12-14 November 14, 2012

BIRCHCLIFF ENERGY LTD. ANNOUNCES RECORD CURRENT PRODUCTION LEVELS, INCREASED 4TH QUARTER AVERAGE PRODUCTION TARGET AND STRONG THIRD QUARTER RESULTS

Calgary, Alberta - Birchcliff Energy Ltd. ("Birchcliff") (TSX: BIR) is pleased to announce its financial and operating results for the third quarter of 2012. The full text of Birchcliff's Third Quarter Report containing the unaudited interim Condensed Financial Statements for the three and nine month periods ended September 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:

- Current production is approximately 27,500 boe per day, well ahead of our previous exit guidance of 26,000 boe per day.
- Birchcliff expects its 4th quarter **average** daily production will be approximately 26,400 boe per day.
- 2012 average production is forecast to be approximately 22,700 boe per day. This production growth results from our successful drilling program and not from acquisitions.
- The Phase III expansion of the Pouce Coupe South Gas Plant (the "**PCS Gas Plant**") was completed one month ahead of schedule and commenced operations on October 2, 2012.
- The PCS Gas Plant is continuing to drive down operating costs per boe in Q4, 2012 and beyond as Birchcliff processes an increasingly greater proportion of its natural gas production at low cost.
- Birchcliff anticipates material reserve additions at year-end 2012 which will result in continued low finding and development costs – this is the 7th straight year that Birchcliff has added material reserves to its asset base at low cost.
- To date since November 2007, Birchcliff has drilled and cased 92 (80.2 net) successful Montney/Doig horizontal natural gas wells and 90 (78.2 net) wells are on production.
- Birchcliff expects that its outstanding indebtedness at year-end will not be materially different than at September 30, 2012.

Third Quarter Highlights:

- Production averaged 21,426 boe per day, a 21.4 % increase from the third quarter of 2011.
- Funds flow of $28.2 million ($0.20 per common share).
- Net income of $2.7 million and net income available to common shareholders of $2.2 million ($0.02 per common share).
- Operating expense per boe of $6.01, down 6% from the third quarter of 2011 and 3% from the second quarter of 2012. Operating costs (net of recoveries) at the PCS Gas Plant during the third quarter of 2012 are estimated to be $0.33 per Mcfe ($1.98 per boe).

- General and administrative expense of $2.03 per boe is down 32% from the third quarter of 2011.
- Operating netback of $19.02 per boe and funds flow netback of $14.32 per boe.
- Net capital expenditures of $88.1 million.
- Total debt at September 30, 2012 was $468.2 million.
- Drilled 10 (9.03 net) wells, including 3 (3.0 net) Montney/Doig horizontal natural gas wells, 1 (1.0 net) vertical exploration Montney/Doig well, 5 (5.0 net) Worsley, Charlie Lake horizontal light oil wells, and 1 (0.03 net) non operated, Charlie Lake horizontal well, all were successful with no dry holes.
- In the first 3 quarters of 2012, Birchcliff successfully drilled 19 (19.0 net) Montney/Doig horizontal natural gas wells.
- Increased undeveloped land base to 558,755 gross (521,004 net) acres, all in the Peace River Arch area of Alberta.
- Completed a $50 million public equity issue on August 8, 2012 of 2 million 8% Series A perpetual preferred shares and 6 million warrants exercisable at $8.30 per common share, the proceeds of which were used to pay down debt.

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

Fellow Shareholders,

Birchcliff is pleased to report its third quarter financial and operating results for the three and nine months ended September 30, 2012. Our third quarter results are very strong and well ahead of expectations.

Our current production is approximately 27,500 boe per day, well ahead of our previous exit production guidance of 26,000 boe per day. As a result, we have increased our guidance for fourth quarter average daily production to approximately 26,400 boe per day. Production is strong for a number of reasons including, the addition of new Montney/Doig horizontal natural gas wells, the strength of our asset base, new infrastructure, including the Phase III expansion of the Pouce Coupe South Gas Plant (the "**PCS Gas Plant**"), new gathering pipelines and other upgrades to our 100% owned infrastructure.

I am also pleased to report average third quarter production of 21,426 boe per day. We reduced our operating costs on a per boe basis as compared to the same period last year and also as compared to the second quarter of 2012.

In addition, operating costs per boe are expected to decrease further as we continue to increase the proportion of Birchcliff's natural gas production, which is processed at low cost through our PCS Gas Plant.

During the quarter we completed a $50 million Perpetual Preferred Share Equity issue, the proceeds of which were used to pay down debt and strengthen our financial position during a time of weak natural gas prices.

The execution by our Birchcliff team, together with an outstanding asset base, all of which is essentially operated by Birchcliff, has given us the ability to exceed all of our targets.

2012 THIRD QUARTER RESULTS

Production

Current production is approximately 27,500 boe per day.

Third quarter 2012 production averaged 21,426 boe per day (78% natural gas and 22% light oil and natural gas liquids) and is 21% greater than the third quarter of 2011.

Average daily production in the third quarter of 2012, as expected, was lower than the second quarter of 2012 as the Pouce Coupe South Gas Plant (the "**PCS Gas Plant**") was temporarily shut down for completion of construction of the Phase III expansion.

Funds Flow

Funds flow was $28.2 million or $0.20 per common share for the third quarter of 2012 down from $33.8 million or $0.27 per common share in the third quarter of 2011 and up from $26 million or $0.19 per common share for the second quarter of 2012. The decline of 17% from the third quarter of 2011 is mainly attributable to significantly lower natural gas prices, notwithstanding an increase in average daily production.

Earnings

Net income for the third quarter was $2.7 million and net income available to common shareholders was $2.2 million or $0.02 per common share for the third quarter of 2012 as compared to $11.4 million or $0.09 per common share in the third quarter of 2011. During the third quarter of 2012, the AECO natural gas spot price averaged $2.30 per Mcf and our realized price averaged $2.47 per Mcf. During the third quarter of 2011, the AECO natural gas spot price averaged $3.66 per Mcf and our realized price averaged $3.92 per Mcf. Achieving earnings in the face of these low natural gas prices highlights our low cost operating structure.

It is noteworthy that per unit general and administrative ("**G&A**") costs were down to $2.03 per boe, which is a 32% reduction from the third quarter of 2011 and a 51% decrease from the first quarter of 2012, which was impacted by the one-time corporate sales process costs. With these one-time costs behind us, we expect to see more normalized G&A costs per boe in our future quarters. We also expect our growing production volumes to continue to lower our future G&A costs per boe.

Capital Expenditures and Drilling Results

During the third quarter of 2012, net capital spending aggregated to $88.1 million. We spent significant facilities and drilling capital in preparation for the start-up of Phase III of the PCS Gas Plant, which occurred ahead of schedule, in early October 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 Third Quarter Report.

Birchcliff drilled 10 (9.03 net) wells during the third quarter of 2012, including 3 (3.0 net) Montney/Doig horizontal natural gas wells, 1 (1.0 net) Montney/Doig vertical exploration well, 5 (5.0 net) Charlie Lake horizontal light oil wells at Worsley, and 1 (0.03 net) non operated, Charlie Lake horizontal well, all of which were successful with no dry holes.

Birchcliff also spent significant time and effort evaluating and developing new resource plays in the Peace River Arch area of Alberta with a focus on oil plays.

Birchcliff expects that its outstanding indebtedness at year-end will not be materially different than at September 30, 2012.

Operating Costs

Operating costs during the third quarter of 2012 were $6.01 per boe. This is 6% lower than $6.39 per boe recorded for the third quarter of 2011 and 3% lower than $6.22 per boe recorded in the second quarter of 2012.

During the first nine months of 2012, 41% of our total sales volumes were processed through our PCS Gas Plant as compared to 37% during the first nine months of 2011. Once Phase III of the PCS Gas Plant is operational for a whole quarter, operating costs per boe are expected to trend further downward as the majority of our future increased natural gas 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.

	Nine months ended September 30, 2012		Twelve months ended December 31, 2011	
PRODUCTION PROCESSED THROUGH THE PCS GAS PLANT				
Average daily production, net to Birchcliff:				
Natural gas (Mcf)		51,235		40,334
Oil & NGLs (bbls)		189		96
Total boe (6:1)		**8,729**		6,818
NETBACK AND COST	*$/Mcfe*	*$/boe*	*$/Mcfe*	*$/boe*
Petroleum and natural gas revenue	2.54(1)	15.24	3.98(1)	23.88
Royalty expense	(0.08)	(0.48)	(0.26)	(1.55)
Operating expense, net of recoveries	(0.33)	(1.98)	(0.21)	(1.28)
Transportation and marketing expense	(0.23)	(1.36)	(0.27)	(1.59)
Estimated operating netback(2)	**$1.90**	**$11.42**	$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 condensate. AECO natural gas spot price averaged $2.12 per Mcf during the nine months ended September 30, 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 September 30, 2012, Birchcliff has increased its undeveloped land position to 558,755 gross (521,004 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 and infrastructure.

Indebtedness

The aggregate credit limit under Birchcliff's bank credit facilities is $540 million. At September 30, 2012, the amount outstanding under Birchcliff's bank credit facilities was approximately $390.5 million. Birchcliff's working capital deficiency as at September 30, 2012 was $77.6 million, for a total debt of $468.2 million at September 30, 2012. The working capital deficiency does not reduce the amount Birchcliff can draw under its credit facilities.

The majority of our 2012 capital program was spent in the first nine months of the year, preparing for the start-up of the Phase III expansion of the PCS Gas Plant. Accordingly, Birchcliff expects that its outstanding indebtedness at year-end will not be materially different than at September 30, 2012.

$50 million Preferred Unit Equity Issue

On August 8, 2012 Birchcliff completed 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 to strengthen our balance sheet so that Birchcliff has 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 Series A Preferred Share with an initial 5 year, 8% yield ("**Preferred Share**") and three warrants ("**Warrants**"). Each Warrant carries the right to buy one common share for $8.30 until August 8, 2014. Two million Preferred Shares and six 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.

Birchcliff has the right, but not the obligation, to redeem the Series A 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 Series A 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 in the exploitation of our resource plays.

The Series A 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 Series A Preferred Shares and the Warrants can be bought and sold freely, in the same way common shares are bought and sold.

2012 OPERATIONS UPDATE

Pouce Coupe South Gas Plant Update

The Phase III expansion of the 100% owned and operated PCS Gas Plant was completed and operational on October 2, 2012, one month ahead of schedule. The completion of Phase III of the PCS Gas Plant, together with the associated infrastructure, is a significant milestone for Birchcliff as it continues to allow Birchcliff to expand its future production through 100% owned facilities.

Birchcliff had previously 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 then licensed processing capacity of 120 MMcf per day. To operate the PCS Gas Plant at 150 MMcf per day will require some modifications to pipelines and sales meters on the NOVA pipeline system, but the capital required is not material.

To date in 2012, Birchcliff has installed over 31,600 metres of line pipe that feeds into the PCS Gas Plant. Approximately 30% of these pipelines are main trunklines that are between 8 inches and 12 inches in diameter. Our pipeline infrastructure has been designed to provide maximum operating flexibility and efficiency, which in turn has led to lower wellhead pressures resulting in increased well productivity.

Montney/Doig Natural Gas Resource Play Update

In the third quarter of 2012, Birchcliff's activities on the Montney/Doig Natural Gas Resource Play included the drilling of 3 (3.0 net) horizontal wells utilizing multi-stage fracture stimulation techniques and 1 (1.0 net) vertical exploration well. All wells were successful.

To date in 2012, Birchcliff has drilled and cased 21 (21.0 net) Montney/Doig horizontal wells, of which 20 (20.0 net) wells have been completed, and 19 (19.0 net) are on production. One (1.0 net) of these wells has been drilled since the end of the third quarter 2012, and is a Middle/Lower Montney exploration well that continues to expand this play trend. Since the end of the third quarter Birchcliff has also drilled and cased a second vertical exploration well, that appears to be successful.

Birchcliff has continued with a full cycle exploration, exploitation and development strategy for the Montney/Doig Natural Gas Resource Play. One key element of this strategy is continued efforts on re-classifying resources from Undiscovered to the Discovered category and to an appropriate reserves classification. To date in 2012 Birchcliff has drilled and cased 2 vertical exploration wells on lands that penetrated resources that were considered “Undiscovered” in its 2011 year-end “Montney/Doig Natural Gas Resource Assessment”. We expect these resources will be classified as “Discovered” resources.

We also recently drilled, cased and completed a horizontal Montney/Doig exploration well in the Middle/Lower Montney play, which drilled resources were considered “Discovered” at year end 2011, but no reserves were attributed to the particular play interval. With the successful results of this exploration well, we expect significant reserves will be attributed to this well in our 2012 year-end reserves evaluation.

Birchcliff continues to be very focused on reducing drilling and completion costs and one key initiative on the reduction of drilling costs is multi-well pad drilling. To date in 2012 we have drilled, cased completed and brought production on-stream from three 2-well pads, one 4-well pad and one 7-well pad. Currently, we are drilling our last well of this year’s program that is on a 2-well pad. We continue to see cost savings with these multi-well pads.

We are fortunate to have strong relationships with our third party contractors. This has allowed us to contract one of the most operationally efficient top drive, diesel-electric drilling rigs in the industry. As well, continued optimization of our fracture fluid systems and completion operations has demonstrated very successful results. These improvements to our drilling and completion operations has resulted in further cost reductions which we are expecting to continue to realize on future multi-well pad drilling projects.

Birchcliff believes that it has at least 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.

In the third quarter of 2012, Birchcliff’s activities on the Worsley Light Oil Resource Play included the drilling of 5 (5.0 net) horizontal wells utilizing multi-stage fracture stimulation techniques. To date in 2012, Birchcliff has drilled, cased and completed 11 (11.0 net) horizontal wells, all of which were successful and are on production. Birchcliff has added facility and pipeline capital in the northwest end of the pool, to accommodate the production growth in that area.

Recently Birchcliff received approval from the ERCB to expand the Waterflood area, and is currently conducting the field operations to convert wells to injection and install pipelines and related facilities.

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 558,755 gross (521,004 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 virtually all of its undeveloped land has potential in at least one of these new resource plays. Accordingly, we continue to spend a significant amount of time analyzing and evaluating these various new 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. We have already exceeded our year-end production targets because of the underlying strength of all our existing natural gas wells, infrastructure additions, optimizations and the addition of recent Montney/Doig natural gas wells and Worsley light oil wells.

The Phase III expansion of our PCS Gas Plant was completed ahead of schedule and, as expected, has taken Birchcliff to record production levels.

Birchcliff completed the vast majority of its 2012 capital program by the end of the third quarter. Accordingly, Birchcliff expects that its outstanding indebtedness at year-end will not be materially different than at September 30, 2012.

All of the horizontal wells we have drilled on the Montney/Doig Natural Gas Play have been successful. Since November 2007, we have drilled and cased 92 (80.2 net) Montney/Doig horizontal natural gas wells, of which 90 (78.2 net) have been brought on production.

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.

Preliminary guidance for 2013

We expect to have a very strong production profile entering 2013. Initially we will be targeting average production of 26,400 boe per day for 2013. Although our budget for 2013 has not yet been determined, we estimate on a preliminary basis that capital expenditures of approximately $160 million will be sufficient to maintain 2013 average daily production at approximately 26,400 boe per day.

We are excited about our 2013 capital spending program; we will not be required to allocate capital to any major facility projects as we have done in prior years. Capital efficiencies will improve as most of our capital will go to the drilling, completing and tie-in of new wells.

As in the past, Birchcliff expects to release its unaudited 2012 year end results, 2012 Year End Reserves and Finding Costs and 2013 Budget in the middle of February 2013.

Summary

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 significant production growth at very low finding and development costs, together with low operating costs is evidence that our strategy is working.

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 per boe and our operating costs per boe and increase our recovery factors. We note that our 2010 and 2011 finding costs per boe were in the top decile as compared to others in the industry and 2012 results to date continue to be very positive.

Current production far exceeds our previous 2012 exit rate guidance of 26,000 boe per day at year end. We are confident that we will achieve our new fourth quarter average production guidance of 26,400 boe/day, which will set a new quarterly production record for Birchcliff.

Finally, we continue to acknowledge and thank Mr. Seymour Schulich, our largest shareholder, who provides us with significant moral and financial support during a difficult time in the natural gas industry. With his support, we are proud to do our part and deliver excellent operational and financial results. Thank you Mr. Schulich.

We look forward to reporting our progress to you in the coming months.

On behalf of our Management Team and 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

FINANCIAL AND OPERATIONAL HIGHLIGHTS

	Three months ended September 30, 2012	Three months ended September 30, 2011	**Nine months ended September 30, 2012**	Nine months ended September 30, 2011
OPERATING				
Average daily production				
Light oil – (barrels)	4,076	4,050	4,365	3,796
Natural gas – (thousands of cubic feet)	100,075	78,996	98,725	79,420
NGLs – (barrels)	671	432	689	539
Total – barrels of oil equivalent (6:1)	**21,426**	**17,648**	**21,508**	**17,571**
Average sales price ($ Canadian)				
Light oil – (per barrel)	82.45	86.40	84.77	90.68
Natural gas – (per thousand cubic feet)	2.47	3.92	2.28	4.03
NGLs – (per barrel)	79.74	84.25	85.11	87.45
Total – barrels of oil equivalent (6:1)	**29.73**	**39.42**	**30.39**	**40.47**
Undeveloped land				
Gross (acres)	558,755	528,703	558,755	528,703
Net (acres)	521,004	489,938	521,004	489,938
NETBACK AND COST				
($ per barrel of oil equivalent at 6:1)				
Petroleum and natural gas revenue	29.75	39.46	30.41	40.51
Royalty expense	(2.39)	(4.19)	(3.06)	(4.55)
Operating expense	(6.01)	(6.39)	(6.13)	(6.70)
Transportation and marketing expense	(2.33)	(2.71)	(2.36)	(2.63)
Netback	**19.02**	**26.17**	**18.86**	**26.63**
General & administrative expense, net	(2.03)	(2.97)	(2.79)	(2.91)
Interest expense	(2.67)	(2.36)	(2.43)	(2.78)
Funds flow netback	**14.32**	**20.84**	**13.64**	**20.94**
Stock-based compensation expense, net	(0.56)	(1.46)	(0.68)	(1.40)
Depletion and depreciation expense	(11.05)	(10.97)	(11.36)	(10.41)
Accretion expense	(0.23)	(0.27)	(0.22)	(0.28)
Amortization of deferred financing fees	(0.10)	(0.12)	(0.10)	(0.14)
Gain on sale of assets	-	1.88	0.66	0.45
Income tax expense	(0.99)	(2.87)	(0.77)	(2.67)
Net income	1.39	7.03	1.17	6.49
Preferred share dividends	(0.29)	-	(0.10)	-
Net income available to common shareholders	**1.10**	**7.03**	**1.07**	**6.49**
FINANCIAL				
Petroleum and natural gas revenue ($000)	58,643	64,069	179,205	194,326
Funds flow from operations ($000)(1)	28,230	33,844	80,411	100,426
Per common share – basic ($)(1)	0.20	0.27	0.59	0.80
Per common share – diluted ($)(1)	0.20	0.26	0.58	0.77
Net income ($000)	2,744	11,411	6,891	31,121
Net income available to common shareholders ($000)	2,165	11,411	6,312	31,121
Per common share – basic ($)	0.02	0.09	0.05	0.25
Per common share – diluted ($)	0.02	0.09	0.05	0.24
Common shares outstanding				
End of period – basic	141,534,645	126,679,577	141,534,645	126,679,577
End of period – diluted	162,945,783	140,149,250	162,945,783	140,149,250
Weighted average shares for period – basic	141,474,489	126,630,446	135,572,012	126,131,596
Weighted average shares for period – diluted	143,571,758	131,374,723	138,456,300	131,000,989
Capital expenditures, net ($000)	88,099	71,978	266,766	156,457
Preferred share dividends ($000)	579	-	579	-
Working capital deficiency ($000)	77,643	26,990	77,643	26,990
Non-revolving five-year term facility ($000)	68,863	68,811	68,863	68,811
Revolving credit facilities ($000)	321,678	290,495	321,678	290,495
Total debt ($000)	468,184	386,296	468,184	386,296

(1) Funds flow from operations and funds flow per common share amounts are non-GAAP measures that represent cash flow from operating activities as per the Condensed Statements of Cash Flows before the effects of changes in non-cash working capital and decommissioning expenditures.

ADVISORIES

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

Non-GAAP Measures: *This Press Release uses "funds flow", "funds flow from operations", "funds flow netback", "funds flow per common share", "netback", "operating netback" and "operating margin", which do not have standardized meanings prescribed by generally accepted accounting principles ("**GAAP**") 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.*

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 and fourth quarter average production rates, year-end indebtedness, planned 2013 capital spending and sources of funding; and intention to drill and complete future wells.*

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. Estimates as to average annual and fourth quarter average production rates assume that no unexpected outages occur in the infrastructure that Birchcliff relies on to produce its wells, that existing wells continue to meet production expectations and any future wells, scheduled to come on production, meet production expectations. Forecast year-end indebtedness is based on Birchcliff's fourth quarter forecast of $3.03 per GJ for natural gas at AECO and a WTI price of $US 89.86 per bbl for crude oil, a Canadian dollar at par with the US dollar, a differential to the wellhead of $4.50, and forecast average production of 26,400 boe per day. 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 natural 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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