

BIRCHCLIFF ENERGY LTD. ANNOUNCES SALES PROCESS FOR CHARLIE LAKE LIGHT OIL RESOURCE PLAY

Calgary, Alberta – Birchcliff Energy Ltd. (“Birchcliff”) (TSX: BIR) today announced that it will pursue the sale of its oil and natural gas properties and related assets on the Charlie Lake Light Oil Resource Play located in the Peace River Arch of Alberta (the “Assets”).

“The successful growth of our Montney/Doig Resource Play has resulted in us not allocating any significant capital to our Charlie Lake Light Oil Resource Play. Accordingly, we have chosen to seek potential purchasers for our Charlie Lake Light Oil Resource Play, which includes our highly skilled, multi-disciplinary team that has been managing these assets for years,” said Jeff Tonken, President and Chief Executive Officer of Birchcliff. “We believe that a successful sale will allow us to become even more geographically focused, reduce our cost structure even further and become even more competitive in our industry, while improving our balance sheet. The sales process comes at a time when we have significant financial flexibility, which will allow us to consider only top value bid proposals.”

The Assets have the following attributes:

2017 Estimated Annual Average Production	3,800 boe/d
2017 Q3 Estimated Average Production	4,000 boe/d
% Light Oil and NGLs	56%
% Natural Gas	44%
Proved Reserves ⁽¹⁾⁽²⁾	24.6 million boe
Net Present Value of Proved Reserves ⁽¹⁾⁽²⁾⁽³⁾	\$368.4 million
Proved Plus Probable Reserves ⁽¹⁾⁽²⁾	47.8 million boe
Net Present Value of Proved Plus Probable Reserves ⁽¹⁾⁽²⁾⁽³⁾	\$604.9 million
Land Holdings – 86% Average Working Interest ⁽¹⁾	
Acres	383,368.9 (329,866.6 net)
Sections	599.0 (515.4 net)

(1) At December 31, 2016.

(2) Based on an independent evaluation prepared by Birchcliff’s independent qualified reserves evaluator, Deloitte LLP (“Deloitte”), effective December 31, 2016 (the “Deloitte Reserves Report”), estimated using Deloitte’s forecast price and cost assumptions effective December 31, 2016.

(3) Before tax net present value based on a 10% discount rate.

Birchcliff has engaged a marketing agent to seek potential purchasers. Birchcliff expects that a comprehensive data room will be open at the end of April 2017 or in early May 2017 for interested parties who have executed a confidentiality agreement.

Birchcliff expects that any cash proceeds resulting from a completed transaction will be used to initially reduce indebtedness under Birchcliff’s credit facilities, which will be subsequently redrawn as needed to fund Birchcliff’s ongoing capital expenditure programs and for general corporate purposes.

There can be no assurance that any agreement or transaction will occur, or if a transaction is undertaken, as to its terms or timing. Birchcliff has not set a definitive schedule to complete the sales process and no decision on any particular transaction structure has been reached at this time. Birchcliff does not intend to make further announcements or disclose developments with respect to the sales process until the board of directors has

approved a definitive transaction, unless otherwise required by applicable laws or Birchcliff otherwise determines that disclosure is appropriate.

ABBREVIATIONS

bbl	barrel
boe	barrels of oil equivalent
boe/d	barrels of oil equivalent per day
Mcf	thousand cubic feet
NGLs	natural gas liquids

ADVISORIES

Boe Conversions

Boe amounts have been calculated by using the conversion ratio of 6 Mcf of natural gas to 1 bbl of oil. 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. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

Presentation of Reserves Information

The reserves and future net revenue information contained herein in respect of the Assets is based upon the Deloitte Report. There are numerous uncertainties inherent in estimating quantities of reserves and the future net revenue attributed to such reserves. The reserves and associated future net revenue information set forth herein are estimates only. In general, estimates of economically recoverable reserves and the future net revenue therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, initial production rates, production decline rates, ultimate reserves recovery, the timing and amount of capital expenditures, the success of future development activities, future commodity prices, marketability of oil, natural gas and NGLs, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially from actual results. For those reasons, estimates of the economically recoverable reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenue associated with reserves prepared by different engineers, or by the same engineer at different times, may vary substantially. Birchcliff's actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates thereof and such variations could be material.

At December 31, 2016: (i) Birchcliff has total proved reserves of 548.5 million boe with a before tax net present value of \$4,054.5 million discounted at 10%; and (ii) Birchcliff has total proved plus probable reserves of 880.5 million boe with a before tax net present value of \$5,810.8 million discounted at 10%, as estimated by Deloitte and McDaniel & Associates Consultants Ltd., independent qualified reserves evaluators. Further information regarding Birchcliff's reserves is contained in its Annual Information Form for the year ended December 31, 2016, a copy of which is available on SEDAR.

Estimates of future net revenue, whether calculated without discount or using a discount rate, do not represent fair market value. There is no assurance that the forecast prices and costs assumptions will be attained and variances could be material. Estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation. All reserves information contained herein has been presented on a gross basis, meaning Birchcliff's working interest before the deduction of royalties and without including any royalty interests of Birchcliff.

Forward-Looking Information

Certain statements contained in this press release constitute forward-looking statements and information (collectively referred to as “**forward-looking information**”) within the meaning of applicable Canadian securities laws. Such forward-looking information relates to future events or Birchcliff’s future performance. All information other than historical fact may be forward-looking information. Such forward-looking information is often, but not always, identified by the use of words such as “seek”, “plan”, “expect”, “project”, “intend”, “believe”, “anticipate”, “estimate”, “estimated”, “forecast”, “potential”, “proposed”, “predict”, “budget”, “continue”, “targeting”, “may”, “will”, “could”, “might”, “should” and other similar words and expressions. This information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. Birchcliff believes that the expectations reflected in the forward-looking information are reasonable in the current circumstances but no assurance can be given that these expectations will prove to be correct and such forward-looking information included in this press release should not be unduly relied upon. In particular, forward-looking information in this press release includes, but is not limited to, the following: information regarding the potential sale of the Assets, including the sales process and the timing thereof, the anticipated benefits of a sale and the anticipated use of proceeds; the 2017 estimated annual average and third quarter average production for the Assets; and estimates of reserves and the net present value of future net revenue associated with the Assets. In addition, information relating to “reserves” is forward-looking as it involves the implied assessment based on certain estimates and assumptions that the reserves described exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future.

With respect to forward-looking information contained in this press release, assumptions have been made regarding, among other things: prevailing and future commodity prices and differentials, currency exchange rates, interest rates, inflation rates, royalty rates and tax rates; expected funds flow from operations; Birchcliff’s future debt levels; the state of the economy and the exploration and production business; the economic and political environment; the regulatory framework regarding royalties, taxes and environmental laws; the sources of funding for Birchcliff’s capital expenditure programs and other activities; anticipated timing and results of capital expenditures; the sufficiency of budgeted capital expenditures to carry out planned operations; results of future operations; future operating, transportation, marketing and general and administrative costs; the performance of existing and future wells, well production rates and well decline rates; success rates for future drilling; reserves and resource volumes and Birchcliff’s ability to replace and expand oil and gas reserves through acquisition, development or exploration; the impact of competition; the availability of, demand for and cost of labour, services and materials; the ability to access capital and to obtain financing on acceptable terms; the ability to obtain any necessary regulatory or third party approvals in a timely manner; the ability of Birchcliff to secure adequate transportation for its products; Birchcliff’s ability to market oil and gas; and the availability of hedges on terms acceptable to Birchcliff. In addition to the foregoing assumptions, Birchcliff has made the following assumptions with respect to certain forward-looking information contained in this press release:

- With respect to estimates of reserves and the net present value of future net revenue associated with reserves, the key assumption is the validity of the data used by Birchcliff’s independent qualified reserves evaluator in its independent evaluation, which includes technical information and forecast commodity prices.
- With respect to the production estimates contained herein, the key assumptions are that: Birchcliff’s 2017 capital expenditure program will be carried out as currently contemplated; no unexpected outages occur in the infrastructure that Birchcliff relies on to produce its wells and that any transportation service curtailments or unplanned outages that occur will be short in duration or otherwise insignificant; the construction of new infrastructure meets timing and operational expectations; existing wells continue to meet production expectations; and future wells scheduled to come on production meet timing, production and capital expenditure expectations.

Birchcliff’s actual results, performance or achievements could differ materially from those anticipated in the forward-looking information as a result of both known and unknown risks and uncertainties including, but not limited to: whether the sales process will result in a transaction; the terms of a transaction; the failure to realize

the anticipated benefits from the sale of the Assets; the failure to obtain any required approvals in a timely manner or at all; variances in Birchcliff's actual capital costs, operating costs and economic returns from those anticipated; general economic, market and business conditions; volatility of crude oil and natural gas prices; fluctuations in currency and interest rates; operational risks and liabilities inherent in oil and natural gas operations; uncertainties associated with estimating oil and natural gas reserves; the accuracy of oil and natural gas reserves estimates and estimated production levels as they are affected by exploration and development drilling and estimated decline rates; geological, technical, drilling, construction and processing problems; uncertainty of geological and technical data; uncertainties related to Birchcliff's future potential drilling locations; fluctuations in the costs of borrowing; changes in tax laws, crown royalty rates, environmental laws and incentive programs relating to the oil and natural gas industry and other actions by government authorities, including changes to the royalty and carbon tax regimes and the imposition or reassessment of taxes; the cost of compliance with current and future environmental laws; political uncertainty and uncertainty associated with government policy changes; uncertainties and risks associated with pipeline restrictions and outages to third-party infrastructure that could cause disruptions to production; the ability to satisfy obligations under Birchcliff's firm marketing and transportation arrangements; the inability to secure adequate production transportation; the occurrence of unexpected events such as fires, equipment failures and other similar events; potential delays or changes in plans with respect to exploration or development projects or capital expenditures; stock market volatility; loss of market demand; environmental risks, claims and liabilities; incorrect assessments of the value of acquisitions and exploration and development programs; shortages in equipment and skilled personnel; the absence or loss of key employees; uncertainties associated with the outcome of litigation or other proceedings involving Birchcliff; uncertainty that development activities in connection with its assets will be economical; competition for, among other things, capital, acquisitions of reserves, undeveloped lands, equipment and skilled personnel; uncertainties associated with credit facilities; counterparty credit risk; and risks associated with Birchcliff's hedging activities.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Additional information on these and other risk factors that could affect results of operations, financial performance or financial results are included in Birchcliff's most recent Annual Information Form and in other reports filed with Canadian securities regulatory authorities.

Management has included the above summary of assumptions and risks related to forward-looking information provided in this press release in order to provide readers with a more complete perspective on Birchcliff's future operations. Readers are cautioned that this information may not be appropriate for other purposes.

The forward-looking information contained in this press release is expressly qualified by the foregoing cautionary statements. The forward-looking information contained in this press release is made as of the date of this press release. Birchcliff is not under any duty to update or revise any of the forward-looking information except as expressly required by applicable securities laws.

About Birchcliff:

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 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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