15-05 May 13, 2015

BIRCHCLIFF ENERGY LTD. ANNOUNCES RECORD QUARTERLY PRODUCTION, STRONG FIRST QUARTER RESULTS AND AN OPERATIONAL UPDATE

Calgary, Alberta – Birchcliff Energy Ltd. ("Birchcliff") (TSX: BIR) is pleased to announce record average quarterly production of 38,416 boe per day during the first quarter of 2015, a reduction in operating costs and an increase to its credit facilities. Birchcliff is also pleased to announce strong first quarter financial and operational results as well as an operational update. The full text of Birchcliff's First Quarter Report containing the unaudited interim condensed financial statements for the three month period ended March 31, 2015 and the related management's discussion and analysis will be available on Birchcliff's website at www.birchcliffenergy.com and on SEDAR at www.sedar.com.

Jeff Tonken, President and Chief Executive Officer of Birchcliff, stated: "We had a solid first quarter in 2015. Birchcliff had record average quarterly production of 38,416 boe per day, which exceeded our previously announced production guidance of 37,000 to 38,000 boe per day. We reduced our operating costs and general and administrative costs to $5.11 per boe and $1.70 per boe, respectively, improving Birchcliff's existing low-cost operating structure. Further, Birchcliff had its second Montney/Doig natural gas exploration success in the Elmworth area in the Montney D4 interval, which continues the exploration momentum of our Montney/Doig Natural Gas Resource Play in the Elmworth area. In addition, our credit facilities were recently increased from an aggregate of $750 million to $800 million and our financial covenants were removed, providing Birchcliff with increased financial flexibility.

As a result of low commodity prices for both oil and natural gas during the first quarter of 2015, we recorded a small first quarter loss to common shareholders of $4.5 million ($0.03 per basic common share), which is our first loss in 21 consecutive quarters. If commodity prices continue to improve modestly during the remainder of the year, we expect to record income to common shareholders for the 2015 fiscal year."

PRESS RELEASE HIGHLIGHTS

Current Highlights and 2015 Production Guidance

- **Current production is approximately 39,000 boe per day.**
- **Birchcliff maintains its previously announced estimated average annual production for 2015 of approximately 38,000 to 40,000 boe per day**, representing a range of 13% to 19% growth over the annual average of 33,734 boe per day in 2014.
- **Consolidated and increased its syndicated bank credit facilities to $800 million from $750 million**. Concurrently, the financial covenants contained in Birchcliff's credit facilities were removed.
- **Drilled 17 (16.5 net) wells year to date**, consisting of 14 (14.0 net) Montney/Doig horizontal natural gas wells in the Pouce Coupe area, 1 (1.0 net) Montney/Doig horizontal natural gas well in the Elmworth area, 1 (0.5 net) Halfway horizontal light oil well in the Progress area and a 100% working interest Belloy vertical well drilled as a potential acid gas injection well in the Elmworth area.
- **Birchcliff currently has 2 drilling rigs at work in the Pouce Coupe area** drilling Montney/Doig horizontal natural gas wells through break-up on multi-well pads.

- **As at May 13, 2015, Birchcliff has successfully drilled and cased 174 (173.9 net) Montney/Doig horizontal natural gas wells** utilizing recent advancements in multi-stage fracture stimulation technology.

2015 First Quarter Financial and Operational Results

- **Record average quarterly production of 38,416 boe per day**, exceeding Birchcliff's previously announced production guidance of 37,000 to 38,000 boe per day. This record average quarterly production represents an increase of 21% from 31,749 boe per day in the first quarter of 2014. Production consisted of 85% natural gas, 10% light oil and 5% natural gas liquids.
- **Production per basic common share increased 14%** from the first quarter of 2014.
- **Quarterly funds flow of $36.7 million ($0.24 per basic common share)**, a decrease from $88.4 million ($0.61 per basic common share) in the first quarter of 2014.
- **Net loss to common shareholders of $4.5 million ($0.03 per basic common share)**, a decrease from net income to common shareholders of $38.5 million ($0.27 per basic common share) in the first quarter of 2014.
- **Low operating costs of $5.11 per boe**, a decrease from $5.21 per boe in the first quarter of 2014.
- **Low general and administrative costs of $1.70 per boe**, a decrease from $1.89 per boe in the first quarter of 2014.
- **At Birchcliff's 100% owned natural gas plant located in the Pouce Coupe South area (the "PCS Gas Plant")**, where Birchcliff processed 78% of its corporate natural gas production and achieved an operating margin of 73%, operating costs were approximately $0.39 per Mcfe or $2.32 per boe in the first quarter of 2015.
- **Total cash costs of $11.66 per boe** (royalties, operating, transportation and marketing, general and administrative and interest costs), a decrease from $15.71 per boe in the first quarter of 2014.
- **Funds flow netback of $10.62 per boe**, a decrease from $30.93 per boe in the first quarter of 2014.
- **Capital expenditures of $98.5 million.**
- **Exploration success in the Elmworth area in the Montney D4 Interval on the Montney/Doig Natural Gas Resource Play** – A 100% working interest Montney/Doig horizontal natural gas well was recently completed and tested and is expected to be brought on production by the end of May 2015. This is the second Montney/Doig horizontal exploration success Birchcliff has had at Elmworth, both of which were in the Montney D4 interval.
- **Drilled 12 (11.5 net) wells in the first quarter of 2015**, consisting of 9 (9.0 net) Montney/Doig horizontal natural gas wells in the Pouce Coupe area, 1 (1.0 net) Montney/Doig horizontal natural gas well in the Elmworth area, 1 (0.5 net) Halfway horizontal light oil well in the Progress area and a 100% working interest Belloy vertical well drilled as a potential acid gas injection well in the Elmworth area.
- **Acquired two new proprietary 3-D seismic programs**, one in the Pouce Coupe area to support ongoing development of the Montney/Doig Natural Gas Resource Play and one in the Progress area to help delineate Birchcliff's 2014 Charlie Lake Light Oil Resource Play exploration success.

2015 FIRST QUARTER FINANCIAL AND OPERATIONAL HIGHLIGHTS

	Three months ended March 31, 2015	Three months ended March 31, 2014
OPERATING		
Average daily production		
Light oil – *(barrels)*	4,017	3,977
Natural gas – *(thousands of cubic feet)*	195,935	158,456
NGLs – *(barrels)*	1,743	1,362
Total – barrels of oil equivalent *(6:1)*[1]	**38,416**	31,749
Average sales price *($ CDN)*[2]		
Light oil – *(per barrel)*	47.66	97.30
Natural gas – *(per thousand cubic feet)*	2.98	6.10
NGLs – *(per barrel)*	46.45	95.35
Total – barrels of oil equivalent *(6:1)*[1]	**22.27**	46.73
NETBACK AND COST *($ per barrel of oil equivalent at 6:1)*[1]		
Petroleum and natural gas revenue[2]	22.28	46.74
Royalty expense	(0.83)	(4.43)
Operating expense	(5.11)	(5.21)
Transportation and marketing expense	(2.59)	(2.48)
Netback[3]	**13.75**	34.62
General & administrative expense, net	(1.70)	(1.89)
Interest expense	(1.43)	(1.70)
Realized loss on financial instruments	-	(0.10)
Funds flow netback[3]	**10.62**	30.93
Stock-based compensation expense, net	(0.22)	(0.34)
Depletion and depreciation expense	(11.24)	(11.19)
Accretion expense	(0.16)	(0.21)
Amortization of deferred financing fees	(0.06)	(0.09)
Gain on sale of assets	0.19	-
Unrealized loss on financial instruments	-	(0.05)
Dividends on Series C preferred shares	(0.25)	(0.31)
Income tax recovery (expense)	0.11	(4.92)
Net income (loss)	**(1.01)**	13.82
Dividends on Series A preferred shares	(0.29)	(0.35)
Net income (loss) to common shareholders	**(1.30)**	13.47
FINANCIAL		
Petroleum and natural gas revenue *($000s)*[2]	77,026	133,558
Funds flow from operations *($000s)*[3]	36,720	88,369
Per common share – basic *($)*[3]	0.24	0.61
Per common share – diluted *($)*[3]	0.24	0.60
Net income (loss) *($000s)*	(3,479)	39,499
Net income (loss) to common shareholders *($000s)*	(4,479)	38,499
Per common share – basic *($)*	(0.03)	0.27
Per common share – diluted *($)*	(0.03)	0.26
Common shares outstanding *(000s)*		
End of period – basic	152,284	144,504
End of period – diluted	168,108	166,085
Weighted average common shares for period – basic	152,243	144,026
Weighted average common shares for period – diluted	154,215	147,090
Dividends on Series A preferred shares *($000s)*	1,000	1,000
Dividends on Series C preferred shares (*$000s*)	875	875
Capital expenditures, net *($000s)*	98,539	161,403
Long-term bank debt *($000s)*	536,570	453,772
Adj. working capital deficit *($000s)*[3]	73,600	70,948
Total debt *($000s)*[3]	610,170	524,720

(1) See *"Advisories"* in this press release.

(2) Excludes the effect of hedges using financial instruments.

(3) See *"Non-GAAP Measures"* in this press release.

PRESIDENT'S MESSAGE FROM THE 2015 FIRST QUARTER REPORT

May 13, 2015

Fellow Shareholders,

We are pleased to report the first quarter financial and operational results for Birchcliff Energy Ltd. ("**Birchcliff**") for the three month period ended March 31, 2015. Current production is approximately 39,000 boe per day. Birchcliff had record average quarterly production of 38,416 boe per day, which exceeded our previously announced production guidance of 37,000 to 38,000 boe per day. Production consisted of 85% natural gas, 10% light oil and 5% natural gas liquids. Production was 21% above the average production in the first quarter of 2014. Production per basic common share increased 14% from the first quarter of 2014.

It is important to note that the majority of the wells drilled in 2014 and to-date in 2015 are outperforming our internal production estimates, which in part has resulted in us exceeding our public production guidance for the first quarter of 2015, notwithstanding the myriad of issues that come with maintaining production during the winter months and interruptible service curtailments on TransCanada Corporation's NGTL system. It is our expectation that the production performance of these wells will ultimately lead to increases in reserves bookings for our current and future Montney/Doig horizontal natural gas wells.

We are on track to achieve record average annual production of approximately 38,000 to 40,000 boe per day for 2015, representing a range of 13% to 19% growth over the annual average of 33,734 boe per day in 2014. Based on the strong production results we have seen year to date, we expect our average annual production for 2015 to be on the high end of our production guidance.

With the collapse in commodity prices and the subsequent dramatic decrease in industry drilling activities, our costs to do business have quickly been reduced. In addition, the hard work of our people, implementing new technology and more efficient execution, has resulted in further long-term cost reductions in our drilling and completion projects, which in turn is expected to result in better finding and development costs at year-end and thereafter. We continue to make every effort to reduce our operating costs per boe over the long-term, which have fallen over 50% in the last five years.

Increase to Credit Facilities and Removal of Financial Covenants

Primarily as a result of the additions to our proved developed producing reserves during 2014, the following amendments were recently made to our syndicated bank credit facilities at our request during our annual credit review:

(i) the aggregate limit of our credit facilities was increased to $800 million from $750 million;

(ii) our credit facilities were consolidated into a single extendible borrowing base revolving term credit facility with a maturity date of May 11, 2018; and

(iii) the financial covenants contained in our credit facilities, including the covenants relating to the maintenance of debt to EBITDA and EBITDA to interest expense ratios, were removed.

These recent changes to our syndicated bank credit facilities provide us with increased financial flexibility.

Update on the PCS Gas Plant

Our PCS Gas Plant is currently processing approximately 165 MMcf per day of sales gas and has a processing capacity of 180 MMcf per day.

Engineering, procurement and fabrication work is underway for the Phase V expansion of our PCS Gas Plant which will increase processing capacity to 260 MMcf per day from 180 MMcf per day. We previously announced that we expected to rebid the field assembly and construction work of the Phase V expansion after the first quarter of 2015. We have not yet determined the construction schedule for this expansion and we currently expect that we will do so in the coming months after reviewing the costs associated with such expansion, having regard to the commodity price environment.

In addition, preliminary planning and permitting work has been initiated for the Phase VI expansion of our PCS Gas Plant which is designed to increase processing capacity to 320 MMcf per day from 260 MMcf per day. We had previously announced that start-up of Phase VI would occur in late 2016. As a result of our deferral of the Phase V expansion, the timing of the construction and start-up of Phase VI is currently uncertain and will be determined at a later date.

2015 FIRST QUARTER FINANCIAL AND OPERATIONAL RESULTS

Production

Record first quarter production averaged 38,416 boe per day, an increase of 21% from production of 31,749 boe per day in the first quarter of 2014. Production per basic common share increased 14% from the first quarter of 2014. The increase in production from the first quarter of 2014 was largely due to incremental production added from new Montney/Doig horizontal natural gas wells that were tied into our PCS Gas Plant throughout 2014 and the first quarter of 2015, offset by natural production declines.

Production consisted of approximately 85% natural gas, 10% light oil and 5% natural gas liquids in the first quarter. Approximately 78% of our total corporate natural gas production and 70% of our total corporate production was processed at our PCS Gas Plant in the first quarter of 2015.

We have consistently demonstrated significant growth in first quarter production per common share. This growth has been primarily achieved through our low risk development drilling on the Montney/Doig Natural Gas Resource Play.

The following table highlights Birchcliff's first quarter production per basic common share growth since 2011 year-over-year.

	Q1 2011	**Q1 2012**	**Q1 2013**	**Q1 2014**	**Q1 2015**	**Change Since 2011** *(%)*	**Average Annual Growth** *(%)*
Average Quarterly Production *(boe/day)*	17,742	21,061	26,108	31,749	38,416	117	29
Production per day per million common shares *(boe)*(1)	141.5	166.2	184.1	220.4	252.3	78	20

(1) Based on quarterly average production and weighted average basic common shares outstanding in the respective quarter.

Funds Flow and Net Loss

Funds flow decreased from the first quarter of 2014 to $36.7 million or $0.24 per basic common share. This decrease was largely due to a 51% decrease in both realized oil and natural gas wellhead prices.

We recorded a net loss to common shareholders of $4.5 million ($0.03 per basic common share) in the first quarter of 2015, a decrease from net income to common shareholders of $38.5 million ($0.27 per basic common share) in the first quarter of 2014. The decrease from the first quarter of 2014 was mainly attributable to lower funds flow.

Operating Costs and General and Administrative Expense

We continue to focus on reducing our operating costs and general and administrative expense on a per boe basis. Operating costs for the first quarter of 2015 were $5.11 per boe, a decrease from $5.21 per boe in the first quarter of 2014. Corporate operating costs per boe decreased from the first quarter of 2014 largely due to the continued cost benefits achieved from processing incremental volumes of natural gas through our PCS Gas Plant and the implementation of various optimization initiatives. Operating costs averaged $2.32 per boe at our PCS Gas Plant ($0.39 per Mcfe) during the first quarter of 2015, where we processed 70% of our total corporate production.

General and administrative expense in the first quarter of 2015 was $1.70 per boe, a decrease from $1.89 per boe in the first quarter of 2014.

PCS Gas Plant Netbacks

Since it first became operational in March 2010, our PCS Gas Plant has resulted in a significant reduction in operating costs on a per boe basis. During the first quarter of 2015, we processed approximately 78% of our total corporate natural gas production through our PCS Gas Plant at an average operating cost of $0.39 per Mcfe ($2.32 per boe). The estimated operating netback at our PCS Gas Plant was $2.34 per Mcfe ($14.05 per boe) resulting in an operating margin of 73% in the first quarter of 2015.

The volume of higher value liquids recovered at our PCS Gas Plant, which are primarily condensate, has increased to 8.4 bbls per MMcf from 7.7 bbls per MMcf in the first quarter of 2014 and 2.8 bbls per MMcf in the first quarter of 2013.

The following table details Birchcliff's net production and estimated operating netback for wells producing to the PCS Gas Plant, on a production month basis:

Production Processed through the PCS Gas Plant

	Three months ended March 31, 2015		Three months ended March 31, 2014		Three months ended March 31, 2013		Three months ended March 31, 2012	
Average daily production, net to Birchcliff:								
Natural gas *(Mcf)*		153,633		120,316		87,104		50,982
Oil & NGLs *(bbls)*		1,284		923		246		145
Total boe *(6:1)*		**26,890**		20,975		14,763		8,642
Sales liquids yield (bbls/MMcf)		*8.4*		*7.7*		*2.8*		*2.8*
% of corporate natural gas production		*78%*		*76%*		*68%*		*54%*
% of corporate production		*70%*		*66%*		*57%*		*41%*
AECO – C daily *($/Mcf)*	**$2.75**		$5.71		$3.20		$2.15	
Netback and cost:	*$/Mcfe*	*$/boe*	*$/Mcfe*	*$/boe*	*$/Mcfe*	*$/boe*	*$/Mcfe*	*$/boe*
Petroleum and natural gas revenue	3.21	19.24	6.51	39.08	3.57	21.40	2.56	15.35
Royalty expense	(0.15)	(0.91)	(0.53)	(3.19)	(0.22)	(1.33)	(0.12)	(0.74)
Operating expense	(0.39)	(2.32)	(0.43)	(2.61)	(0.28)	(1.68)	(0.20)	(1.18)
Transportation and marketing expense	(0.33)	(1.96)	(0.30)	(1.78)	(0.24)	(1.40)	(0.23)	(1.35)
Estimated operating netback[(1)]	**2.34**	**14.05**	5.25	31.50	2.83	16.99	2.01	12.08
Operating margin[(1)]	**73%**	**73%**	81%	81%	79%	79%	79%	79%

(1) See *"Non-GAAP Measures"*.

Total Cash Costs and Funds Flow Netback

During the first quarter of 2015, we had total cash costs of $11.66 per boe (royalties, operating, transportation and marketing, general and administrative and interest costs), a decrease from $15.71 per boe in the first quarter of 2014, and funds flow netback of $10.62 per boe, a decrease from $30.93 per boe in the first quarter of 2014.

Capital Expenditures

During the first quarter of 2015, we had capital expenditures of $98.5 million. For details regarding these capital expenditures, please see our management's discussion and analysis for the three month period ended March 31, 2015.

Debt and Capitalization

At March 31, 2015, our long-term bank debt was $537 million from available credit facilities aggregating $750 million, leaving $213 million of unutilized capacity which provides for significant financial flexibility. Total debt at March 31, 2015, including the adjusted working capital deficit, was $610 million.

At March 31, 2015, we had 152,283,539 basic common shares outstanding.

OPERATIONS UPDATE

Drilling

Birchcliff's 2015 drilling program is primarily focused on our two proven resource plays, the Montney/Doig Natural Gas Resource Play and the Charlie Lake Light Oil Resource Play. We actively employ the evolving technology utilized by leaders in the industry regarding horizontal well drilling and the related multi-stage fracture stimulations.

We drilled 12 (11.5 net) wells in the first quarter of 2015, consisting of 9 (9.0 net) Montney/Doig horizontal natural gas wells in the Pouce Coupe area, 1 (1.0 net) Montney/Doig horizontal natural gas well in the Elmworth area, 1 (0.5 net) Halfway horizontal light oil well in the Progress area and a 100% working interest Belloy vertical well drilled as a potential acid gas injection well in the Elmworth area.

We have drilled 17 (16.5 net) wells year to date, consisting of 14 (14.0 net) Montney/Doig horizontal natural gas wells in the Pouce Coupe area, 1 (1.0 net) Montney/Doig horizontal natural gas well in the Elmworth area, 1 (0.5 net) Halfway horizontal light oil well in the Progress area and a 100% working interest Belloy vertical well drilled as a potential acid gas injection well in the Elmworth area.

We currently have 2 drilling rigs at work in the Pouce Coupe area drilling Montney/Doig horizontal natural gas wells through break-up on multi-well pads.

Montney/Doig Natural Gas Resource Play

Over our 10 years of focused multi-disciplinary efforts on the Montney/Doig Natural Gas Resource Play, we have learned a great deal about this complex reservoir and how to optimally drill, case, complete and produce horizontal wells utilizing multi-stage fracture stimulation technology. We have continued to improve our results by reducing our costs and increasing our production and reserves per well.

Specific completion enhancements that we have been incorporating over the past 12 to 16 months have resulted in significant individual well performance improvements. As a result, our Montney/Doig natural gas production is exceeding our internal expectations and the production forecast used by our independent reserves evaluator. We therefore expect a reserves increase on many of our existing producing wells and undeveloped future drilling locations at year-end 2015.

Drilling

In the first quarter of 2015, we drilled 9 (9.0 net) Montney/Doig horizontal natural gas wells in the Pouce Coupe area, 1 (1.0 net) Montney/Doig horizontal natural gas well in the Elmworth area and a 100% working interest Belloy vertical well drilled as a potential acid gas injection well in the Elmworth area. Year to date, we have drilled 14 (14.0 net) wells Montney/Doig horizontal natural gas wells in the Pouce Coupe area, 1 (1.0 net) Montney/Doig horizontal natural gas well in the Elmworth area and a 100% working interest Belloy vertical well drilled as a potential acid gas injection well in the Elmworth area. We continue to expand the Montney/Doig Natural Gas Resource Play both geographically and stratigraphically.

On our Montney/Doig Natural Gas Resource Play, we are currently utilizing multi-well pad drilling which allows us to drill continuously through spring break-up and reduce our per well costs. Our budget for 2015 includes drilling 22 (22.0 net) Montney/Doig horizontal natural gas wells on a total of 7 multi-well pads with 2 to 5 wells per pad.

Exploration Success in the Elmworth Area in the Montney D4 Interval on the Montney/Doig Natural Gas Resource Play

In the first quarter 2015, we drilled our second successful horizontal exploration well on the Montney/Doig Natural Gas Resource Play in our Elmworth area in the Montney D4 interval. This 100% working interest well has been completed and tested and is expected to be on production by the end of May 2015. In the fourth quarter of 2014, we drilled our first successful Montney/Doig horizontal exploration well in our Elmworth area. The success of these two new Montney D4 wells in the Elmworth area has added significant potential future drilling locations to Birchcliff's inventory and is expected to result in follow-up drilling by Birchcliff and significant future reserves additions.

Land and Potential Future Drilling Locations

Our land activities in the first quarter of 2015 on the Montney/Doig Natural Gas Resource Play were limited. As at December 31, 2014, we held 332.6 sections of land that have potential for the Montney/Doig Natural Gas Resource Play. Of these lands, 305.1 (288.4 net) sections have potential for the Basal Doig/Upper Montney interval, 316.1 (306.2 net) sections have potential for the Montney D1 interval and 288.6 (281.7 net) sections have potential for the new Montney D4 interval. As at December 31, 2014, Birchcliff's total land holdings on these three intervals were 909.9 (876.3 net) sections.

On full development of four horizontal wells per section per drilling interval, we have 3,505.2 net existing horizontal wells and potential net future horizontal drilling locations in respect of these three commercial intervals as at December 31, 2014. With 159 (158.9 net) horizontal locations drilled at the end of 2014, there remains 3,346.3 potential net future horizontal drilling locations as at December 31, 2014, up from 2,254.4 net at year-end 2013. This does not include any potential net future horizontal drilling locations for the other three prospective Montney intervals, the Montney C, the Montney D2 and the Montney D3.

Substantial upside exists with respect to the 3,505.2 net existing horizontal wells and potential net future horizontal drilling locations. The reserves estimation and economic evaluation effective December 31, 2014 (the "**2014 Reserves Evaluation**") prepared by our independent reserves evaluator attributed proved reserves to 432.2 net existing wells and potential net future horizontal drilling locations (of which 277.3 net wells are potential future locations) and proved plus probable reserves to 598.8 net existing wells and potential net future horizontal drilling locations (of which 443.9 net wells are potential future locations). The remaining 2,906.4 potential net future horizontal drilling locations have not yet had any reserves attributed to them by our independent reserves evaluator.

Charlie Lake Light Oil Resource Play

We made a material discovery in the Progress area on the Charlie Lake Light Oil Resource Play in 2014. As at December 31, 2014, Birchcliff held 26.5 (25.75 net) sections of land in the Progress area on the Charlie Lake Light Oil Resource Play. Year to date, we have added 1.5 (1.5 net) sections and accordingly, Birchcliff now holds 28 (27.25 net) sections of land on this project.

In the first quarter of 2015, we acquired a new 3-D seismic program in the Progress area to help delineate our 2014 Charlie Lake Resource Play exploration success. The results of this seismic program are very encouraging and support that a significant amount of our 28 (27.25 net) sections of land have potential for this exciting new play.

We are currently doing the planning to drill our second 100% working interest well on this project in July 2015.

Halfway Light Oil Resource Play

In the first quarter of 2015, we drilled 1 (0.5 net) Halfway horizontal light oil well in the Progress area. This well was completed utilizing multi-stage fracture stimulation technology and was recently brought on production at rates that exceed our original expectations.

Seismic

Birchcliff believes seismic data, more specifically three dimensional ("**3-D**") seismic data, is a key technical tool in the development of resource plays. A high percentage of Birchcliff's drilling activities are supported by 3-D seismic data. In the first quarter of 2015, we spent $3.6 million on 3-D seismic, which included 54 square kilometres of new proprietary 3-D seismic and 151 square kilometres of trade 3-D seismic. The first new proprietary program was in the Pouce Coupe area supporting our ongoing development of the Montney/Doig Natural Gas Resource Play. The second new proprietary program was in the Progress area to help delineate our 2014 Charlie Lake Light Oil Resource Play exploration success.

The investment in geophysical data over the years has been very beneficial. In terms of both proprietary and trade data, we own approximately 3,023 kilometres of 2-D and 2,098 square kilometres of 3-D seismic data as at March 31, 2015.

This geophysical data gives a much more refined image of what the subsurface looks like, assisting in geological interpretations to delineate reservoir distribution of our resource plays and assisting in the drilling of the horizontal wells.

SHAREHOLDER SUPPORT

We thank Mr. Seymour Schulich, our largest shareholder, for his leadership, unwavering commitment and his ongoing support. It is this kind of leadership that keeps our staff motivated and focused on the execution of our business plan.

Mr. Schulich holds 40 million common shares representing 26.3% of the current issued and outstanding common shares.

OUTLOOK

We are on track to achieve record average annual production of approximately 38,000 to 40,000 boe per day for 2015, representing a range of 13% to 19% growth over the annual average of 33,734 boe per day in 2014. Based on the strong production results we have seen year to date, we expect our average annual production for 2015 to be on the high end of our production guidance.

We continue to be focused on improving capital efficiency. We are utilizing multi-well pad drilling on our Montney/Doig Natural Gas Resource Play to improve drilling and completion efficiencies and reduce the cost per well. Pad drilling allowed us to drill continuously through spring break-up, which also improved our capital efficiencies. Due to the combination of industry conditions, cost reduction initiatives and efficient execution, we have seen a material reduction in our drilling and completion costs.

As at May 13, 2015, we have successfully drilled and cased 174 (173.9 net) Montney/Doig horizontal natural gas wells utilizing recent advancements in multi-stage fracture stimulation technology. As at December 31, 2014, our total land holdings on the Basal Doig/Upper Montney interval, the Montney D1 interval and the Montney D4 interval were 909.9 (876.3 net) sections. On full development of four horizontal wells per section per interval, we have 3,505.2 net existing horizontal wells and potential net future horizontal drilling locations in respect of these three commercial intervals as at December 31, 2014. With 174 (173.9 net) Montney/Doig horizontal wells drilled as at May 13, 2015, we have up to 3,331.3 potential net future horizontal drilling locations on the Montney/Doig Natural Gas Resource Play.

As you may be aware, the New Democratic Party was elected as a majority government in Alberta on May 5, 2015. Change can be difficult for the investment community and our shareholders as it introduces an element of uncertainty into our business model. We are committed to working with the new government and we share a common goal: a strong, prosperous Alberta that's fair to all Albertans. The Premier-Elect, Rachel Notley, has indicated that she realizes that the oil and gas industry is the key job creator in Alberta, that she intends to work collaboratively and in partnership with the industry and that she does not intend to create a situation that results in the loss of jobs for Albertans.

In summary, Birchcliff is in an enviable position. The production from our Montney/Doig horizontal natural gas wells are outperforming our internal estimates **(Record Production)**. In addition to cost reductions resulting from industry conditions, we have also initiated technical and operational advancements that we expect will reduce our structural costs on an ongoing basis **(Cost Reductions)**. We have significant financial flexibility with our new $800 million syndicated revolving credit facility including the removal of all financial covenants **(Financial Flexibility)**. We have long-term shareholders who continue to support Birchcliff notwithstanding the continuous changes in our business environment **(Seymour Schulich)**. We have a repeatable business operated by excellent people who have their personal wealth invested in Birchcliff **(Invested Staff)**.

We remain focused on our strategy – growth by the drill bit in our core area of the Peace River Arch of Alberta. As our production and capital expenditures programs have grown over the years, the ownership and control of our infrastructure has become more important to Birchcliff. We continue to reduce our costs, control our capital expenditures, accurately forecast our production and manage our business prudently because we control our own infrastructure. We continue to use the same services, in the same area, directed by the same experienced Birchcliff personnel, which provides consistency, repeatability and reliability in our operations.

Thank you to all of our shareholders for your support and to our staff who continue to go that extra mile for the benefit of all of us.

With Respect,

(signed) "*A. Jeffery Tonken*"

A. Jeffery Tonken, President and Chief Executive Officer

NON-GAAP MEASURES

This press release uses "funds flow", "funds flow from operations", "funds flow per common share", "netback", "operating netback", "estimated operating netback", "funds flow netback", "operating margin", "total cash costs", "adjusted working capital deficit" and "total debt" which do not have standardized meanings prescribed by generally accepted accounting principles and therefore may not be comparable to similar measures presented by other companies where similar terminology is used. Management utilizes funds flow, funds flow from operations, funds flow per common share, netback, operating netback, estimated operating netback, funds flow netback, operating margin and total cash costs as key measures to assess Birchcliff's efficiency and its ability to generate the cash necessary to fund future growth through capital investments, pay dividends on preferred shares and repay debt. Management uses adjusted working capital deficit and total debt as key measures to assess the liquidity of Birchcliff.

"Funds flow" and "funds flow from operations" denote cash flow from operating activities before the effects of decommissioning expenditures and changes in non-cash working capital. "Funds flow per common share" denotes funds flow divided by the basic or diluted weighted average number of common shares outstanding for the period. The following table sets out the reconciliation of cash flow from operating activities, as determined in accordance with IFRS, to funds flow from operations.

($000s)	**Three months ended March 31, 2015**	**Three months ended March 31, 2014**
Cash flow from operating activities	39,027	73,310
Adjustments:		
Decommissioning expenditures	280	808
Changes in non-cash working capital	(2,587)	14,251
Funds flow from operations	**36,720**	88,369

"Netback" and "operating netback" denote petroleum and natural gas revenue less royalties, less operating expenses and less transportation and marketing expenses. "Estimated operating netback" of the PCS Gas Plant (and the components thereof) is based upon certain cost allocations and accruals directly related to the PCS Gas Plant and related wells and infrastructure on a production month basis. "Funds flow netback" denotes petroleum and natural gas revenue less royalties, less operating expenses, less transportation and marketing expenses, less net general and administrative expenses, less interest expenses and less any realized losses (plus realized gains) on financial instruments and plus any other cash income sources.

"Operating margin" for the PCS Gas Plant is calculated by dividing the estimated operating netback for the period by the petroleum and natural gas revenue for the period.

"Total cash costs" are comprised of royalties, operating, transportation and marketing, general and administrative and interest costs.

"Adjusted working capital deficit" is calculated as current assets minus current liabilities excluding the effects of financial instruments. The following table reconciles current assets minus current liabilities to adjusted working capital deficit.

As at, *($000s)*	**March 31, 2015**	**March 31, 2014**
Working capital deficit	73,600	71,477
Fair value of financial instruments	-	415
Deferred premium on financial instruments	-	(944)
Adjusted working capital deficit	**73,600**	70,948

"Total debt" is calculated as the revolving term credit facilities plus non-revolving term credit facilities as they appear on Birchcliff's statements of financial position plus adjusted working capital deficit. The following table reconciles the non-revolving term credit facilities plus the revolving term credit facilities to total debt.

As at, *($000s)*	**March 31, 2015**	**March 31, 2014**
Non-revolving term credit facilities	129,564	126,884
Revolving term credit facilities	407,006	326,888
Long-term bank debt	536,570	453,772
Adjusted working capital deficit	73,600	70,948
Total debt	**610,170**	524,720

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.*

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 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.*

Operating Costs: *References in this press release to "operating costs" excludes transportation and marketing costs.*

Drilling Locations: *This press release discloses potential drilling locations in three categories: (i) proved locations; (ii) probable locations; and (iii) unbooked locations. Proved locations and probable locations are proposed drilling locations identified in the 2014 Reserves Evaluation that have proved and/or probable reserves, as applicable, attributed to them in the 2014 Reserves Evaluation. Unbooked locations are internal estimates based on Birchcliff's prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal technical analysis review. Unbooked locations do not have attributed reserves. Of the 3,505.2 net existing horizontal wells and potential net future horizontal drilling locations identified herein, 432.2 are proved locations, 166.6 are probable locations and 2,906.4 are unbooked locations. Unbooked locations are potential locations that* *have been identified by management based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that Birchcliff will drill all unbooked drilling locations and if drilled, there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The drilling locations on which Birchcliff actually drills wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional geological, geophysical and reservoir information that is obtained and other factors. While certain of the unbooked drilling locations have been derisked by drilling existing wells in relative close proximity to such unbooked drilling locations, some of the other unbooked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production.*

***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 Birchcliff'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", "estimated", "forecast", "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: Birchcliff's plans and other aspects of its anticipated future operations, management focus, strategies and priorities; Birchcliff's expectation that it expects to record income to common shareholders for the 2015 financial year if commodity prices continue to improve modestly during the remainder of 2015; expected results from Birchcliff's portfolio of oil and gas assets and results of operations; statements with respect to expected reserves increases; Birchcliff's expectation that it will have better finding and development costs at year-end and thereafter; estimates of potential future drilling locations and opportunities; Birchcliff's capital budget for 2015 including its plan to drill 22 (22.0 net) Montney/Doig horizontal natural gas wells; Birchcliff's proposed exploration and development activities and the timing thereof including wells to be drilled and brought on production; Birchcliff's estimates of average annual production for 2015 and its average annual production growth as well as Birchcliff's expectation that it will be on the high end of its production guidance; proposed expansions of the PCS Gas Plant including the anticipated processing capacities of the PCS Gas Plant after such expansions and the anticipated timing of such expansions; Birchcliff's expectation that the success of its two new Montney D4 wells in the Elmworth area will result in follow-up drilling by Birchcliff and significant future reserves additions; and Birchcliff's expectation that its structural costs will be reduced on an ongoing basis.

The forward-looking information contained in this press release is based upon certain expectations and assumptions including: prevailing and future commodity prices, currency exchange rates, interest rates, inflation rates and applicable royalty rates and tax laws; the state of the economy and the exploration and production business; reserves and resource volumes; anticipated timing and results of capital expenditures; the sufficiency of budgeted capital expenditures to carry out planned operations; results of operations; operating and general and administrative costs; the performance of existing and future wells, well production rates and well decline rates; well drainage areas; success rates for future drilling; the impact of competition; the availability and demand for labour, services and materials; Birchcliff's *ability to access capital; and Birchcliff's ability to market oil and gas. In addition, Birchcliff has made the following key assumptions with respect to certain forward-looking information contained in this press release:*

- *With respect to Birchcliff's expectation that it expects to record income to common shareholders for the 2015 financial year, the key assumption is that commodity prices continue to improve modestly during the remainder of 2015.*

- *With respect to statements regarding expected reserves increases, the key assumptions are that: the production from Birchcliff's wells meet or exceed expectations; and in conducting its reserves evaluation, Birchcliff's independent reserves evaluator will concur with Birchcliff's internal technical interpretations.*

- *With respect to Birchcliff's expectation that it will have better finding and development costs at year-end and thereafter, the key assumption is that Birchcliff will continue to attain cost reductions resulting from technical and operational advancements in Birchcliff's drilling and completion projects that is has recently experienced.*

- *With respect to statements of future wells to be drilled and brought on production and estimates of potential future drilling locations and opportunities, the key assumption is the validity of the geological and other technical interpretations performed by Birchcliff's technical staff, which indicate that commercially economic volumes can be recovered from Birchcliff's lands as a result of drilling such future wells.*

- *With respect to estimates as to Birchcliff's average annual production for 2015 and annual production growth and Birchcliff's expectation that it will be on the high end of its production guidance, the key assumptions are that: no unexpected outages occur in the infrastructure that Birchcliff relies on to produce its wells; the construction of new infrastructure meets timing expectations; existing wells continue to meet production expectations; and future wells scheduled to come on production meet timing, production and capital expenditure expectations.*

- *With respect to statements regarding Birchcliff's 2015 capital budget, the key assumption is that Birchcliff realizes the average annual production target of 38,000 to 40,000 boe/d and the commodity prices upon which Birchcliff's 2015 capital budget is based, being a forecast average WTI price of US$60.00 per barrel of oil and an AECO price of CDN$3.00 per GJ of natural gas during 2015. Birchcliff will adjust its 2015 capital budget to respond to changes in commodity prices and other material changes in the assumptions underlying its 2015 budget.*

- *With respect to statements regarding proposed expansions of the PCS Gas Plant, the anticipated processing capacities of the PCS Gas Plant after such expansions and the anticipated timing of such expansions, the key assumptions are that: future drilling is successful; there is sufficient labour, services and equipment available; Birchcliff will have access to sufficient capital to fund those projects; and commodity prices warrant proceeding with the construction of such facilities and the drilling of associated wells.*

- *With respect to statements that the success of two new Montney D4 wells in the Elmworth area is expected to result in follow-up drilling by Birchcliff and significant future reserves additions, the key assumptions are that: future drilling is successful; there is sufficient labour, services and equipment available; Birchcliff will have access to sufficient capital to fund such future drilling; and commodity prices warrant proceeding with such future drilling. In addition, statements* *regarding future reserve additions assume that in conducting its reserves evaluation, Birchcliff's independent reserves evaluator will concur with Birchcliff's internal technical interpretations.*

- *With respect to Birchcliff's expectation that its structural costs will be reduced on an ongoing basis, the key assumptions are that: Birchcliff will continue to attain cost reductions resulting from technical and operational advancements in Birchcliff's drilling and completion projects that is has recently experienced and Birchcliff will develop further technical and operational advancements that will reduce costs.*

Undue reliance should not be placed on forward-looking information, as there can be no assurance that the plans, intentions, expectations or assumptions upon which they are based will occur. Although Birchcliff believes that the expectations and assumptions reflected in the forward-looking information 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 and uncertainties that could cause actual results to differ materially from those anticipated including, but not limited to: 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, commodity price fluctuations, 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 Birchcliff'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. Birchcliff 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 Birchcliff's plans or expectations, except as otherwise required by applicable securities laws.

Any "financial outlook" contained in this press release, as such term is defined by applicable securities laws, is provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that reliance on such information may not be appropriate for other purposes.

About Birchcliff:

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 and cumulative redeemable preferred shares, Series A and Series C are listed for trading on the Toronto Stock Exchange under the symbols "BIR", "BIR.PR.A" and "BIR.PR.C", respectively.

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