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BIRCHCLIFF ENERGY LTD.

12-03 March 29, 2012

BIRCHCLIFF ENERGY LTD. TERMINATES CORPORATE SALE PROCESS, ANNOUNCES $72 MILLION BOUGHT DEAL FINANCING AND A $38 MILLION PRIVATE PLACEMENT AND 2012 BUDGET GUIDANCE

Calgary, Alberta - Birchcliff Energy Ltd. ("**Birchcliff**" **or the "Corporation**") **(TSX: BIR)** announced today that it has terminated its corporate sale process, it has entered into a bought deal equity financing and a private placement for combined aggregate gross proceeds of $110 million and it has released its 2012 budget guidance.

CORPORATE SALE PROCESS

Birchcliff's Board of Directors have terminated the corporate sale process announced on October 3, 2011. Birchcliff did not receive an acceptable offer reflecting the value of the Corporation.

Jeff Tonken, President and CEO of Birchcliff said, "During the process, Birchcliff's Board of Directors turned down one verbal non-binding offer and one written non-binding offer. In each case, the offer was at a premium to the then current market but did not represent sufficient value for the shareholders of the Corporation. Based on the significant recent decline in natural gas prices and the share price decline experienced by its industry peers, Birchcliff determined that continued negotiations would not result in a proposal that would reflect the long term value of Birchcliff's assets.

As a result, Birchcliff will continue to focus on its substantial resource base, grow through the drill bit and execute on its 2012 capital program and long-term development plan. Birchcliff remains in a position of strength with financial flexibility and a very focused, high working interest, operated, low-cost asset base with significant growth potential.

Birchcliff is focused on the long term value of its significant resource base. After completion of this equity financing Birchcliff will be well capitalized and we will continue to focus on running our business prudently and creating long term shareholder value without having to access the equity markets in the foreseeable future."

Mr. Seymour Schulich, Birchcliff's largest shareholder, who currently holds approximately 26% of the outstanding shares of Birchcliff said, "I believe that a sale of the Corporation at the bottom of the commodity price cycle will not achieve an appropriate value for Birchcliff's shareholders. I am pleased at this juncture to invest further with Mr. Tonken and his team and to continue as Birchcliff's major shareholder. In conjunction with Birchcliff's bought deal equity financing, I intend to purchase by way of private placement, 5 million common shares of Birchcliff for $38 million."

BOUGHT DEAL FINANCING AND PRIVATE PLACEMENT

Birchcliff has entered into a bought deal equity financing agreement with a syndicate of underwriters co-led by GMP Securities L.P., Cormark Securities Inc. and National Bank Financial Inc., and including CIBC World Markets Inc., HSBC Securities (Canada) Inc., and Stifel Nicolaus Canada Inc. (collectively, the "**Underwriters**"), pursuant to which the Underwriters have agreed to purchase on a "bought deal" basis, 8,075,000 common shares of Birchcliff (the "**Common Shares**") at a price of $7.65 per Common Share and 1,100,000 common shares to be issued on a "flow-through" basis (the "**Flow-Through Shares**") at a price of $9.20 per Flow-Through Share, for aggregate gross proceeds of $71.9 million (the "**Bought-Deal Offering**"). In addition, the Underwriters have been granted an over-allotment option, which may be exercised up to 30 days after closing of the Bought Deal Offering, to purchase up to an additional 1,211,250 Common Shares at a price of $7.65 per Common Share for further gross proceeds of $9.3 million which, if fully exercised, would increase the maximum gross proceeds raised from the Bought Deal Offering to $81.2 million.

Concurrent with the Bought-Deal Offering, Birchcliff has also entered into an agreement with Mr. Seymour Schulich pursuant to which Mr. Schulich (or entities controlled by him) will purchase 5,000,000 common shares of Birchcliff at a price of $7.65 per common share for aggregate gross proceeds of $38.3 million on a private placement basis (the "**Private Placement**").

Proceeds from each of the Bought Deal Offering and the Private Placement will initially be used to pay down the Corporation's bank debt which will then be re-drawn to fund a portion of the Corporation's ongoing capital program. The proceeds from the Bought Deal Offering and the Private Placement will provide the Corporation with greater financial flexibility so that it will be able to determine the most appropriate growth profile in light of future natural gas prices.

Pursuant to the terms of the Bought Deal Offering, the Common Shares and the Flow-Through Shares will be offered in all provinces of Canada (except Québec) by way of a short form prospectus and by way of private placement in the United States, pursuant to exemptions from the registration requirements in accordance with Rule 144A and/or Regulation D of the United Stated Securities Act of 1933, as amended.

Closing of the Bought Deal Offering and the Private Placement is expected to occur concurrently on or about April 19, 2012 and is subject to certain customary approvals including, but not limited to the receipt of all necessary approvals, including the approval of Toronto Stock Exchange.

Proceeds from the issuance of the Flow-Through Shares will be used to incur eligible Canadian Exploration Expenditures ("**CEE**") for purposes of the Income Tax Act (Canada) and such CEE will be renounced to subscribers of the Flow-Through Shares on or before December 31, 2012.

The securities offered have not been and will not be registered under the United Stated Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration of applicable exemption from registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there by any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

2012 BUDGET, CURRENT PRODUCTION AND OPERATIONS UPDATE

2012 Budget

Birchcliff is pleased to announce its 2012 capital budget of $292.2 million. Birchcliff expects to drill 32 (31.03 net) wells in 2012. Details of the budget are as follows:

2012 Budget	Gross Wells	Net Wells	Net Capital (MM$)
Drilling & Development			
Basal Doig/Upper Montney Horizontal Natural Gas Wells	3.0	3.0	27.2[1]
Mid/Lower Montney Horizontal Natural Gas Wells	17.0	17.0	122.1[1]
Completion, equipping and tie-in of 2011 Gas Wells			1.9
Worsley Charlie Lake Horizontal Oil Wells	11.0	11.0	34.8
Completion, equipping and tie-in of 2011 Worsley Charlie Lake Vertical Oil Wells			0.7
Other Oil Wells	1.0	0.03	0.2
Completion and Tie-in of 2011 Disposal Well			1.0
Total Drilling & Development	32.0	31.03	187.9
Facilities			67.7
Production Optimization			23.7
Land, Seismic & Other			12.9
Total Net Capital			**292.2**

(1) Includes costs of completions for some wells drilled in 2011.

Approximately $210.1 of the capital budget is directed toward the Phase III expansion of the Pouce Coupe South Gas Plant (the "**PCS Gas Plant**"), with $149.3 million to be spent for the drilling, completion and tie-in of Montney/Doig horizontal natural gas wells that will produce to the expanded PCS Gas Plant and $60.8 million to be spent on the Phase III expansion of the PCS Gas Plant, which includes an acid gas disposal well, minor upgrades and an associated gathering trunk line.

Based on the capital budgeted for 2012, Birchcliff's **2012 exit production rate** is expected to be approximately **26,000 boe per day**.

In light of currently low natural gas prices, Birchcliff has adopted a budget under which the number of Montney/Doig horizontal natural gas wells to be drilled in 2012 will only fill a portion of the processing capacity of the expanded PCS Gas Plant. This will leave Birchcliff with excess processing capacity at its own low cost plant that can be filled when natural gas prices improve.

The low operating costs associated with the PCS Gas Plant are demonstrated by the strong operating netbacks Birchcliff received from the production processed at the PCS Gas Plant recently during a period of very low natural gas prices. Birchcliff estimates that during the first 26 days of March 2012, the average AECO natural gas spot price per mcf was **$1.80** and the resultant operating netback for its Montney/Doig natural gas wells producing to the PCS Gas Plant was **$1.36 per mcfe**, which is calculated using the costs per mcfe for royalties, operating expenses (net of recoveries), transportation and marketing at average historical levels recorded during the period from January 1, 2011 to January 31, 2012.

In addition, Birchcliff is very pleased to announce that it is applying to re-licence its PCS Gas Plant to increase the processing capacity to 150 mmcf per day from the current licenced processing capacity of 120 mmcf per day. This re-licencing will recognize the expected actual processing capacity of the PCS Gas Plant once the Phase III expansion is completed but it will **not** require any further capital expenditures.

It is important to note that the processing capacity of the expanded PCS Gas Plant which remains unused in 2012 is expected to be sufficient to allow for significant annual average production growth in both 2013 and 2014 without the need for significant facilities capital. This future production growth will only require capital relating to the drilling, equipping, completion and tie-in of wells, the extent of which will be determined in light of prevailing natural gas prices.

Birchcliff intends to spend more capital in 2012 than its forecast 2012 cash flow for the following reasons:

- A significant portion of the capital costs of the Phase III expansion were committed in the third quarter of 2011 and most of that capital has already been spent.
- The low operating costs of Birchcliff's existing PCS Gas Plant continue to produce strong operating netbacks at current low natural gas prices. (See the netback analysis described above and below.)
- Birchcliff's substantially increased natural gas production volumes that are expected to come on stream once the Phase III expansion facilities commence operation in the 4th quarter of 2012 will benefit from the low operating costs of the expanded PCS Gas Plant and are expected to produce strong operating netbacks next winter when natural gas prices are forecast to be higher than at present.
- Light oil production at Worsley continues to increase and 2012 should see a further increase in oil production at Worsley. The Worsley light oil property continues to get bigger with operating netbacks of approximately $49.29 per boe in 2011. The strong well performance and drilling are being increasingly recognized by Birchcliff's independent engineering firm, AJM Deloitte, who in their December 31, 2011 reserves evaluation estimated future net revenues of Total Proved reserves (NPV10%) at Worsley at $621 million and future net revenues of Proved + Probable reserves (NPV10%) at Worsley at $927 million. Birchcliff's current enterprise value is $1.6 billion based on yesterday's closing share price and total debt at December 31, 2011.
- Birchcliff will be positioned for significant future production growth during the 4th quarter of 2012 and significant increases in its annual average production rates during 2013 and 2014 without incurring significant additional facilities capital.
- After 2012, Birchcliff will be in a position to adjust its capital spending to better match its cash flows and focus its capital spending on the drilling and completion of wells rather than the construction of further facilities.

Birchcliff's post 2012 production growth profile will be dependent on then prevailing and expected natural gas prices.

2012 Production

Current production based on field estimates is approximately 21,100 boe per day.

Birchcliff expects that its Phase III expansion of its PCS Gas Plant will commence operations during the fourth quarter of 2012 and that this will result in a 2012 exit production rate of approximately 26,000 boe per day.

The 2012 exit production forecast assumes that no unexpected outages occur in the infrastructure that Birchcliff relies on to produce its wells and that existing wells and future wells continue to meet production expectations.

2012 Operations Update

Currently Birchcliff has 2 drilling rigs active at Pouce Coupe drilling Montney/Doig horizontal natural gas wells.

Most of the major components required for the Phase III expansion of the PCS Gas Plant have been fabricated and approximately half of those components have been delivered to the site. Field construction commenced in February and overall the project is on schedule for commencement of operations during the fourth quarter of 2012.

Please refer to Birchcliff's Press Release issued on March 14, 2012 for further 2012 drilling statistics.

Annual Credit Facilities Review

Birchcliff has commenced discussions with its banking syndicate in respect of the annual review of its credit facilities. Birchcliff expects that because of the significant increase in proved developed producing reserves that it achieved in 2011, its credit facilities will be increased once again as a result of this annual review.

OUTLOOK

Our 2012 goal is to convert long life reserves into production. We see continued significant production and reserves growth from our existing asset base in 2012 and beyond.

Birchcliff has established two significant resource plays. The 2011 reserve additions demonstrate that Birchcliff has the ability to add reserves and production on a low cost and repeatable basis. Birchcliff has a 36 year reserve life index on a proved plus probable basis, calculated using a current production rate of 21,100 boe per day. In addition, the Worsley light oil play continues to grow.

Construction of Phase III of the PCS Gas Plant will allow us to continue to grow production, cash flow and reserves. This will also allow Birchcliff to move a significant amount of reserves into the proved developed producing category, which is key in maximizing shareholder value. The PCS Gas Plant, in addition to a number of other initiatives, has resulted in a significant reduction in net operating costs on a per boe basis, making Birchcliff a low cost producer, in addition to a low cost finder.

PCS Gas Plant Economics

Currently, approximately 55% of our corporate natural gas production is processed at our PCS Gas Plant, which has extremely low operating costs per boe. The vast majority of Birchcliff's future natural gas production growth is expected to be processed at its PCS Gas Plant.

In 2011, Birchcliff received a premium of approximately 10% to the AECO natural gas spot price per mcf due to a combination of the heat value of its natural gas and the value of the recovered liquids. During 2011, the AECO natural gas spot price averaged **$3.63 per mcf** and the reported operating netback for Birchcliff's Montney/Doig natural gas wells producing to the PCS Gas Plant was approximately **$3.24 per mcfe.**

Birchcliff estimates that during the first 26 days of March 2012, the average AECO natural gas spot price per mcf was **$1.80** and the resultant operating netback for its Montney/Doig natural gas wells producing to the PCS Gas Plant was **$1.36 per mcfe**, which is calculated using the costs per mcfe for royalties, operating expenses (net of recoveries), transportation and marketing at average historical levels recorded during the period from January 1, 2011 to January 31, 2012.

Birchcliff expects that the low net processing costs that Birchcliff experiences at its PCS Gas Plant will allow Birchcliff to continue to achieve strong operating netbacks on its future incremental natural gas production even in the face of low natural gas prices.

Our track record to date demonstrates Birchcliff is a low cost finder of reserves and a low cost producer. This low cost structure separates Birchcliff from its competitors especially at the bottom end of the natural gas price cycle.

The quality of the asset base, the skill and determination of our employees and the unwavering support of our major shareholder Mr. Seymour Schulich, make us confident that we will continue to enjoy success and create value for our shareholders.

We look forward to another excellent year.

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.*

Estimates of Future Net Revenues: *NI 51-101 requires the inclusion of the following cautionary statement: Estimates of future net revenues whether discounted or not do not represent fair market value.*

Reserves For Portion of Properties: *With respect to the disclosure of future net revenue contained herein relating to portions of Birchcliff's properties, the estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of future net revenues for all properties due to the effects of aggregation.*

Non-IFRS Measures: *This Press Release contains the term "operating netback" which does not have a standardized meaning prescribed by International Financial Reporting Standards and therefore may not be comparable to measures other companies where similar terminology is used. Operating netback denotes petroleum and natural gas revenue less royalties, less operating expenses (net of recoveries) and less transportation and marketing expenses.*

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" is forward-looking as it is a forecast of quantities of hydrocarbons that can be economically recovered and sold in the future or a forecast of the net future revenues that can be realized from the recovery and sale of such hydrocarbons. 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 the anticipated use of proceeds of the Bought Deal Offering and the Private Placement, the anticipated closing date of the Bought Deal Offering and the Private Placement, estimates of future net revenues from the Corporation's reserves, the Corporation's intention to expand processing facilities and drill and complete future wells and planned production increases.*

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. A key assumption with respect to estimates by a reserves evaluator of future net revenue from the Corporation's reserves is that the data relied upon by such *reserves evaluator in making such estimates is valid. The anticipated closing date of the Bought Deal Offering and Private Placement assumes that prior to that 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 Bought Deal Offering and the Private Placement closes as contemplated. With respect to estimates of numbers of future wells to be drilled and future production rates, 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. With respect to the timing of commencement of operation of expanded processing facilities, a key assumption is that no events beyond the control of the Corporation will occur that prevent or unduly delay construction and commissioning of such facilities.*

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 risk factors that could render assumptions relating to the Bought Deal Offering and the Private Placement invalid are primarily events beyond the Corporation's control that preclude the Corporation from satisfying all applicable pre-conditions.

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 Toronto Stock Exchange under the symbol "**BIR**".

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