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August 8, 2012

BIRCHCLIFF ENERGY LTD. ANNOUNCES CLOSING OF \$50 MILLION PREFERRED UNIT FINANCING

Calgary, Alberta, - Birchcliff Energy Ltd. ("Birchcliff" or the "Corporation") (TSX: BIR) is pleased to announce that it has closed its previously announced bought deal preferred unit financing of two million preferred units of Birchcliff ("**Preferred Units**") at a price of \$25.00 per Preferred Unit, for gross proceeds of \$50 million (the "**Offering**"). Each Preferred Unit is comprised of one cumulative redeemable 5-year rate reset preferred share, series A (a "**Series A Preferred Share**") of Birchcliff, to yield initially 8.00% per annum; and three common share purchase warrants (each a "**Warrant**") of Birchcliff. Each Warrant provides the right to purchase one common share (a "**Common Share**") of the Corporation for a period of two years from the closing date of August 8, 2012, at a price of \$8.30 per Common Share. Birchcliff now has two million Series A Preferred Shares, six million Warrants and 141,475,311 Common Shares outstanding.

The Offering was completed through a short form prospectus with a syndicate of underwriters co-led by GMP Securities L.P., Cormark Securities Inc. and National Bank Financial Inc., and including HSBC Securities (Canada) Inc., Macquarie Capital Markets Canada Ltd., Peters & Co. Limited, and Raymond James Ltd.

The net proceeds of the Offering will be used to initially reduce indebtedness under Birchcliff's credit facilities. This financing strengthens Birchcliff's balance sheet and provides Birchcliff with greater financial flexibility to carry out its plans.

Birchcliff is a Calgary based intermediate oil and gas company with operations in Alberta, concentrated within one core area, the Peace River Arch. The Common Shares are listed on the Toronto Stock Exchange (the "**TSX**") under the symbol "BIR". The Series A Preferred Shares are listed on the TSX under the symbol "BIR.PR.A" and the Warrants are listed under the symbol "BIR.WT".

Advisories

This Press Release does not constitute an offer to sell or a solicitation of an offer to buy the Series A Preferred Shares or Warrants in any jurisdiction. The Series A Preferred Shares and Warrants offered have not been registered under the United States Securities Act of 1933, as amended, and may not be offered or sold within the United States unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

Forward-Looking Information: *This Press Release contains forward-looking information within the meaning of applicable Canadian securities laws, including information relating to the anticipated use of proceeds of the Offering. 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 risk factors that could render assumptions relating to forward-looking information invalid are primarily events beyond the Corporation's control, including the impact of general economic conditions, industry conditions, environmental risks, currency exchange rate fluctuations, volatility of commodity prices, imprecision of*

reserve estimates, stock market volatility, competition from other industry participants, the competition for qualified personnel and management, and ability to access sufficient capital from internal and external sources. Other 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.

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