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January 15, 2014

BIRCHCLIFF ENERGY LTD. ACHIEVES RECORD PRODUCTION VOLUMES, INCREASES 2014 EXIT PRODUCTION GUIDANCE AND UPDATES HEDGING PROGRAM

Calgary, Alberta - Birchcliff Energy Ltd. ("Birchcliff") (TSX:BIR) is pleased to report the following record production volumes and updates:

- **2013 Exit Production Volumes.** Estimated daily production during the last two weeks of December 2013 exceeded 30,000 boe per day, exceeding Birchcliff's previously estimated 2013 exit production volumes.
- **January 2014 Production Volumes.** Estimated average production was 30,500 boe per day (83% natural gas and 17% oil and NGL'S) for the first two weeks of January 2014.
- **Acquisition of a Partner's 30% Working Interest in Pouce Coupe, Alberta.** Birchcliff has purchased approximately 9.6 MMcfe per day (1,600 boe per day) of a partner's 30% working interest Montney/Doig natural gas production in Pouce Coupe, Alberta for \$56 million, effective January 1, 2014. The transaction closed this morning, January 15, 2014. The acquisition includes 39 (11.6 net) sections of land on the Montney/Doig Natural Gas Resource Play, bringing Birchcliff's working interest to 100% on the acquired lands and production. Birchcliff operates the production, the majority of which goes to Birchcliff's 100% owned Pouce Coupe South Natural Gas Plant. The transaction has excellent metrics for production, cash flow and reserves and resources. The acquisition is strategic in that it allows Birchcliff to consolidate lands it formally held at a 70% working interest, with lands it holds at 100% working interest, allowing for a contiguous development plan, eliminating holding buffers and increasing flexibility in capital allocation.
- **Current Production.** Birchcliff's current production, after the acquisition, is approximately 32,100 boe per day.
- **Increase to 2014 Exit Production Guidance.** Birchcliff's 2014 exit production guidance has increased to between 37,500 and 39,500 boe per day, up from between 36,000 and 38,000 boe per day.
- **2014 Hedging Program Update.**
 - **Natural Gas.** Birchcliff has contracted forward physical sales of 50,000 GJ'S per day, representing approximately 30% of its estimated gas volumes during the summer months, April 1 – October 31, 2014, for approximately \$4.20 per Mcf.
 - **Oil.** Birchcliff has purchased WTI put options for 1,000 barrels per day of crude oil for the calendar year 2014, comprised of 500 barrels per day with a strike price of US \$90 and 500 barrels per day with a strike price of US \$85.
- **2013 Reserves and 2013 Resource Update.** Birchcliff continues to expect material reserve additions and material resource additions, in all categories, as compared to its 2012 Reserves Evaluation and 2012 Montney/Doig Natural Gas Resource Assessment.
- **February 12, 2014 Press Release.** Birchcliff expects to release its unaudited 2013 year-end financial results; 2013 year-end Reserves Evaluation; 2013 year-end Montney/Doig Natural Gas Resource Assessment; 2013 finding and development costs; 2014 Budget; and an Operations Update, after the close of the financial markets on February 12, 2014.

Jeff Tonken, President and CEO of Birchcliff said, “We are extremely pleased with our continued production growth, outperforming our public production guidance while continuing to bring our operating costs down. We believe our summer natural gas hedging program will protect our cash flow at a time when gas prices are traditionally weak. Birchcliff is looking forward to releasing excellent financial and operating results on February 12, 2014.”

ADVISORIES

Boe Conversions: *Barrel 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.*

MMcfe Conversions: *Millions of cubic feet of gas equivalent (“MMcfe”) 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. MMcfe amounts may be misleading, particularly if used in isolation. A 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. 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 expectations of reserves and resource additions from volumes disclosed last year; and expected 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. Estimates as to 2014 average annual production rates assume that no unexpected outages occur in the infrastructure that the Corporation relies on to produce its wells, that existing wells continue to meet production expectations and future wells, scheduled to come on production in 2014, meet timing and production expectations.

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 resource 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 gas company with operations concentrated within its one core area, the Peace River Arch of Alberta. Birchcliff's Common Shares; Cumulative Redeemable Preferred Shares, Series A; Cumulative Redeemable Preferred Shares, Series C; and Warrants are listed for trading on the Toronto Stock Exchange under the symbols "BIR", "BIR.PR.A", "BIR.PR.C" and "BIR.WT" respectively.

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