

# BIRCHCLIFF

## ENERGY

17-18

October 2, 2017

### BIRCHCLIFF ENERGY LTD. PROVIDES OPERATIONAL UPDATE AND ANNOUNCES CLOSING OF \$31.7 MILLION ASSET SALE

**Calgary, Alberta – Birchcliff Energy Ltd. (“Birchcliff”) (TSX: BIR)** is pleased to provide the following update.

#### Pouce Coupe Gas Plant – Phase V On-Stream

Birchcliff is pleased to announce that the 80 MMcf/d Phase V expansion of its 100% owned and operated natural gas processing plant in Pouce Coupe has been successfully brought on-stream, increasing the processing capacity of the plant to 260 MMcf/d from 180 MMcf/d. Phase V was on budget and brought on-stream ahead of the initially scheduled on-stream date of October 1, 2017.

#### Closing of \$31.7 Million Asset Sale

Birchcliff is also pleased to announce that on October 2, 2017 it closed its previously announced asset sale for total cash consideration of \$31.7 million (before adjustments). To date in 2017, Birchcliff has completed asset sales for total proceeds of approximately \$148 million (\$138 million in cash; \$10 million in securities) (before adjustments), representing forecast 2017 average production of approximately 3,600 boe/d and resulting in a flowing barrel metric of approximately \$41,111 per boe/d.

#### 2017 Production Guidance Re-Affirmed

Birchcliff is also pleased to announce that it is re-affirming its 2017 fourth quarter average production guidance of 79,000 to 80,000 boe/d (approximately 20% oil and NGLs) and its 2017 annual average production guidance of 67,000 to 68,000 boe/d (approximately 21% oil and NGLs).

#### ABBREVIATIONS

bbl	barrel
boe	barrel of oil equivalent
boe/d	barrels of oil equivalent per day
Mcf	thousand cubic feet
MMcf/d	million cubic feet per day
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: 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.

##### Currency

All amounts in this press release are stated in Canadian dollars unless otherwise specified.

## **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", "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, this press release contains forward-looking information relating to Birchcliff's production guidance, including its estimates of its annual average and fourth quarter average production and commodity mix in 2017. With respect to forward-looking information contained in this press release, assumptions have been made regarding, among other things: Birchcliff's ability to continue to develop its assets and obtain the anticipated benefits therefrom; 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 in which Birchcliff operates; 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; well drainage areas; 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 on Birchcliff; the availability of, demand for and cost of labour, services and materials; Birchcliff's ability to access capital; the ability to obtain financing on acceptable terms; the ability to obtain any necessary regulatory 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. With respect to Birchcliff's production guidance, the key assumptions are that: Birchcliff's capital expenditure programs 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: the failure to realize the anticipated benefits of acquisitions and dispositions; general economic, market and business conditions which will, among other things, impact the demand for and market prices of Birchcliff's products and Birchcliff's access to capital; 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 and resources; 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 for Birchcliff's products; the occurrence of unexpected events such as fires, equipment failures and other similar events affecting Birchcliff or other parties whose operations or assets directly or indirectly affect Birchcliff; 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; risks associated with Birchcliff's hedging program and the risk that hedges on terms acceptable to Birchcliff may not be available; the failure to obtain any required approvals in a timely manner or at all; unforeseen difficulties in integrating acquired assets into Birchcliff's operations; and variances in Birchcliff's actual capital costs, operating costs and economic returns from those anticipated. Birchcliff's actual production may be affected by acquisition and disposition activity and acquisitions and dispositions could occur that may impact expected production.

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 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.

**For further information, please contact:**

**Birchcliff Energy Ltd.**  
Suite 1000, 600 – 3<sup>rd</sup> Avenue S.W.  
Calgary, Alberta T2P 0G5  
Tel: (403) 261-6401  
Fax: (403) 261-6424  
Email: [info@birchcliffenergy.com](mailto:info@birchcliffenergy.com)  
[www.birchcliffenergy.com](http://www.birchcliffenergy.com)

**Bruno Geremia** – Vice-President and Chief Financial Officer