.69)	(0.64)	(2.57)
Net Income	**0.21**	**6.42**	**1.06**	**6.21**
FINANCIAL				
Petroleum and natural gas revenue ($000)	57,729	67,464	120,562	130,257
Cash flow ($000)[(1)]	25,985	34,269	52,181	66,582
Per share – basic ($)[(1)]	0.19	0.27	0.39	0.53
Per share – diluted ($)[(1)]	0.19	0.26	0.39	0.51
Net income ($000)	416	10,117	4,147	19,710
Per share – basic ($)	-	0.08	0.03	0.16
Per share – diluted ($)	-	0.08	0.03	0.15
Common shares outstanding				
End of period – basic	141,433,644	126,496,677	141,433,644	126,496,677
End of period – diluted	157,232,116	140,137,084	157,232,116	140,137,084
Weighted average shares for period – basic	138,425,779	126,322,814	132,588,343	125,877,298
Weighted average shares for period – diluted	138,837,321	131,380,901	133,885,883	131,030,694
Capital expenditures, net ($000)	58,815	32,300	178,667	84,479
Working capital deficiency ($000)	54,832	10,139	54,832	10,139
Non-revolving five-year term facility ($000)	69,232	68,773	69,232	68,773
Revolving credit facilities ($000)	331,644	270,278	331,644	270,278
Total debt ($000)	455,708	349,190	455,708	349,190

1. Cash flow and cash flow per share amounts represent cash provided by operating activities as per the Condensed Statements of Cash Flows before the effects of changes in non-cash working capital and decommissioning expenditures related to operating activities.

The full text of the President's Message and the Financial and Operational Highlights from the 2012 Second Quarter Report follows:

August 14, 2012

Fellow Shareholders,

Birchcliff is pleased to report its second quarter financial and operating results for the three and six months ended June 30, 2012.

I am pleased to report record average quarterly production of 22,039 boe per day while at the same time we reduced our operating costs on a per unit basis as compared to the same period last year.

During the quarter we completed a common share equity issue for gross proceeds of $110 million which was used to pay down debt and strengthen our financial position during a time of weak natural gas prices. In addition, Birchcliff increased its syndicated credit facilities to $540 million from $520 million, which continues to include the 2 year term out provisions.

Birchcliff recently completed its first perpetual preferred share equity issue for gross proceeds of $50 million. The proceeds were used to pay down bank debt.

Accordingly, pro forma total outstanding debt at June 30, 2012, after giving effect to the preferred share equity issue was approximately $353 million.

The equity issues in 2012 and the increase to our syndicated credit facilities have provided the financial flexibility that Birchcliff requires to prudently manage its business while protecting its financial position.

2012 SECOND QUARTER RESULTS

Production

Record second quarter 2012 production averaged 22,039 boe per day (76% natural gas and 24% light oil and natural gas liquids) and is 27% greater than the second quarter of 2011.

Birchcliff continues to expect its 2012 exit rate to be approximately 26,000 boe per day.

Current production is approximately 21,900 boe per day. Average daily production in the third quarter is expected to be lower as the Pouce Coupe South Gas Plant (the "**PCS Gas Plant**") will be shut down for up to 10 days for completion of construction of the Phase III expansion of that plant.

Cash Flow and Earnings

Cash flow was $26.0 million or $0.19 per share for the second quarter of 2012 as compared to $34.3 million or $0.27 per share in the second quarter of 2011. The 24% decline is mainly attributable to significantly lower natural gas prices, notwithstanding an increase in average daily production.

Earnings were $0.4 million or $nil per share for the second quarter of 2012 as compared to $10.1 million or $0.08 per share in the second quarter of 2011. Even with the AECO natural gas spot price averaging $1.89 per Mcf for the second quarter of 2012, we were able to show positive earnings, highlighting our low cost structure.

It is noteworthy that per unit general and administrative ("**G&A**") costs were down to $2.26 per boe, which is a 45% reduction from the first quarter of 2012, due to the one-time sales process costs recorded during the first quarter. With these one-time associated costs behind us, we will see more normalized G&A costs per boe in our future quarters.

Capital Expenditures and Drilling Results

During the second quarter of 2012, net capital spending aggregated to $58.8 million. We spent significant construction and drilling capital in preparation for the start-up of Phase III of the PCS Gas Plant by November 1, 2012. A specific breakdown of capital expenditures can be found under "*Results of Operations - Capital Expenditures*" in the Management's Discussion and Analysis section of our Second Quarter Report.

Drilling activities during the second quarter of 2012 resulted in 9 (9.0 net) wells, of which all were successful. Birchcliff drilled and cased 8 (8.0 net) Montney/Doig horizontal natural gas wells, and 1 (1.0 net) Worsley horizontal light oil well. Birchcliff also spent significant time and effort on evaluating and developing new resource plays in the Peace River Arch area of Alberta with a focus on oil plays.

Operating Costs

Operating costs during the second quarter of 2012 were $6.22 per boe. This is 8% lower than $6.74 per boe recorded for the second quarter in 2011.

During the first six months of 2012, 45% of our total sales volumes were processed through our PCS Gas Plant as compared to 36% during the first six months of 2011. Once Phase III of the PCS Gas Plant becomes operational, operating costs per boe are expected to trend downwards as the vast majority of our future production volumes are expected to be processed through our low cost, 100% owned PCS Gas Plant.

The following table sets forth historical netback and cost data for natural gas processed through the PCS Gas Plant.

	Six months ended June 30, 2012		Twelve months ended December 31, 2011	
PRODUCTION PROCESSED THROUGH THE PCS GAS PLANT				
Average daily production, net to Birchcliff:				
Natural gas (Mcf)		57,211		40,334
Oil & NGLs (bbls)		232		96
Total boe (6:1)		**9,767**		6,818
NETBACK AND COST	*$/Mcfe*	*$/boe*	*$/Mcfe*	*$/boe*
Petroleum and natural gas revenue	2.47[1]	14.82	3.98[1]	23.88
Royalty expense	(0.07)	(0.42)	(0.26)	(1.55)
Operating expense, net of recoveries	(0.26)	(1.56)	(0.21)	(1.28)
Transportation and marketing expense	(0.22)	(1.32)	(0.27)	(1.59)
Estimated operating netback[2]	**$1.92**	**$11.52**	$3.24	$19.46

1. Premium pricing resulting from the heat value of natural gas being processed at the PCS Gas Plant and the value of recovered liquids. AECO natural gas spot price averaged $2.02 per Mcf in the first half of 2012 and $3.63 per Mcf during 2011.
2. The estimated operating netback is based upon certain cost allocations and accruals directly related to the PCS Gas Plant and related wells and infrastructure, and is disclosed on a production month basis.

Land

Birchcliff continues to grow its undeveloped land base in the Peace River Arch. As at June 30, 2012, Birchcliff has increased its undeveloped land position to 552,355 gross (514,814 net) acres from its year end 2011 undeveloped land position of 531,903 gross (493,968 net) acres, resulting in a 93% average working interest. Birchcliff's very high average working interest in its undeveloped land base reflects its longstanding strategy of acquiring high working interest undeveloped land proximate to its operated high working interest production base.

Indebtedness

At June 30, 2012 the amount outstanding under Birchcliff's syndicated bank credit facilities was approximately $400.9 million. Birchcliff's working capital deficiency as at June 30, 2012 was $54.8 million, for a total debt of $455.7 million at June 30, 2012. The working capital deficiency does not reduce the amount Birchcliff can draw under its credit facilities.

On a pro forma basis at June 30 2012, after giving effect to the $50 million Preferred Unit Equity issue, of which net proceeds are estimated to be approximately $48 million, Birchcliff had approximately $353 million outstanding under its syndicated bank credit facilities and pro forma total debt (including working capital deficit) was $408 million.

Birchcliff announced on June 26, 2012 that it had increased its syndicated bank credit facilities to an aggregate of $540 million from the previous credit limit of $520 million. The terms of the credit facilities remain essentially unchanged, including the two-year term out feature applicable to the extendible revolving credit facilities.

Birchcliff's syndicated bank credit facilities consist of a $70 million non-revolving five-year term credit facility with a maturity date of May 25, 2016 and extendible revolving credit facilities (the "**Revolving Credit Facilities**") of $470 million.

The Revolving Credit Facilities are made up of an extendible revolving credit facility of $440 million and an extendible revolving working capital facility of $30 million both of which have a two-year term-out feature.

2012 OPERATIONS UPDATE

Pouce Coupe South Gas Plant Update

The Phase III expansion of the PCS Gas Plant is under construction and remains on schedule to commence processing natural gas by November 1, 2012. Birchcliff is currently drilling and completing Montney/Doig horizontal natural gas wells that will produce to the PCS Gas Plant.

Birchcliff has received approval from the Energy Resources Conservation Board to increase the processing capacity of the PCS Gas Plant to 150 MMcf per day (raw inlet capacity) from the current licensed processing capacity of 120 MMcf per day. To operate the PCS Gas Plant at 150 MMcf per day will require twinning of the sales gas pipeline, but the capital required is not material. This is a significant milestone for Birchcliff as it continues to allow Birchcliff to expand its future production through 100% owned facilities.

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

Montney/Doig Natural Gas Resource Play Update

In the second quarter of 2012, Birchcliff's activities on the Montney/Doig Natural Gas Resource Play included the drilling of 8 (8.0 net) horizontal wells utilizing multi-stage fracture stimulation techniques. To date in 2012, Birchcliff has drilled and cased 19 (19.0 net) horizontal wells, of which 12 (12.0 net) wells have been completed, and 8 (8.0 net) are on production, 2 (2.0 net) of these wells are Middle/Lower Montney exploration wells that continue to expand this play trend. To present we have also drilled and cased 1 (1.0 net) vertical exploration well.

Birchcliff is very focused on reducing drilling and completion costs.

Birchcliff had two rigs drilling continuously through break-up on separate multi-well pads. Seven wells were drilled on one pad and four wells were drilled on the second pad. One rig was recently released from the seven well pad and the second rig was released on June 11, 2012. With respect to the four well pad, once the drilling operations were finished, completion equipment was mobilized and the four wells were completed consecutively. Costs are coming in as expected and completion results look favorable. Following the consecutive completion of the wells, the facility construction crews are performing all of the equipping and tie-in operations for the entire pad, which is expected to result in cost efficiencies. We are currently preparing to commence the completion operations on the seven well pad.

The rapid advancements in horizontal drilling and multi-stage fracture stimulation of horizontal wells have resulted in significant improvements in production and reserve capture for many different plays throughout North America. Birchcliff believes that the Montney/Doig Natural Gas Resource Play continues to experience some of the best results of the application of this technology due to its unique reservoir characteristics. Birchcliff classifies the Montney/Doig Natural Gas Resource Play as a hybrid resource play which significantly benefits from having approximately 300 meters (1,000 feet) of gas saturated rock that has both tight silt and sand reservoir rock inter-layered with shale gas source rock. The horizontal wells are designed to maximize the contributions from the different elements of this complex reservoir. As our knowledge grows with respect to both operational technology and characteristics of these reservoirs, we expect our results to continue to improve.

Birchcliff believes that it has approximately 1,850 net future Montney/Doig horizontal natural gas drilling locations on its lands based on a development scenario of four wells per section per stratigraphic play.

Worsley Light Oil Resource Play Update

The Worsley Light Oil Resource Play has demonstrated consistent and prolific production performance. Successful expansion of the pool, water flood performance and the application of horizontal drilling and multi-stage fracture stimulation technology have all contributed to its continued reserve growth, production growth and high netbacks.

New Resource Play Update

In our Peace River Arch core area, numerous industry competitors have announced significant developments on a number of new resource plays with a strong bias to new tight/shale oil resource plays. Continuing from 2011 there have been significant Crown lands posted and acquired in the Peace River Arch and numerous new wells drilled and completed targeting these new resource plays, including the Montney, Charlie Lake, Nordegg and the Duvernay. Birchcliff has been successful in acquiring further lands since June 30, 2012. As a result its undeveloped land position has increased to 568,995 gross (531,454 net) acres from its June 30, 2012 undeveloped land position of 552,355 gross

(514,814 net) acres, resulting in a 93% average working interest. Birchcliff believes that all of its focused undeveloped land has potential in at least one of these new Resource Plays. We continue to spend a significant amount of time analyzing and evaluating various new resource plays in the Peace River Arch area of Alberta.

SUBSEQUENT EVENTS

$50 Million Preferred Unit Equity Issue

On July 17, 2012 Birchcliff announced and subsequently closed on August 8, 2012 a preferred unit equity issue for gross proceeds of $50 million (the "**Preferred Unit Offering**"). The proceeds of the Preferred Unit Offering were used to pay down debt and provide Birchcliff with the financial flexibility it requires to properly manage its business at a time when natural gas prices are very weak.

Each preferred unit was sold for $25.00 and consisted of one (1) preferred share with an initial 5 year, 8% yield ("**Preferred Share**") and three (3) warrants ("**Warrants**"). Each Warrant provided the right to buy one common share for $8.30, for a period of two years from the closing date. Two (2) million Preferred Shares and six (6) million Warrants were issued in the Preferred Unit Offering.

The Warrants, if exercised, will raise an additional $49.8 million of equity prior to their expiry in August 2014, without fees or commission.

The Preferred Shares are listed for trading on the TSX under the symbol BIR.PR.A and the Warrants are listed for trading on the TSX under the symbol BIR.WT. The Preferred Shares and the Warrants can be bought and sold freely, in the same way common shares are bought and sold.

We raised money through the Preferred Share and Warrant Offering to pay down our bank debt and strengthen our balance sheet. Birchcliff has the sole right, but not the obligation, to redeem the Preferred Shares at the end of five years. Alternatively, Birchcliff can reset the dividend rate at the end of the five year term at a rate equal to the five-year Government of Canada bond yield plus 6.83 per cent and continue to pay dividends for another five years. The Preferred Shares provide Birchcliff with long term equity financing that does not participate in the significant upside potential of Birchcliff's assets. This long term capital more closely aligns the capital structure of Birchcliff with the long term assets that we are building with our resource plays.

OUTLOOK

Birchcliff is focused on the day to day running of its business. We are enjoying record production and low operating costs per boe. Construction of the Phase III Expansion of our PCS Gas Plant is proceeding on time and on budget, and it is expected to take Birchcliff to record production volumes in November of 2012.

Since November 2007, we have drilled and cased 90 (78.2 net) successful Montney/Doig horizontal natural gas wells, of which 79 (67.2 net) have been brought on production, 4 (4.0 net) wells are completed and awaiting tie in and 7 (7.0 net) wells are drilled and awaiting completion and tie in. All have been successful.

We continue to develop and expand our Worsley Light Oil Resource Play and have laid the foundation to exploit several New Tight/Shale Oil Resource Plays.

Our day to day business has been and continues to be very successful.

With the issuance of the Preferred Shares we have created a much stronger capital structure for Birchcliff as we have increased our equity and reduced our debt and positioned ourselves for the future.

Birchcliff will complete the vast majority of its 2012 capital program by the end of September 2012. Thereafter, 2012 capital spending will be minimal and therefore we expect to reduce debt during the fourth quarter while we do the planning required for our 2013 capital program.

We are excited about our 2013 capital spending program as we will not be allocating our capital to any major facility projects as we have had to do in prior years. Our capital efficiencies will improve with most of our capital going to the drilling, completing and tie-ins of new wells.

We have the flexibility to expand our production and fill the remaining unused capacity in our PCS Gas Plant of approximately 50 MMcf (8,000 boe) per day. In the event that natural gas prices deteriorate we will make the appropriate financial decisions to ensure that Birchcliff continues to have the financial flexibility and the balance sheet required for long term sustainability.

Birchcliff remains very confident that its two highly focused, high working interest, low cost, repeatable, sustainable, long term growth resource plays in the Peace River Arch area of Alberta offer tremendous upside value to our shareholders. The Montney/Doig Natural Gas Resource Play continues to be one of the most active geological plays in North Western Alberta and Birchcliff is right in the heart of the play.

Our strategy has not changed, notwithstanding the weakness in natural gas prices. We believe that we can economically find, develop and produce natural gas from the Montney/Doig Natural Gas Resource Play at low costs. We also believe that technology advances will continue to reduce our finding costs and our operating costs and increase our recovery factors. We note that our 2010 and 2011 finding costs were in the top decile as compared to others in the industry and 2012 results to date continue to be very positive.

Our goal to be producing approximately 26,000 boe per day at year end 2012 is firmly in our sights. We look forward to reporting our progress to you in the coming months.

On behalf of our management team, executive team and the directors, I thank all of our shareholders for their continued support and our staff for their hard work and dedication.

(signed) "*A. Jeffery Tonken*"

A. Jeffery Tonken

President and Chief Executive Officer

ADVISORIES

Unaudited Numbers: *All financial amounts referred to in this Press Release for the three and six month periods ended June 30, 2012 and June 30, 2011 are management's best estimates and are unaudited.*

Non-GAAP Measures: *This Press Release uses "cash flow", "netbacks", "cash flow netback", "operating netback" and "cash flow per share", which do not have standardized meanings prescribed by generally accepted accounting principles and therefore may not be comparable measures to other companies where similar terminology is used.*

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

Mcfe Conversions: *Thousands of cubic feet of gas equivalent ("**Mcfe**"), amounts have been calculated by using the conversion ratio of one barrel of oil (1 bbl) to six thousand cubic feet (6 Mcf) of natural gas. Mcfe amounts may be misleading, particularly if used in isolation. A Mcfe conversion ratio of 1 bbl to 6 Mcf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.*

MMbtu Pricing Conversion: *$1.00/MMbtu equals $1.00/Mcf based on a standard heat value Mcf.*

Forward Looking Information: *This Press Release contains forward-looking information within the meaning of applicable Canadian securities laws. Forward-looking information relates to future events or future performance and is based upon the Corporation's current internal expectations, estimates, projections, assumptions and beliefs. All information other than historical fact is forward-looking information. Words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "may", "will", "potential", "proposed" and other similar words that convey certain events or conditions "may" or "will" occur are intended to identify forward-looking information. In particular, this Press Release contains forward-looking information relating to expected annual exit rate production, planned 2012 capital spending and sources of funding; intention to drill and complete future wells; and expected processing capacity and commissioning date of the PCS Gas Plant.*

The forward-looking information is based upon assumptions as to future commodity prices, currency exchange rates, inflation rates, well production rates, well drainage areas, success rates for future drilling and availability of labour and services. With respect to future wells, a key assumption is that geological and other technical interpretations performed by the Corporation's technical staff, which indicate the commercially economic reserves can be recovered from the Corporation's land as a result of drilling such future wells, are valid.

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

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

The foregoing list of risk factors is not exhaustive. Additional information on these and other risk factors that could affect operations or financial results are included in the Corporation's most recent Annual Information Form and in other reports filed with Canadian securities regulatory authorities. Forward-looking information is based on estimates and opinions of management at the time the information is presented. The Corporation is not under any duty to update the forward-looking information after the date of this Press Release to conform such information to actual results or to changes in the Corporation's plans or expectations, except as otherwise required by applicable securities laws.

Birchcliff is a 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, the Series A Preferred Shares and the Warrants are listed for trading on the Toronto Stock Exchange (the "**TSX**") under the symbols "**BIR**", "**BIR.PR.A**" and "**BIR.WT**" respectively.

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