

## **BIRCHCLIFF ENERGY LTD.**

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### **BIRCHCLIFF ENERGY LTD. ANNOUNCES UPSIZING OF PREVIOUSLY ANNOUNCED OFFERING OF PREFERRED UNITS TO \$50 MILLION**

**Calgary, Alberta - Birchcliff Energy Ltd. ("Birchcliff" or the "Corporation") (TSX: BIR)** is pleased to announce that Birchcliff has increased the size of its previously announced bought deal preferred unit offering to \$50 million, from \$40 million. Birchcliff will issue a total of two (2) million preferred units ("**Preferred Units**") at a price of \$25.00 per Preferred Unit, for total gross proceeds of \$50 million (the "**Offering**"). Each Preferred Unit will consist of one Cumulative 5-Year Rate Reset Preferred Share, Series A (the "**Series A Preferred Shares**") and three (3) common share purchase warrants (the "**Warrants**"), with each Warrant providing the right to purchase one (1) common share in the capital of Birchcliff ("**Common Shares**") at an exercise price of \$8.30 per Common Share, for a period of two years. A total aggregate of two (2) million Series A Preferred Shares and six (6) million Warrants will be issued in the Offering.

The syndicate of underwriters is co-led by GMP Securities L.P., Cormark Securities Inc. and National Bank Financial Inc. and includes HSBC Securities (Canada) Inc., Raymond James Ltd., Macquarie Group Ltd. and Peters & Co. Limited.

The Series A Preferred Shares will pay cumulative dividends of \$2.00 per share per annum, payable quarterly if, as and when declared by Birchcliff's board of directors (with the first quarterly dividend to be paid on September 30, 2012 (or the next business day), for the initial five year period ending September 30, 2017. The dividend rate will be reset on September 30, 2017 and every five years thereafter at a rate equal to the five-year Government of Canada bond yield plus 6.83 per cent. The Series A Preferred Shares will be redeemable by the issuer on or after September 30, 2017, in accordance with their terms.

Holders of the Series A Preferred Shares will have the right, at their option, to convert their shares into Cumulative Floating Rate Preferred Shares, Series B (the "**Series B Preferred Shares**") subject to certain conditions, on September 30, 2017 and on September 30 every five years thereafter. Holders of the Series B Preferred Shares will be entitled to receive cumulative quarterly floating dividends at a rate equal to the three-month Government of Canada Treasury Bill yield plus 6.83 percent, if, as and when declared by Birchcliff's board of directors.

The Preferred Units will be offered for sale to the public in each of the provinces of Canada other than Quebec pursuant to a short form prospectus to be filed with Canadian securities regulatory authorities in such provinces. The Offering is scheduled to close on or about August 8, 2012, subject to certain conditions, including obtaining all necessary regulatory approvals.

Proceeds of the Offering will be used to reduce existing indebtedness and for other general corporate purposes. This financing strengthens Birchcliff's balance sheet and provides Birchcliff with greater financial flexibility to carry out its plans.

## ADVISORIES

***This news release does not constitute an offer to sell or a solicitation of an offer to buy the Series A Preferred Shares or common share purchase warrants in any jurisdiction. The preferred shares and common share purchase 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 and the anticipated closing date of the Offering. The forward-looking information assumes that prior to the anticipated closing date, the Corporation will obtain all necessary regulatory approvals and all applicable pre-conditions will be satisfied. The anticipated use of proceeds assumes that the Offering closes as contemplated. 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 the Offering invalid are primarily events beyond the Corporation's control that preclude the Corporation from satisfying all applicable pre-conditions. 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.*

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

***This press release is not for distribution to United States newswire services or for dissemination in the United States.***

*The TSX Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.*

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