BIRCHCLIFF ENERGY LTD.

12-02 March 14, 2012

BIRCHCLIFF ENERGY LTD. ANNOUNCES CORPORATE SALE PROCESS UPDATE AND 2011 FINANCIAL AND OPERATIONAL RESULTS

Calgary, Alberta - Birchcliff Energy Ltd. ("Birchcliff") (TSX: BIR) is pleased to provide an update to the corporate sale process; announce its 2011 operating results and audited financial results; provide further details of its significant 2011 reserve additions and announce the results of its December 31, 2011 Montney/Doig Natural Gas Resource Assessment. The full text of the 2011 audited financial statements 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.

CORPORATE SALE PROCESS UPDATE

The corporate sale process that was announced on October 3, 2011 is continuing. Birchcliff has not entered into an acquisition agreement with any party and is currently in negotiations. At this time, there can be no assurance that the ongoing negotiations will result in a successful transaction.

2012 PRODUCTION AND OPERATIONS UPDATE

2012 Production

Birchcliff's estimated average production for the first 11 days of March is approximately 21,225 boe per day. Estimated average production for January and February was approximately 21,000 boe per day, consisting of 75% natural gas and 25% light oil and natural gas liquids.

2012 Operations Update

Birchcliff has been very active in the first quarter of 2012 with its focus on Montney/Doig horizontal natural gas wells in Pouce Coupe and horizontal light oil wells in Worsley. In addition, Birchcliff is conducting the technical and scientific work necessary to evaluate the potential of its new resource plays.

Year to date drilling results include 13 (12.03 net) wells, consisting of 8 (8.0 net) successful Montney/Doig horizontal natural gas wells in Pouce Coupe, 4 (4.0 net) successful horizontal Charlie Lake light oil wells at Worsley and 1 (0.03 net) non-operated Charlie Lake horizontal oil well, all of which were successfully drilled and are in various stages of completion, equipping and being brought on production.

The Phase III expansion of the Pouce Coupe South Natural Gas Plant ("**PCS Gas Plant**") is on schedule to commence operation during the fourth quarter of 2012, which will increase processing capacity from 60 MMcf per day to 120 MMcf per day.

2011 HIGHLIGHTS

2011 Financial Results

- **Cash flow** of **$130.8 million** or **$1.04 per basic share**, a 37% increase from 2010.
- **Earnings** of **$34.5 million** or **$0.27 per basic share**, notwithstanding weak natural gas prices, compared to $34.2 million in 2010.
- **Year end debt**, including working capital deficiency, of **$437 million**. Total bank debt of **$388 million** against **available lines of credit of $520 million**.
- **Operating costs** (excluding transportation and marketing costs) of **$6.75 per boe**, down 11% from $7.59 per boe in 2010.
- **Operating netback recycle ratio of 8.9** and **cash flow netback recycle ratio of 6.8**, in each case based on finding, development and acquisition costs, proved plus probable reserves and excluding future development costs.

2011 Operational Results

- **Fourth quarter average production of 19,812 boe per day,** a 21% increase over 2010 fourth quarter average production of 16,375 boe per day.
- **2011 average production of 18,136 boe per day**, a 39% increase over 2010 average production of 13,079 boe per day.
- Drilled **23 (19.3 net) successful Montney/Doig horizontal natural gas wells** and **18 successful Worsley 100% owned light oil wells**, of which **15 were horizontal light oil wells**.
- **Increased** potential Montney/Doig horizontal natural gas well drilling locations to 1850, up from 1,000 at December 31, 2010 as a result of land acquisitions, production performance and drilling success.
- Expansion of our undeveloped land base to **531,903 (493,968 net) acres** up from 500,069 (456,952 net) acres at December 31, 2010, with a **93% average working interest**.
- Continued expansion of Birchcliff's footprint on the Montney/Doig Natural Gas Resource Play in the Pouce Coupe area of North West Alberta, which consists of large contiguous blocks of high working interest land.
- During 2011, the acquisition of **110,464 undeveloped acres of prospective lands at 100% working interest**, complementing our large contiguous blocks and continued progress on the development of new resource plays in the Peace River Arch including extensive technical work.

Reserves and Finding and Development Costs at December 31, 2011

- **Proved plus probable reserves of 275.4 MMboe**, a 37% increase from December 31, 2010. Birchcliff's proved plus probable reserves are comprised of 85% natural gas and 15% light oil and natural gas liquids.
- **1,223% reserve replacement** on a proved plus probable basis, adding **12.2 boe** of proved plus probable reserves for each boe that was produced during the year.
- **Finding, development and acquisition costs** on a proved plus probable basis of **$2.92 per boe**, **excluding future development capital** and **$12.31 per boe, including future development capital**.
- **Reserve life index** of **36 years** on a proved plus probable basis assuming an average daily production rate of 21,100 boe per day.

Montney/Doig Natural Gas Resources at December 31, 2011

- Best estimate of **39.05 Tcfe (6,508 million boe) of total petroleum initially-in-place**, including **2.15 Tcfe of Contingent Resources**, which are of similar technical quality as Birchcliff's proved plus probable reserves, but not included primarily because of the forecast timing of their development and **15.51 Tcfe of Prospective Resources.**

2011 FINANCIAL AND OPERATIONAL RESULTS

2011 Financial and Operational Highlights

	Three months ended Dec. 31, 2011	Three months ended Dec. 31, 2010	**Twelve months ended Dec. 31, 2011**	Twelve months ended Dec. 31, 2010
OPERATING				
Average daily production				
Light oil – (barrels)	**4,229**	3,486	**3,905**	3,135
Natural gas – (thousands of cubic feet)	**90,116**	73,978	**82,116**	56,970
NGLs – (barrels)	**564**	559	**545**	448
Total – barrels of oil equivalent (6:1)	**19,812**	16,375	**18,136**	13,079
Average sales price ($ Canadian)				
Light oil – (per barrel)	**95.52**	81.89	**92.00**	78.76
Natural gas – (per thousand cubic feet)	**3.40**	3.94	**3.85**	4.21
NGLs – (per barrel)	**94.67**	76.14	**89.33**	72.82
Total – barrels of oil equivalent (6:1)	**38.54**	37.83	**39.94**	39.72
Undeveloped land				
Gross (acres)	**531,903**	500,069	**531,903**	500,069
Net (acres)	**493,968**	456,952	**493,968**	456,952
NETBACK AND COST				
($ per barrel of oil equivalent at 6:1)				
Petroleum and natural gas revenue	**38.55**	37.88	**39.97**	39.80
Royalty expense	**(4.16)**	(2.91)	**(4.44)**	(3.55)
Operating expense(1)	**(6.90)**	(6.84)	**(6.75)**	(7.59)
Transportation and marketing expense	**(2.66)**	(2.56)	**(2.64)**	(2.59)
Netback(1)	**24.83**	25.57	**26.14**	26.07
General & administrative expense, net(1)	**(5.88)**	(4.47)	**(3.74)**	(3.30)
Interest expense	**(2.27)**	(2.60)	**(2.64)**	(2.82)
Cash Flow Netback(1)	**16.68**	18.50	**19.76**	19.95
Stock-based compensation expense, net(1)	**(1.48)**	(0.85)	**(1.42)**	(1.62)
Depletion and depreciation expense(1)	**(11.97)**	(10.73)	**(10.84)**	(10.79)
Accretion expense(1)	**(0.23)**	(0.25)	**(0.27)**	(0.30)
Amortization of deferred financing fees	**(0.11)**	(0.17)	**(0.13)**	(0.34)
Gain on sale of assets(1)	**-**	-	**0.32**	3.25
Deferred income tax expense(1)	**(1.06)**	(1.57)	**(2.22)**	(2.99)
Net Income(1)	**1.83**	4.93	**5.20**	7.16
FINANCIAL				
Petroleum and natural gas revenue ($000)	**70,261**	57,072	**264,587**	189,978
Cash flow ($000)(1)(2)	**30,400**	27,865	**130,826**	95,241
Per share – basic ($)(1)(2)	**0.24**	0.22	**1.04**	0.76
Per share – diluted ($)(1)(2)	**0.23**	0.22	**1.00**	0.74
Net income ($000)(1)	**3,333**	7,431	**34,454**	34,163
Per share – basic ($)(1)	**0.03**	0.06	**0.27**	0.27
Per share – diluted ($)(1)	**0.03**	0.06	**0.26**	0.27
Common shares outstanding				
End of period – basic	**126,745,577**	125,129,234	**126,745,577**	125,129,234
End of period – diluted	**140,152,250**	137,316,486	**140,152,250**	137,316,486
Weighted average shares for period – basic	**126,731,919**	124,994,761	**126,282,910**	124,629,761
Weighted average shares for period – diluted(1)	**132,216,022**	128,418,091	**131,444,878**	128,520,068
Capital expenditures, net ($000)(1)	**81,023**	45,730	**237,480**	214,924
Working capital deficiency ($000)	**48,598**	3,956	**48,598**	3,956
Non-revolving term credit facilities ($000)	**68,925**	-	**68,925**	-
Revolving credit facilities ($000)	**319,500**	333,468	**319,500**	333,468
Total debt ($000)	**437,023**	337,424	**437,023**	337,424

(1) Prior period amounts restated to comply with the requirements of International Financial Reporting Standards.

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

2011 Production

2011 average production was 18,136 boe per day, which is a 39% increase over 2010 average production of 13,079 boe per day.

Production consisted of approximately 75% natural gas and 25% crude oil and natural gas liquids in 2011, as compared to 73% natural gas and 27% crude oil and natural gas liquids in 2010.

The increase in production was achieved through the success of Birchcliff's capital drilling program and the commencement of operation of Phases I and II of Birchcliff's 100% owned and operated PCS Gas Plant in March and November of 2010, respectively.

2011 Cash Flow and Earnings

2011 cash flow was approximately $130.8 million or $1.04 per basic share, a 37% increase from 2010.

Birchcliff recorded net income of $34.5 million ($0.27 per basic share) in 2011 as compared to $34.2 million ($0.27 per basic share) in 2010. Excluding the gain on sale of assets and its tax effect, Birchcliff recorded net income of $32.9 million in 2011 as compared to $22.5 million in 2010. These 2011 earnings are significant as the average sales price of natural gas dropped 9% from December 31, 2010 to December 31, 2011, resulting in reduced margins, yet Birchcliff remained profitable on a full cycle basis, indicating that its resource plays and business model continue to be economic.

2011 Debt and Capitalization

At December 31, 2011, Birchcliff had drawn $388.4 million from its available bank debt credit facilities aggregating $520 million. As such, Birchcliff has significant credit capacity and financial flexibility. At December 31, 2011, Birchcliff's working capital deficiency was $48.6 million and total debt was $437.0 million.

Birchcliff expects that as a result of its significant 2011 reserve additions, its bank credit facilities will be increased during its normal credit review in May 2012.

At December 31, 2011, Birchcliff had 126,745,577 basic common shares outstanding and 140,152,250 diluted common shares.

2011 Operating Costs

Operating costs per boe (excluding transportation and marketing costs) were $6.75 per boe, down 11% from $7.59 per boe in 2010 and down 24% from $8.89 per boe in 2009. The decrease is largely due to the operating benefits achieved from processing natural gas through Phases I and II of the PCS Gas Plant, which commenced operations in March 2010 and November 2010 respectively. Net of recoveries, operating costs in 2011 for production at our PCS Gas Plant was $0.21 per Mcfe.

PCS Gas Plant Operating Netback

AECO natural gas spot price averaged $3.63 per Mcf during 2011 and Birchcliff received $3.98 per Mcfe, a premium to the AECO natural gas spot price due to the heat value of its natural gas and the value of the recovered liquids. As a result, the estimated operating netback for Birchcliff's Montney/Doig natural gas wells producing to the PCS Gas Plant was approximately $3.24 per Mcfe ($19.46 per boe) during 2011.

PCS GAS PLANT ECONOMICS

		2011[1]
PRODUCTION TO PCS GAS PLANT		
Average daily production, net to Birchcliff:		
Natural gas – thousands of cubic feet		40,334
NGLs – barrels		96
Total – barrels of oil equivalent (6:1)		**6,818**
NETBACK AND COST	**$Mcfe**	**$/boe**
Petroleum and natural gas revenue	3.98[2]	23.88
Royalty expense	(0.26)	(1.55)
Operating expense, net of recoveries	(0.21)	(1.28)
Transportation and marketing expense	(0.27)	(1.59)
Estimated operating netback[3]	**3.24**	**19.46**

(1) Phases I and II of the PCS Gas Plant commenced operations in March and November 2010, respectively, and therefore the 2010 data is not comparable.

(2) Premium price resulting from the heat value of natural gas being processed at the PCS Gas Plant and the value of the recovered liquids. AECO natural gas spot averaged $3.63 per Mcf during 2011.

(3) The estimated operating netback is based upon certain cost allocations and accruals directly related to Phases I and II of the PCS Gas Plant and related wells and infrastructure, and are disclosed on a production month basis.

2011 Recycle Ratios

The following table shows Birchcliff's operating and cash flow netback recycle ratios, which are calculated in each case by dividing the average operating netback per boe or cash flow netback per boe, as the case may be, by each of the finding and development costs ("**F&D**") and the finding, development and acquisition costs ("**FD&A**").

Recycle Ratios	Operating Netback Recycle Ratio 2011	Operating Netback Recycle Ratio 2010	Cash Flow Netback Recycle Ratio 2011	Cash Flow Netback Recycle Ratio 2010
Recycle Ratio Excluding Future Development Capital				
F&D - Proved Plus Probable	**9.1**	4.7	**6.9**	3.8
FD&A - Proved Plus Probable	**8.9**	5.8	**6.8**	4.7
Recycle Ratio Including Future Development Capital				
F&D - Proved Plus Probable	**2.2**	2.6	**1.6**	2.1
FD&A - Proved Plus Probable	**2.1**	3.1	**1.6**	2.5

During 2011, the average WTI price of crude oil was US $95.10 per barrel and the average price of natural gas at AECO was Cdn $3.63 per MMbtu. Operating netback per boe for 2011 was $26.14. Cash flow netback per boe for 2011 was $19.76.

2011 Drilling and Completion

Birchcliff's 2011 drilling program, which offered a mixture of moderate to high impact development and exploration prospects, focused on our two resource plays, the Montney/Doig Natural Gas Resource Play and the Worsley Light Oil Resource Play. During 2011, Birchcliff drilled 53 (44.8 net) wells. These wells included 24 (20.3 net) natural gas wells, and 28 (23.5 net) oil wells, 1 (1.0 net) well drilled for the purpose of an acid gas disposal well and no dry holes for a 100% success rate.

In the Pouce Coupe area Birchcliff drilled 23 (19.3 net) Montney/Doig horizontal natural gas wells utilizing multi-stage fracture stimulation technology. Birchcliff contines to expand the Montney/Doig Natural Gas Resource Play both geographically and stratigraphically, as 6 (6.0 net) of the 23 (19.3 net) Montney/Doig horizontal natural gas wells were exploration successes. Of those, 1 was in the Basal Doig/Upper Montney Play and the other 5 were in the Middle/Lower Montney Play. Birchcliff also drilled 1 (1.0 net) successful Montney/Doig vertical exploration well. Birchcliff also drilled an acid gas disposal well as a back-up disposal well for the PCS Gas Plant in order to provide operational flexibility with the commissioning of Phase III of the PCS Gas Plant.

Drilling activities at Worsley included 3 (3.0 net) vertical oil wells and 15 (15.0 net) horizontal oil wells on our Worsley Light Oil Resource Play. The program included exploration success expanding the Worsley Light Oil Resource Play with 1 vertical well and 2 horizontal wells.

In 2011, Birchcliff continued to expand its use of horizontal drilling and multi-stage fracture stimulation technology. Success was encountered on 2 (1.5 net) wells targeting light oil in the Halfway formation and 1 (0.5 net) well targeting light oil in the Doig formation.

Birchcliff drilled its first horizontal and multi-stage fractured Halfway oil well (67% working interest) in 2010. In 2011, the first follow-up horizontal Halfway oil well (50% working interest) was brought on production in December 2011 with an initial production rate in excess of 1,200 boe per day, being 1,000 barrels per day of oil and 237 boe per day of gas, (600 boe per day net to Birchcliff). Current production is 973 boe per day, being 744 barrels per day of oil and 229 boe per day of gas, (486 boe per day net to Birchcliff). The second follow-up horizontal Halfway oil well (100% working interest) was drilled in the fall 2011 and will be brought on production shortly. This well tested 828 boe per day at a tubing flowing pressure of 8,150 kPa with 14 bbls/MMscf liquids.

Birchcliff drilled a successful horizontal and multi-stage fractured Doig well (50% working interest) that had an initial production rate of 320 boe per day, being 250 barrels of oil per day and 70 boe per day of gas, (160 boe per day net to Birchcliff). Production is currently restricted due to liquid handling capacity issues at a third party facility with a current production rate of 100 boe per day (70 barrels per day of oil and 30 boe per day of gas).

Birchcliff was also active in the Progress area drilling 2 (0.9 net) vertical and 5 (2.7 net) horizontal wells, all of which were successful, on its Doe Creek light oil pool.

2011 Land

During 2011, Birchcliff acquired 110,464 (110,464 net) acres of undeveloped land, all in its core area of the Peace River Arch of Alberta. Birchcliff's undeveloped land base at December 31, 2011 consisted of 531,903 (493,968 net) undeveloped acres, which is a 93% average working interest. This is an 8.1% increase over the 2010 year end net undeveloped land base of 500,069 (456,952 net) undeveloped acres. Further, this is a 658% increase over the 75,000 net undeveloped acres Birchcliff acquired in the significant Peace River Arch area acquisition completed on May 31, 2005.

Birchcliff's land base primarily consists of large contiguous blocks of high working interest acreage located near facilities owned and/or operated by Birchcliff or near third party infrastructure. A significant amount of the land purchased is a direct result of the exploration and development success by Birchcliff in the Peace River Arch area. The vast majority of the new land has been purchased without partners at 100% working interest.

2011 New Tight/Shale Oil Resource Play Development

In Birchcliff's core area of the Peace River Arch, numerous industry competitors have announced significant developments on a number of new Tight/Shale Oil Resource Plays. Throughout 2011 and the beginning of 2012, there have been significant lands posted and acquired in the Peace River Arch area and numerous new wells have been drilled and completed targeting these new resource plays, including the Montney, Charlie Lake, Nordegg and the Duvernay. We continue to spend significant time analyzing and evaluating various new resource plays in the Peace River Arch area.

In 2011 Birchcliff has acquired 110,464 (110,464 net) acres of undeveloped lands that we believe are prospective for one or more of these new resource plays. As is consistent with our corporate strategy, Birchcliff has acquired several large contiguous blocks at 100% working interest. Some of these lands are also prospective for the Montney/Doig Natural Gas Resource Play or the Worsley Light Oil Resource Play.

We are early in the development of these new resource plays, however, based on the high level of industry activity and our internal technical evaluation, we are optimistic about their potential ultimate value.

2011 FOURTH QUARTER RESULTS

Birchcliff's average production in the fourth quarter of 2011 was 19,812 boe per day, a 12% increase from 17,648 boe per day in the third quarter of 2011 and a 21% increase from 16,375 boe per day in the fourth quarter of 2010.

Cash flow generated by the Corporation in the fourth quarter of 2011 was $30.4 million as compared to $33.8 million in the third quarter of 2011 and $27.9 million in the fourth quarter of 2010.

Excluding the gain on sale of assets and its tax effect, Birchcliff recorded net income of $3.3 million in the fourth quarter of 2011 as compared to $9.1 million in the third quarter of 2011 and $7.4 million in the fourth quarter of 2010.

Total capital expenditures (excluding minor acquisitions and dispositions) in the fourth quarter of 2011 were $81.0 million as compared to $73.7 million in the third quarter of 2011 and $45.7 million in the fourth quarter of 2010.

Total debt (including working capital deficit) was $437.0 million at December 31, 2011 as compared to $386.3 million at September 30, 2011 and $337.4 million at December 31, 2010. Total bank debt at December 31, 2011 was $388 million, against available lines of credit of $520 million.

DECEMBER 31, 2011 RESERVES EVALUATION

Deloitte & Touche LLP ("**AJM Deloitte**"), independent qualified reserves evaluators and auditors of Calgary, Alberta, prepared a Reserves Assessment and Economic Evaluation effective December 31, 2011 in respect of Birchcliff's oil and natural gas properties, which is contained in a report dated February 21, 2012 (the "**AJM Deloitte Evaluation**"). AJM Deloitte also prepared a reserves evaluation effective June 30, 2011 and a predecessor of AJM Deloitte, AJM Petroleum Consultants prepared a reserves evaluation effective December 31, 2010. Reserves estimates stated herein as at December 31, 2011 and 2010 are extracted from the relevant evaluation. The AJM Deloitte Evaluation and the prior reserves evaluations have been prepared in accordance with the standards contained in the Canadian Oil and Gas Evaluation Handbook ("**COGEH**") and National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* ("**NI 51-101**").

At December 31, 2011, AJM Deloitte estimated that Birchcliff had **275.4 MMboe** of proved plus probable reserves and **156.2 MMboe** of total proved reserves. Birchcliff's proved plus probable reserves are comprised of 85% natural gas and 15% light oil and natural gas liquids.

The following table summarizes AJM Deloitte's estimates of Birchcliff's working interest oil and natural gas reserves at December 31, 2011 and December 31, 2010, using AJM Deloitte forecast price assumptions in effect at the evaluation date.

	Dec 31, 2011 MMboe	Dec 31, 2010 MMboe	% Increase from Dec 31, 2010
Proved Developed Producing	**38.7**	30.8	**25.6%**
Total Proved	**156.2**	114.0	**37.0%**
Probable	**119.3**	87.1	**37.0%**
Proved Plus Probable	**275.4**	201.1	**36.9%**

The following table summarizes AJM Deloitte's estimates at December 31, 2011 of Birchcliff's future net revenue attributable to its oil and natural gas reserves before deducting future income tax expenses at various discount rates. AJM Deloitte relied upon its December 31, 2011 forecast of commodity prices which can be found at http://www.ajmpc.com/price-forecasts.html.

NET PRESENT VALUE OF FUTURE NET REVENUE(1)
Before Income Taxes Discounted at % per year
(Forecast Prices and Costs)

	0% (MM$)	5% (MM$)	8% (MM$)	**10% (MM$)**	15% (MM$)	20% (MM$)
PROVED						
Developed Producing	1,291.1	992.1	871.1	**806.1**	681.1	592.0
Developed Non-Producing	178.3	139.2	122.3	**113.0**	94.5	80.9
Undeveloped	2,764.2	1,697.6	1,284.9	**1,070.2**	677.4	418.9
TOTAL PROVED	4,233.6	2,828.9	2,278.3	**1,989.3**	1,453.0	1,091.8
PROBABLE	4,187.1	2,252.1	1,627.7	**1,330.8**	838.7	552.9
PROVED PLUS PROBABLE	8,420.7	5,081.0	3,906.0	**3,320.2**	2,291.7	1,644.7

(1) National Instrument 51-101 requires the inclusion of the following statement: Estimates of future net revenues whether discounted or not do not represent fair market value.

The net present value of Birchcliff's proved plus probable reserves (NPV 10%) increased by 29.3%, notwithstanding the AJM Deloitte natural gas price forecast in the AJM Deloitte Evaluation for the years 2012 through 2016 decreased by more than 15.6%. The AJM Deloitte natural gas price forecast is approximately $0.87 per MMbtu lower than the forecast used by AJM Deloitte for the same years in its December 31, 2010 reserves evaluation.

Based on AJM Deloitte's estimates of Birchcliff's reserves at December 31, 2011:

- **Proved plus probable reserves of 275.4 MMboe,** a **36.9% increase** from December 31, 2010;
- **Total proved reserves of 156.2 MMboe**, a **37.0% increase** from December 31, 2010;
- **Proved developed producing reserves of 38.7 MMboe**, a **25.6% increase** from December 31, 2010;
- **Net present value of proved plus probable reserves** (NPV 10%) **of $3.3 billion**, a **29.3% increase** from December 31, 2010. Additional value for Birchcliff's substantial, high working interest, undeveloped land base is not included in this calculation;
- **Net present value of total proved reserves** (NPV 10%) **of $2.0 billion**, a **24.3% increase** from December 31, 2010;
- **Net present value of proved developed producing reserves** (NPV 10%) **of $806 million**, a **24.6% increase** from December 31, 2010;
- Birchcliff added **2.2 boe** of proved developed producing reserves for each boe that was produced during the year (**220% reserve replacement** on a proved developed producing basis);
- Birchcliff added **12.2 boe** of proved plus probable reserves for each boe that was produced during the year (**1,223% reserve replacement** on a proved plus probable basis); and

- Birchcliff **increased its proved plus probable reserves per share by 35.2%** and its **total proved reserves per share by 35.3%** from December 31, 2010, determined using basic shares outstanding at year end.

Finding and Development Costs

During 2011, Birchcliff's net capital expenditures were $237.5 million, which was comprised of approximately $239.4 million for exploration and development (including $58.1 million for gas plant construction, pipelines, facilities and well equipment) and $1.0 million for administrative assets, and less $2.9 million for net dispositions.

The following table sets forth Birchcliff's estimates of its finding and development costs ("**F&D**") and finding, development and acquisition costs per boe ("**FD&A**") excluding future development capital and including future development capital on a total proved and proved plus probable basis.

FD&A Costs per boe Excluding Future Development Capital	**2011**	**2010**	**2009**	**Three Year Average**
F&D - Total Proved	**$4.77**	$9.09	$2.57	$5.01
F&D - Proved Plus Probable	**$2.88**	$5.49	$1.57	$3.04
Acquisitions – Total Proved	**$732.34**	$0.62	$8.84	$3.06
Acquisitions – Proved Plus Probable	**$36.11**	$0.31	$6.32	$1.57
FD&A - Total – Total Proved	**$4.85**	$7.61	$2.63	$4.80
FD&A - Total – Proved Plus Probable	**$2.92**	$4.49	$1.61	$2.89
FD&A Costs per boe Including Future Development Capital(1)				
F&D – Total Proved	**$13.15**	$13.01	$7.12	$11.10
F&D – Proved Plus Probable	**$12.01**	$9.89	$5.36	$9.33
Acquisitions – Total Proved	**$732.34**	$0.62	$8.84	$3.06
Acquisitions – Proved Plus Probable	**$36.11**	$0.31	$6.32	$1.57
FD&A - Total – Total Proved	**$13.47**	$11.12	$7.13	$10.79
FD&A - Total – Proved Plus Probable	**$12.31**	$8.34	$5.37	$9.04

(1) Includes the increase in future development capital for 2011 over 2010 of $420.7 million on a proved basis and $759.5 million on a proved plus probable basis.

AJM Deloitte's estimates of future development costs are **$1.19 billion on a total proved basis** and **$1.90 billion on a proved plus probable basis**, which includes (a) approximately $54 million of remaining capital to be spent in 2012 for the Phase III expansion of the PCS Gas Plant from 60 MMcf per day to 120 MMcf per day of total capacity and (b) approximately $130 million for the Phase IV expansion of the PCS Gas Plant from 120 MMcf per day to 240 MMcf per day of total capacity. The increase in future development capital for 2011 over 2010 is $421 million on a total proved basis and $760 million on a proved plus probable basis.

Reserve Life Index

Birchcliff's reserve life index is **36 years** on proved plus probable basis and **20 years** on a total proved basis, in each case using reserves estimates at December 31, 2011 and assuming an average daily production rate of 21,100 boe per day.

Montney/Doig Natural Gas Resource Play Reserve Details

AJM Deloitte estimated that Birchcliff had 227.7 MMboe of proved plus probable reserves attributed to horizontal wells on the Montney/Doig Natural Gas Resource Play. This is an increase of 43.7% from 158.4 MMboe proved plus probable reserves attributed to horizontal wells on the Montney/Doig Natural Gas Resource Play at December 31, 2010.

The following tables summarize AJM Deloitte's estimates of reserves attributable to Birchcliff's horizontal wells on the Montney/Doig Natural Gas Resource Play, the number of horizontal wells to which reserves were attributed and the future capital associated with such reserves.

MONTNEY/DOIG NATURAL GAS RESOURCE PLAY RESERVES DATA

	Natural Gas (bcf)		Natural Gas Liquids (mbbl)		Total (mboe)		Existing Horizontal Wells and Future Horizontal Well Locations				Net Future Capital (MM$)	
							Gross		Net			
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011(1)	2010
Proved Developed Producing	**147.7**	99.3	**808.3**	658.2	**25,424.2**	17,213.6	**68**	48	**56.8**	40.0	**0**	0
Total Proved	**737.1**	494.4	**4,238.5**	3,570.6	**127,094.1**	85,970.0	**284**	221	**232.8**	177.3	**1,027.1**	596.7
Proved Plus Probable	**1,316.8**	910.5	**8,216.2**	6,653.2	**227,676.9**	158,403.2	**425**	321	**352.7**	259.0	**1,605.1**	938.3

(1) Includes approximately $54 million and $130 million of capital respectively, for the Phase III and Phase IV expansions of the PCS Gas Plant to total processing capacity of 240 MMcf per day.

MONTNEY/DOIG LAND AND HORIZONTAL WELLS DATA	2011		2010	
	Gross	Net	Gross	Net
Number of sections to which AJM Deloitte attributed reserves	**98.5**	**83.4**	91.2	76.1
Number of existing wells and future horizontal well locations to which AJM Deloitte attributed reserves	**425.0**	**352.7**	321.0	259.0
Average proved plus probable reserves attributed by AJM Deloitte per existing horizontal well	**4.3 Bcfe**		4.2 Bcfe	
Average proved plus probable reserves attributed by AJM Deloitte per future horizontal well location	**4.0 Bcfe**		3.9 Bcfe	
Average cost per well as forecast by AJM Deloitte	**$4.8 million**		$4.0 million	
Average number of net existing horizontal wells and future horizontal well locations per net section to which reserves were attributed by AJM Deloitte	**4.2**(1)		3.4	

(1) Currently, the average number of net existing horizontal wells and future horizontal well locations per net section, to which Basal Doig/Upper Montney reserves were attributed by AJM Deloitte, is 3.4 wells per section and to which Middle/Lower Montney reserves were attributed by AJM Deloitte, is 2.4 wells per section.

AJM Deloitte has attributed Montney/Doig Proved plus Probable reserves to 98.5 (83.4 net) sections of land. Drilling success during 2011 in the Middle/Lower Montney Play, has resulted in significant reserve assignments by AJM Deloitte to **74.2** (**63.3** net) sections of land, an increase of 23.1 net sections of land since 2010. AJM Deloitte has assigned reserves in the Basal Doig/Upper Montney Play to 71.5 (58.9 net) sections of land. There are now **47.2** (**38.8** net) sections to which AJM Deloitte has assigned reserves in respect of both the Basal Doig/Upper Montney Play and the Middle/Lower Montney Play.

Birchcliff believes that the ultimate recovery from its Montney/Doig horizontal natural gas wells will continue to improve year over year as production declines continue to flatten. In addition, as drilling and completion technologies continue to improve, recovery factors and production rates in this unconventional reservoir should also improve.

Worsley Light Oil Resource Play Reserve Details

At December 31, 2011, AJM Deloitte estimated that Birchcliff had reserves of 31.3 MMboe proved plus probable; and 18.8 MMboe total proved in the Worsley Charlie Lake Pool. This continues the growth trend for Birchcliff's Worsley reserves since July 1, 2007 (being the effective date of the acquisition), when recoverable reserves were estimated at 15.1 MMboe proved plus probable and 11.3 MMboe total proved. Both the original oil in place and the estimated recoverable reserves continue to grow and Birchcliff is pleased to report that the Worsley light oil pool continues to prove itself as a top quality asset.

HISTORY OF RESERVES ESTIMATED FOR WORSLEY CHARLIE LAKE POOL (MMboe)

	Dec 31, 2011	Dec 31, 2010	Dec 31, 2009	Dec 31, 2008	Dec 31, 2007	July 1, 2007
Total Proved	**18.8**	18.8	18.3	17.5	15.0	11.3
Proved Plus Provable	**31.3**	28.2	26.3	24.6	21.2	15.1

DECEMBER 31, 2011 MONTNEY/DOIG NATURAL GAS RESOURCE ASSESSMENT

AJM Deloitte prepared an independent Resource Assessment effective December 31, 2011 in respect of Birchcliff's lands that have potential for the Montney/Doig Natural Gas Resource Play, which is contained in a report dated March 8, 2012 (the "**AJM Deloitte Resource Assessment**"). AJM Deloitte also prepared a resource assessment effective June 30, 2011 and a predecessor of AJM Deloitte, AJM Petroleum Consultants prepared a resource assessment effective December 31, 2010. Resource estimates stated herein as at December 31, 2011 and 2010 are extracted from the relevant evaluation. The AJM Deloitte Resource Assessment and the prior resource assessments have been prepared in accordance with the standards contained in the Canadian Oil and Gas Evaluation Handbook ("**COGEH**") and National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* ("**NI 51-101**").

All resource data disclosed herein are extracted from the AJM Deloitte Resource Assessment and reflects only Birchcliff's working interest share of resources for its lands in the area covered by the AJM Deloitte Resource Assessment (the "**Study Area**"). The AJM Deloitte Resource Assessment does not include Birchcliff's Worsley Light Oil Resource Play or any of Birchcliff's other properties.

At December 31, 2011 on the Montney/Doig Natural Gas Resource Play, AJM Deloitte estimated that Birchcliff had **1.38 Tcfe (229.3 million boe)** of proved plus probable reserves and on a best estimate case:

- **39.05 Tcfe of Total Petroleum Initially-In-Place ("PIIP")**;
- **7.30 Tcfe of Total Discovered PIIP**;
- **31.74 Tcfe of Total Undiscovered PIIP**;
- **15.51 Tcfe of Prospective Resources**; and
- **2.15 Tcfe of Contingent Resources**, which are of similar technical quality as the proved plus probable reserves attributed in the AJM Deloitte Evaluation to lands within the Study Area, but are not included in the proved plus probable category because they are subject to contingencies that primarily relate to the forecast timing of their development.

Background to the Montney/Doig Natural Gas Resource Assessment

Birchcliff holds significant high working interest acreage in large contiguous blocks on the Montney/Doig Natural Gas Resource Play in the Peace River Arch area of Alberta. Birchcliff's lands are proximal to its 100% owned PCS Gas Plant and to third party gathering and processing infrastructure.

The area assessed by AJM Deloitte comprised of the Doig Phosphate, Basal Doig, and Montney formations in the greater Pouce Coupe, Elmworth and Bezanson areas of the Peace River Arch region of Alberta, ranging from Townships 69 to 81, Ranges 1 to 14W6 (the "**Study Area**"). The Study Area is bounded in a northwest – southeast direction by the Montney/Doig Deep Basin Edges and covered a total of 312 (275.7 net) sections of land held by Birchcliff at December 31, 2011, which includes:

- 290 (263.0 net) sections of land that has Montney rights and has potential for the Middle/Lower Montney Play; and
- 245 (214.0 net) sections of land that has Doig rights and has potential for the Basal Doig/Upper Montney Play.

AJM Deloitte utilized probabilistic methods to generate high, best, and low estimates of these volumes. Results from the AJM Deloitte Resource Assessment are presented in the following table for Birchcliff's working interest share of the gross volumes. Proved and proved plus probable and proved plus probable plus possible reserves determined by the AJM Deloitte Evaluation are included in this table for completeness, however reserves were not the focus of the AJM Deloitte Resource Assessment.

Summary of Birchcliff Reserves and Resources on Birchcliff Lands[1]

	Resource Class	Low Estimate Case	Best Estimate Case	High Estimate Case
		Working Interest Bcfe		
Discovered	Cumulative Production [2]	63.9	63.9	63.9
Discovered	Remaining Reserves [2][3]	769.6	1,376.0	2,279.1
Discovered	Surface Loss/Shrinkage	47.6	83.2	135.2
Discovered	Total Commercial	881.1	1,523.1	2,478.2
Discovered	Contingent Resources	2,056.5	2,149.6	2,290.8
Discovered	Unrecoverable [4]	3,670.9	3,631.5	3,576.5
Discovered	Total Sub-Commercial	5,727.4	5,781.1	5,867.3
Discovered	Total Discovered PIIP	6,608.5	7,304.2	8,345.6
Undiscovered	Prospective Resources	11,695.2	15,514.9	20,771.7
Undiscovered	Unrecoverable [4]	15,740.6	16,229.4	16,121.9
Undiscovered	Total Undiscovered PIIP	27,435.8	31,744.3	36,893.6
	Total Petroleum Initially In Place (PIIP)	34,044.3	39,048.5	45,239.2

Notes:

(1) All volumes at December 31, 2011. All Reserves and Resources are gross volumes, which are equal to Birchcliff's working interest share before deduction of royalties and without including any royalties held by Birchcliff.

(2) Sales gas and related natural gas liquids.

(3) Includes reserves assigned to both vertical and horizontal Montney/Doig wells. The best estimate reflects the estimate of proved plus probable reserves contained in the AJM Deloitte Evaluation. The low estimate reflects the estimate of proved reserves contained in the AJM Deloitte Evaluation. The high estimate reflects the estimate of proved plus probable plus possible reserves contained in the AJM Deloitte Evaluation.

(4) Unrecoverable includes surface loss/shrinkage on volumes of Contingent Resources and Prospective Resources. The unrecoverable portion of Undiscovered PIIP is those quantities determined not to be recoverable by future development projects. A portion of these resources may become recoverable in the future as commercial circumstances change or technological developments occur, but the remaining portion may never be recovered due to physical and/or chemical constraints of the reservoir rock and the fluid within it.

SHAREHOLDER SUPPORT

We thank Mr. Seymour Schulich who continues to provide his sage advice and support to our executive team. Mr. Schulich holds 33 million shares representing 26% of the current issued and outstanding shares.

OUTLOOK

Birchcliff expects further material production growth in 2012, primarily as a result of the Phase III expansion of the PCS Gas Plant, which will commence operation in the fourth quarter.

DEFINITIONS OF OIL AND GAS RESOURCES AND RESERVES

Uncertainty Ranges are described by the Canadian Oil and Gas Evaluation Handbook as low, best, and high estimates for reserves and resources as follows:

> **Low Estimate:** This is considered to be a conservative estimate of the quantity that will actually be recovered. It is likely that the actual remaining quantities recovered will exceed the low estimate. If probabilistic methods are used, there should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the low estimate.
>
> **Best Estimate:** This is considered to be the best estimate of the quantity that will actually be recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. If probabilistic methods are used, there should be at least a 50% probability (P50) that the quantities actually recovered will equal or exceed the best estimate.
>
> **High Estimate:** This is considered to be an optimistic estimate of the quantity that will actually be recovered. It is unlikely that the actual remaining quantities recovered will exceed the high estimate. If probabilistic methods are used, there should be at least a 10% probability (P10) that the quantities actually recovered will equal or exceed the high estimate.

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on the analysis of drilling, geological, geophysical and engineering data; the use of established technology; and specified economic conditions, which are generally accepted as being reasonable.

Reserves are classified according to the degree of certainty associated with the estimates:

> **Proved Reserves** are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.
>
> **Probable Reserves** are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.
>
> **Possible Reserves** are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves.

Resources encompasses all petroleum quantities that originally existed on or within the earth's crust in naturally occurring accumulations, including Discovered and Undiscovered (recoverable and unrecoverable) plus quantities already produced. "Total resources" is equivalent to "total Petroleum Initially-In-Place". Resources are classified in the following categories:

> **Total Petroleum Initially-In-Place ("PIIP")** is that quantity of petroleum that is estimated to exist originally in naturally occurring accumulations. It includes that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations, prior to production, plus those estimated quantities in accumulations yet to be discovered.
>
> **Discovered Petroleum Initially-In-Place** is that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production. The recoverable portion of discovered petroleum initially in place includes production, reserves, and contingent resources; the remainder is unrecoverable.

Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development but which are not currently considered to be commercially recoverable due to one or more contingencies.

Undiscovered Petroleum Initially-In-Place is that quantity of petroleum that is estimated, on a given date, to be contained in accumulations yet to be discovered. The recoverable portion of undiscovered petroleum initially in place is referred to as "prospective resources" and the remainder as "unrecoverable."

Prospective Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects.

Unrecoverable is that portion of Discovered and Undiscovered PIIP quantities which is estimated, as of a given date, not to be recoverable by future development projects. A portion of these quantities may become recoverable in the future as commercial circumstances change or technological developments occur; the remaining portion may never be recovered due to the physical/chemical constraints represented by subsurface interaction of fluids and reservoir rocks.

Production is the cumulative quantity of petroleum that has been recovered at a given date.

ADVISORIES

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, Tcfe or Bcfe Conversions: *Millions of cubic feet of gas equivalent ("**Mcfe**"), trillions of cubic feet of gas equivalent ("**Tcfe**") and billions of cubic feet of gas equivalent ("**Bcfe**") 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). Mcfe, Tcfe, Bcfe may be misleading, particularly if used in isolation. A Mcfe, Tcfe or Bcfe 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.*

Finding And Development Costs: *With respect to disclosure of finding and development costs disclosed in this press release:*

- *The amounts of finding and development and/or acquisition costs contained in the table and disclosure set forth above for each of the years 2009, 2010 and 2011 are calculated by dividing the total of the net amount of the particular costs noted in each line incurred during such year by the amounts of additions to proved reserves and proved plus probable reserves during such year that resulted from the expenditure of such costs.*

- *In calculating the amounts of finding and development and/or acquisition costs for a year, the changes during the year in estimated future development costs and in estimated reserves are based upon the evaluations of Birchcliff's reserves prepared by AJM Deloitte, or their predecessor, effective December 31 of such year.*

- *National Instrument 51-101 requires the inclusion of the following warning statement:*

  > *The aggregate of the exploration and development costs incurred in the most recent financial year and any change during that year in estimated future development costs generally will not reflect total finding and development costs related to reserves additions for that year.*

Reserves For A Portion Of Properties: *Reserves disclosure contained in this Press Release relates to a portion of the Corporation's properties. Accordingly, the estimates of reserves for individual properties may not reflect the same confidence level as estimates of reserves for all properties due to the effects of aggregation.*

Possible Reserves: *Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities of possible reserves actually recovered will be equal or exceed the sum of proved plus probable plus possible reserves.*

Discovered Resources: *With respect to the discovered resources (including contingent resources) described in this Press Release, there is no certainty that it will be commercially viable to produce any portion of the resources.*

Undiscovered Resources: *With respect to the undiscovered resources described in this Press Release (including prospective resources), there is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.*

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. Information relating to "reserves" and "resources" is forward-looking as it involves the implied assessment, based on certain estimates and assumptions, that the reserves and resources exist in the quantities estimated and that they will be commercially viable to produce in the future. 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 estimates of recoverable reserves and resource volumes, the Corporation's intention to expand processing facilities and drill and complete future wells; planned production increases and a public sale of the Corporation.*

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 estimates of reserves and resource volumes, a key assumption is the validity of the data used by AJM Deloitte in their independent reserves evaluation. With respect to estimates of numbers of future wells to be drilled, a key assumption is that geological and other technical interpretations performed by the Corporation's technical staff, which indicate that commercially economic reserves can be recovered from the Corporation's lands 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 estimates, operational risks, environmental risks, loss of market demand, general economic conditions affecting the 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 publicly traded company that trades on the TSX Exchange under the symbol "**BIR**".

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