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BIRCHCLIFF ENERGY LTD. ANNOUNCES STRONG THIRD QUARTER RESULTS, STRONG QUARTERLY PRODUCTION, RECORD LOW OPERATING COSTS AND CONFIRMS 2015 PRODUCTION GUIDANCE

Calgary, Alberta – Birchcliff Energy Ltd. (“Birchcliff”) (TSX: BIR) is pleased to announce strong financial and operational results for the third quarter of 2015, with strong quarterly average production of 38,433 boe per day and record low operating costs of \$4.39 per boe. 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, 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 third quarter in 2015, with funds flow of \$44.6 million, net income to common shareholders of \$3.8 million and strong quarterly average production of 38,433 boe per day. Our quarterly average production was up 12% from the third quarter of 2014 as a result of stronger production performance from our Montney/Doig horizontal natural gas wells drilled in the last three years and new wells drilled in 2015. Our production during the quarter was adversely impacted by both firm and interruptible transportation service curtailments on TransCanada’s NGTL System that occurred on the vast majority of days during the quarter and we estimate that these curtailments decreased our quarterly average production by at least 1,300 boe per day. We had record low operating costs of \$4.39 per boe, down 13% from the third quarter of 2014, a continued trend over the last four years. In addition, we returned to generating earnings, despite the fact that we are not hedged, which is a testament to our overall low cost business.”

PRESS RELEASE HIGHLIGHTS

Current Highlights and 2015 Production Guidance

- **Production during October 2015 averaged approximately 40,500 boe per day.**
- **Birchcliff confirms its 2015 production guidance as follows:**
 - **2015 annual average production is expected to be 39,000 to 40,000 boe per day**, representing a range of 16% to 19% growth above the annual average of 33,734 boe per day in 2014.
 - **2015 fourth quarter average and 2015 exit production is expected to be 41,000 to 42,000 boe per day.** Strong average production is expected in the first quarter of 2016.
 - **Birchcliff’s annual average and fourth quarter average production for 2015 are expected to be on the low end of Birchcliff’s production guidance range, primarily as a result of the numerous transportation service curtailments that have adversely impacted Birchcliff’s production volumes.** Birchcliff’s 2015 annual average and fourth quarter average production guidance assumes that any future transportation service curtailments or unplanned outages that occur during the balance of the fourth quarter of 2015 will be short in duration or otherwise insignificant.

- **Birchcliff is on budget to meet its \$250 million capital expenditure program for 2015.** In the second quarter of 2015, Birchcliff increased its expected average production for the fourth quarter of 2015 by approximately 2,000 boe per day to 41,000 to 42,000 boe per day, while reducing its forecast of total capital expenditures for 2015 to \$250 million from \$266.7 million and drilling an additional 7 (7.0 net) Montney/Doig horizontal natural gas wells.
- **Birchcliff currently anticipates that its capital expenditures in the fourth quarter of 2015 will be less than its funds flow for the quarter, which will provide it with continued financial flexibility despite the low commodity price environment.**
- **Birchcliff's revised capital expenditure program for 2015 contemplates the drilling of a total of 32 (31.5 net) wells. Birchcliff has 5 (5.0 net) standing Montney/Doig horizontal natural gas wells to bring on production before year end 2015, all of which are in the Pouce Coupe area.**
- **Birchcliff has drilled 30 (29.5 net) wells year to date, consisting of 26 (26.0 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 (1.0 net) Charlie Lake horizontal light oil well in the Progress area, 1 (0.5 net) Halfway horizontal light oil well in the Progress area and 1 (1.0 net) Belloy vertical well drilled as an acid gas disposal well in the Elmworth area.**
- **As at November 11, 2015, Birchcliff has successfully drilled and cased 186 (185.9 net) Montney/Doig horizontal natural gas wells** utilizing horizontal drilling and multi-stage fracture stimulation technology.
- **The majority of Birchcliff's Montney/Doig horizontal natural gas wells drilled in 2013, 2014 and 2015 are exhibiting increased production performance as compared to Birchcliff's original internal forecasts.**
- **Birchcliff anticipates that it will see a material increase in its proved developed producing, total proved and proved plus probable reserves volumes at year end 2015** as a result of the strong production performance from its Montney/Doig horizontal natural gas wells drilled in 2013, 2014 and 2015 and the new reserves established by its 2015 drilling program.
- **Birchcliff expects that its \$800 million three-year term revolving credit facility will be increased upon the completion of its annual credit review in May 2016 as a result of the anticipated increases to Birchcliff's reserves volumes at year end 2015, assuming that commodity prices do not significantly deteriorate from current levels.**

2015 Third Quarter Financial and Operational Results

- **Strong quarterly average production of 38,433 boe per day.** Birchcliff's production during the quarter was adversely impacted by both firm and interruptible transportation service curtailments on TransCanada's NGTL System that occurred on the vast majority of days during the quarter and Birchcliff estimates that these curtailments decreased its quarterly average production by at least 1,300 boe per day. This quarterly average production represents an increase of 12% from 34,235 boe per day in the third quarter of 2014. Production consisted of 87% natural gas, 9% light oil and 4% natural gas liquids.
- **Funds flow of \$44.6 million (\$0.29 per basic common share),** a decrease from \$75.0 million (\$0.50 per basic common share) in the third quarter of 2014.
- **Net income to common shareholders of \$3.8 million (\$0.03 per basic common share),** a decrease from \$28.7 million (\$0.19 per basic common share) in the third quarter of 2014.
- **Record low operating costs of \$4.39 per boe,** a 13% decrease from \$5.06 per boe in the third quarter of 2014.

- **Record low general and administrative expense of \$1.19 per boe**, a 17% decrease from \$1.44 per boe in the third quarter of 2014.
- **Low total cash costs of \$10.58 per boe** (royalties, operating, transportation and marketing, general and administrative and interest expense), a 19% decrease from \$13.04 per boe in the third 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 81% of its corporate natural gas production and achieved an operating margin of 77%, plant and field operating costs were approximately \$0.33 per Mcfe or \$2.00 per boe in the first nine months of 2015.
- **Funds flow netback of \$12.61 per boe**, a decrease from \$23.82 per boe in the third quarter of 2014.
- **Capital expenditures of \$50.0 million.**
- **Drilled 6 (6.0 net) wells in the third quarter of 2015**, all of which were Montney/Doig horizontal natural gas wells in the Pouce Coupe area.

2016 Capital Expenditure Program and PCS Gas Plant

- It is expected that details of Birchcliff's 2016 capital expenditure program will be announced on February 10, 2016.
- Birchcliff expects to complete the Phase V expansion of the PCS Gas Plant in the fall of 2016, which will increase the processing capacity to 260 MMcf per day from 180 MMcf per day.

2015 THIRD QUARTER FINANCIAL AND OPERATIONAL HIGHLIGHTS

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
OPERATING				
Average daily production				
Light oil – (barrels)	3,554	3,957	3,767	3,957
Natural gas – (thousands of cubic feet)	199,746	172,675	198,146	162,220
NGLs – (barrels)	1,588	1,499	1,655	1,403
Total – barrels of oil equivalent (6:1)⁽¹⁾	38,433	34,235	38,446	32,396
Average sales price (\$ CDN) ⁽²⁾				
Light oil – (per barrel)	52.91	95.94	55.04	99.30
Natural gas – (per thousand cubic feet)	3.12	4.37	2.99	5.07
NGLs – (per barrel)	49.42	87.38	51.73	92.73
Total – barrels of oil equivalent (6:1)⁽¹⁾	23.17	36.95	23.03	41.51
NETBACK AND COST (\$ per barrel of oil equivalent at 6:1)⁽¹⁾				
Petroleum and natural gas revenue ⁽²⁾	23.19	36.96	23.04	41.53
Royalty expense	(0.86)	(2.63)	(0.77)	(3.44)
Operating expense	(4.39)	(5.06)	(4.67)	(5.17)
Transportation and marketing expense	(2.44)	(2.41)	(2.50)	(2.45)
Netback⁽³⁾	15.50	26.86	15.10	30.47
General & Administrative expense, net	(1.19)	(1.44)	(1.46)	(1.73)
Interest expense	(1.70)	(1.50)	(1.53)	(1.63)
Realized loss on financial instruments	-	(0.10)	-	(0.11)
Funds flow netback⁽³⁾	12.61	23.82	12.11	27.00
Stock-based compensation expense, net	(0.23)	(0.25)	(0.23)	(0.44)
Depletion and depreciation expense	(9.82)	(10.39)	(10.60)	(11.03)
Accretion expense	(0.16)	(0.20)	(0.16)	(0.21)
Amortization of deferred financing fees	(0.07)	(0.07)	(0.07)	(0.08)
Gain on sale of assets	-	-	0.06	-
Unrealized gain on financial instruments	-	0.13	-	0.02
Dividends on Series C preferred shares	(0.25)	(0.28)	(0.25)	(0.30)
Income tax expense	(0.72)	(3.34)	(1.13)	(3.96)
Net income (loss)	1.36	9.42	(0.27)	11.00
Dividends on Series A preferred shares	(0.28)	(0.32)	(0.29)	(0.34)
Net income (loss) to common shareholders	1.08	9.10	(0.56)	10.66
FINANCIAL				
Petroleum and natural gas revenue (\$000s) ⁽²⁾	82,011	116,424	241,828	367,290
Funds flow from operations (\$000s) ⁽³⁾	44,587	75,030	127,059	238,781
Per common share – basic (\$) ⁽³⁾	0.29	0.50	0.83	1.63
Per common share – diluted (\$) ⁽³⁾	0.29	0.48	0.82	1.58
Net income (loss) (\$000s)	4,815	29,665	(2,838)	97,251
Net income (loss) to common shareholders (\$000s)	3,815	28,665	(5,838)	94,251
Per common share – basic (\$)	0.03	0.19	(0.04)	0.64
Per common share – diluted (\$)	0.02	0.19	(0.04)	0.62
Common shares outstanding (000s)				
End of period – basic	152,308	152,154	152,308	152,154
End of period – diluted	168,112	166,190	168,112	166,190
Weighted average common shares for period – basic	152,303	149,594	152,279	146,275
Weighted average common shares for period – diluted	153,916	154,800	154,265	151,561
Dividends on Series A preferred shares (\$000s)	1,000	1,000	3,000	3,000
Dividends on Series C preferred shares (\$000s)	875	875	2,625	2,625
Capital expenditures, net (\$000s)	50,013	104,363	213,674	341,250
Long-term bank debt (\$000s)	626,839	435,545	626,839	435,545
Working capital deficit (\$000s)	13,912	59,762	13,912	59,762
Total debt (\$000s) ⁽³⁾	640,751	495,307	640,751	495,307

(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 THIRD QUARTER REPORT

November 11, 2015

Fellow Shareholders,

We are pleased to report the third quarter financial and operational results for Birchcliff Energy Ltd. ("**Birchcliff**") for the three and nine month periods ended September 30, 2015. We had a solid third quarter in 2015, with strong quarterly average production and record low operating costs. In addition, we returned to generating earnings, despite the fact that we are not hedged, which is a testament to our overall low-cost business.

Production during October 2015 averaged approximately 40,500 boe per day.

We had strong quarterly average production of 38,433 boe per day during the third quarter of 2015. Production consisted of 87% natural gas, 9% light oil and 4% natural gas liquids. Production was 12% above the average production in the third quarter of 2014. Our production during the quarter was adversely impacted by both firm and interruptible transportation service curtailments on TransCanada's NGTL System that occurred on the vast majority of days during the quarter and Birchcliff estimates that these curtailments decreased our quarterly average production by at least 1,300 boe per day.

We had funds flow of \$44.6 million (\$0.29 per basic common share), a decrease from \$45.8 million (\$0.30 per basic common share) in the second quarter of 2015 and a decrease from \$75.0 million (\$0.50 per basic common share) in the third quarter of 2014.

We had net income of \$4.8 million, an increase from the net loss of \$4.1 million we recorded in the second quarter of 2015 and a decrease from the net income of \$29.7 million we recorded in the third quarter of 2014. We recorded net income to common shareholders of \$3.8 million (\$0.03 per basic common share) in the third quarter of 2015, an increase from the net loss to common shareholders of \$5.2 million (\$0.03 per basic common share) we recorded in the second quarter of 2015 and a decrease from net income to common shareholders of \$28.7 million (\$0.19 per basic common share) we recorded in the third quarter of 2014.

Our operating costs were \$4.39 per boe, down 3% from the second quarter of 2015 and down 13% from the third quarter of 2014, a continued trend over the last four years.

Our general and administrative expense was \$1.19 per boe, down 21% from the second quarter of 2015 and down 17% from the third quarter of 2014.

Our total cash costs were \$10.58 per boe, which were unchanged from the second quarter of 2015 and down 19% from the third quarter of 2014. Total cash costs per boe were down 24% for the first nine months of 2015 as compared to the same period in 2014.

The majority of our Montney/Doig horizontal natural gas wells drilled in 2013, 2014 and 2015 are exhibiting increased production performance as compared to our original internal forecasts. We anticipate that as a result of the strong production performance from our Montney/Doig horizontal natural gas wells drilled in 2013, 2014 and 2015 and the new reserves established by our 2015 drilling program, we will see a material increase in our proved developed producing, total proved and proved plus probable reserves volumes at year end 2015.

As a result of the anticipated increases to our reserves volumes at year end 2015, we expect that our \$800 million three-year term revolving credit facility will be increased upon the completion of our

annual credit review in May 2016, assuming that commodity prices do not significantly deteriorate from current levels. The credit facility contains no financial covenants providing us with financial flexibility.

We are on budget to meet our \$250 million capital expenditure program for 2015. In the second quarter of 2015, we increased our expected average production for the fourth quarter of 2015 by approximately 2,000 boe per day to 41,000 to 42,000 boe per day, while reducing our forecast of total capital expenditures for 2015 to \$250 million from \$266.7 million and drilling an additional 7 (7.0 net) Montney/Doig horizontal natural gas wells. Our revised capital expenditure program for 2015 contemplates the drilling of a total of 32 (31.5 net) wells.

We have achieved long-term reductions in both our operating and capital costs as a result of the hard work of our people, the advancement of horizontal drilling and completion technologies, the implementation of operating and capital cost reduction initiatives and efficient project execution. In addition, the collapse in oil prices and continued low natural gas prices have led to shorter-term cost reductions in most aspects of our business.

In summary, we had strong production, record low operating costs per boe, improved well performance and earnings during the third quarter of 2015.

Update on 2015 Production and 2015 Production Guidance Confirmed

Production during October 2015 averaged approximately 40,500 boe per day and we had quarterly average production of 38,433 boe per day during the third quarter. Our production during the quarter was adversely impacted by both firm and interruptible transportation service curtailments on TransCanada's NGTL System that occurred on the vast majority of days during the quarter and we estimate that these curtailments decreased our quarterly average production by at least 1,300 boe per day. During the fourth quarter of 2015, we have continued to experience curtailments of our transportation service on TransCanada's NGTL System which adversely impacts our production volumes.

Our 2015 annual average production is expected to be 39,000 to 40,000 boe per day, representing a range of 16% to 19% growth above the annual average of 33,734 boe per day in 2014. Our 2015 fourth quarter average and 2015 exit production is expected to be 41,000 to 42,000 boe per day, setting us up for strong average production in the first quarter of 2016.

Our annual average and fourth quarter average production for 2015 are expected to be on the low end of our production guidance range, primarily as a result of the numerous transportation service curtailments that have adversely impacted our production volumes. Our 2015 annual average and fourth quarter average production guidance assumes that any future transportation service curtailments or unplanned outages that occur during the balance of the fourth quarter of 2015 will be short in duration or otherwise insignificant. Please also see the note on forward-looking information contained herein under the heading "*Advisories – Forward-Looking Information*".

Update on Capital Expenditures

During the third quarter of 2015, we had capital expenditures of \$50.0 million. We currently anticipate that our capital expenditures in the fourth quarter of 2015 will be less than our funds flow for the quarter, which will provide us with continued financial flexibility despite the low commodity price environment.

Update on Natural Gas Transportation Capacity

Virtually all of our natural gas production is transported on TransCanada's NGTL System in Alberta pursuant to both firm and interruptible service agreements. In recent months, interruptible service has been suspended and transportable volumes have been curtailed from time to time to as low as 85% of Birchcliff's firm service entitlements as a result National Energy Board ordered pipeline integrity testing procedures and other operational issues with TransCanada's NGTL System.

We currently have in place firm service contracts that in the aggregate provide transportation capacity slightly above the processing capacity of our own processing facilities and sufficient transportation capacity to meet our processing commitments at third party processing facilities. Additional firm transportation capacity will become available to us in 2016 and we expect to have sufficient firm transportation capacity to transport the majority of our anticipated increased production volumes resulting from the proposed Phase V expansion of our PCS Gas Plant discussed below.

Update on Reserves

We anticipate that we will see a material increase in our proved developed producing, total proved and proved plus probable reserves volumes at year end 2015 as a result of the strong production performance from our Montney/Doig horizontal natural gas wells drilled in 2013, 2014 and 2015 and the new reserves established by our 2015 drilling program. Some of the expected reserves additions are anticipated to result from significant positive technical revisions at year end 2015 which do not require any increase to the future development capital associated with the wells. These technical revisions primarily result from the continued advancement of our drilling and completion technologies and improved well production performance on some of our existing wells.

At year end 2015, we also anticipate a significant decrease in our future development capital on a per well basis, mainly due to new technology efficiencies that we have been applying and the reduced price environment for services, equipment and supplies that we are currently experiencing.

Update on the PCS Gas Plant

Our PCS Gas Plant has a processing capacity of 180 MMcf per day of raw gas and is currently processing natural gas at or near maximum capacity.

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 currently anticipate that the Phase V expansion will be completed in the fall of 2016. In addition, preliminary planning and permitting work has been initiated for the Phase VI expansion of our PCS Gas Plant which is being designed to increase processing capacity to 340 MMcf per day from 260 MMcf per day. It is currently expected that the Phase VI expansion will be completed in early 2018.

Update on the Elsworth Gas Plant

As part of our future growth plans for our Montney/Doig Natural Gas Resource Play, we are continuing to prove up the play in the Elsworth area and in the next few years we intend to construct and operate a 100% owned natural gas plant in the Elsworth area (the "**Elsworth Gas Plant**"), as previously announced on August 12, 2015. We have commenced the preliminary planning for this plant and a critical requirement is a nearby acid gas disposal well which we drilled in the first quarter of 2015. In the second and third quarters, we conducted injectivity tests on the well and we are currently evaluating its injection capability and preparing the required regulatory application.

2015 THIRD QUARTER FINANCIAL AND OPERATIONAL RESULTS

Production

Third quarter production averaged 38,433 boe per day, an increase of 12% from production of 34,235 boe per day in the third quarter of 2014. This production growth from the third 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, offset by numerous transportation service curtailments on TransCanada's NGTL System that adversely impacted Birchcliff's production and natural well production declines.

Production consisted of approximately 87% natural gas, 9% light oil and 4% natural gas liquids in the third quarter. Approximately 81% of our total corporate natural gas production and 73% of our total corporate production was processed at our PCS Gas Plant in the first nine months of 2015.

We have consistently demonstrated significant growth in third quarter production per common share. The following table highlights Birchcliff's third quarter production per basic common share growth since 2011 year-over-year:

	Q3 2011	Q3 2012	Q3 2013	Q3 2014	Q3 2015	Change Since 2011 (%)	Average Annual Growth (%)
Quarterly average production (<i>boe/day</i>)	17,648	21,426	24,662	34,235	38,433	118	29
Production per day per million common shares (<i>boe</i>)⁽¹⁾	139.4	151.4	173.0	228.9	252.3	81	20

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

Funds Flow and Net Income to Common Shareholders

Funds flow was \$44.6 million or \$0.29 per basic common share, a decrease from \$75.0 million or \$0.50 per basic common share in the third quarter of 2014. This decrease was largely due to a 37% decrease in the average realized oil and natural gas wellhead price.

We recorded net income to common shareholders of \$3.8 million (\$0.03 per basic common share) in the third quarter of 2015, a decrease from \$28.7 million (\$0.19 per basic common share) in the third quarter of 2014. The decrease from the third quarter of 2014 was mainly attributable to lower funds flow as a result of the decrease in commodity prices.

Operating Costs and General and Administrative Expense

Operating costs for the third quarter of 2015 were \$4.39 per boe, a decrease from \$5.06 per boe in the third quarter of 2014. Operating costs per boe decreased from the third quarter of 2014 largely due to the continued cost benefits achieved from processing incremental volumes of natural gas through our PCS Gas Plant, lower service costs due to reduced industry activity and the continued implementation of various optimization initiatives.

General and administrative expense in the third quarter of 2015 was \$1.19 per boe, a decrease from \$1.44 per boe in the third quarter of 2014.

We continue to focus on reducing our operating costs and general and administrative expense on a per boe basis. In the third quarter of 2015, we implemented two meaningful operating cost reduction initiatives that are expected to further reduce costs over the long term at our PCS Gas Plant. The first initiative was the conversion of an existing standing vertical well near the PCS Gas Plant to a water

disposal well and connecting it by pipeline to the PCS Gas Plant. This eliminated the related trucking costs and disposal fees for any produced disposable water at the PCS Gas Plant. The second initiative was the conversion in August 2015 of a fuel gas pipeline to condensate service to connect the condensate stream from the PCS Gas Plant directly to Pembina's pipeline system. This eliminated related condensate trucking fees and better secured take away capacity for our produced condensate volumes.

PCS Gas Plant Netbacks

Since the PCS Gas Plant first became operational in March 2010, we have seen a significant reduction in our corporate operating costs on a per boe basis. During the first nine months of 2015, we processed approximately 81% of our total corporate natural gas production through our PCS Gas Plant with an average plant and field operating cost of \$2.00 per boe (\$0.33 per Mcfe). The estimated operating netback at our PCS Gas Plant was \$15.02 per boe (\$2.50 per Mcfe) resulting in an operating margin of 77% in the first nine months of 2015.

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

	Nine months ended September 30, 2015		Nine months ended September 30, 2014		Nine months ended September 30, 2013		Nine months ended September 30, 2012	
Average daily production, net to Birchcliff:								
Natural gas (Mcf)	159,786		126,450		86,870		51,235	
Oil & NGLs (bbls)	1,258		1,007		427		189	
Total boe (6:1)	27,889		22,082		14,905		8,729	
Sales liquids yield (bbls/MMcf)	7.9		8.0		4.9		3.7	
% of corporate natural gas production	81%		78%		71%		52%	
% of corporate production	73%		68%		60%		41%	
AECO – C daily (\$/Mcf)	\$2.77		\$4.81		\$3.06		\$2.12	
Netback and cost:	\$/Mcfe	\$/boe	\$/Mcfe	\$/boe	\$/Mcfe	\$/boe	\$/Mcfe	\$/boe
Petroleum and natural gas revenue	3.26	19.58	5.54	33.23	3.57	21.42	2.54	15.24
Royalty expense	(0.11)	(0.65)	(0.29)	(1.75)	(0.15)	(0.92)	(0.08)	(0.48)
Operating expense ⁽¹⁾	(0.33)	(2.00)	(0.40)	(2.40)	(0.36)	(2.19)	(0.33)	(1.98)
Transportation and marketing expense	(0.32)	(1.91)	(0.30)	(1.81)	(0.27)	(1.54)	(0.23)	(1.36)
Estimated operating netback⁽²⁾	2.50	15.02	4.55	27.27	2.79	16.77	1.90	11.42
Operating margin⁽²⁾	77%	77%	82%	82%	78%	78%	75%	75%

(1) Represents plant and field operating costs.

(2) See "Non-GAAP Measures".

Total Cash Costs and Funds Flow Netback

During the third quarter of 2015, we had total cash costs of \$10.58 per boe (royalties, operating, transportation and marketing, general and administrative and interest expense), a decrease from \$13.04 per boe in the third quarter of 2014, and funds flow netback of \$12.61 per boe, a decrease from \$23.82 per boe in the third quarter of 2014.

Capital Expenditures

During the third quarter of 2015, we had capital expenditures of \$50.0 million. For details regarding these capital expenditures, please see our management's discussion and analysis for the three and nine month periods ended September 30, 2015.

Debt and Capitalization

We have a \$800 million three-year term extendible revolving credit facility with a maturity date of May 11, 2018, which is comprised of an extendible revolving syndicated term credit facility of \$760 million and an extendible working capital facility of \$40 million. The credit facility contains no financial covenants, which provides us with financial flexibility. For further details regarding the terms of our credit facilities, please see our management's discussion and analysis for the three and nine month periods ended September 30, 2015.

At September 30, 2015, our drawn bank debt was \$635.8 million from available credit facilities aggregating \$800 million, leaving \$164.2 million of unutilized credit capacity which provides significant financial flexibility. Total debt at September 30, 2015, including the working capital deficit, was \$640.8 million.

At September 30, 2015, we had 152,307,539 basic common shares outstanding.

OPERATIONS UPDATE

Drilling

Birchcliff's 2015 drilling program is focused on our two proven resource plays, the Montney/Doig Natural Gas Resource Play and the Charlie Lake Light Oil Resource Play. As a result of current market conditions, the decrease in oil prices and continued low natural gas prices, our drilling activities during the third quarter of 2015 were focused on our Montney/Doig Natural Gas Resource Play. We actively employ the evolving technology utilized by the industry regarding horizontal well drilling and the related multi-stage fracture stimulations.

We drilled 6 (6.0 net) wells in the third quarter of 2015, all of which were Montney/Doig horizontal natural gas wells in the Pouce Coupe area.

We have drilled 30 (29.5 net) wells year to date, consisting of 26 (26.0 net) Montney/Doig horizontal natural gas wells in the Pouce Coupe area, 1 (1.0 net) Montney/Doig horizontal natural gas well in the Elsworth area, 1 (1.0 net) Charlie Lake horizontal light oil well in the Progress area, 1 (0.5 net) Halfway horizontal light oil well in the Progress area and 1 (1.0 net) Belloy vertical well drilled as an acid gas disposal well in the Elsworth area.

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 as well as our environmental footprint. Our revised capital expenditure program for 2015, which we announced on August 12, 2015, includes the drilling of 29 (29.0 net) Montney/Doig horizontal natural gas wells on a total of 10 multi-well pads with 2 to 5 wells per pad.

We currently have one drilling rig at work in the Pouce Coupe area drilling 2 Montney/Doig horizontal natural gas wells on a multi-well pad. It is expected that these two wells will be completed and brought on production in the first quarter of 2016. We have 5 (5.0 net) standing Montney/Doig horizontal natural gas wells to bring on production by year end 2015, all of which are in the Pouce Coupe area.

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 recent horizontal drilling and multi-stage fracture stimulation

technology. We have continued to improve our results by reducing our costs and increasing our production and reserves per well. We continue to expand the Montney/Doig Natural Gas Resource Play both geographically and stratigraphically.

Specific completion enhancements that we have been employing over the past two years have resulted in significant individual well performance improvements. As a result, our Montney/Doig natural gas production is exceeding our original internal expectations and the production forecast used by our independent reserves evaluator. As a result of the strong production performance from our Montney/Doig horizontal natural gas wells drilled in 2013, 2014 and 2015 and the new reserves established by our 2015 drilling program, we expect material increases to our proved developed producing, total proved and proved plus probable reserves on many of our existing producing wells and material reserves additions to our related future undeveloped drilling locations at year end 2015.

We have achieved long-term reductions in both our operating and capital costs as a result of the hard work of our people, the advancement of horizontal drilling and completion technologies, the implementation of operating and capital cost reduction initiatives and efficient project execution. In addition, the collapse in oil prices and continued low natural gas prices have led to shorter-term cost reductions in most aspects of our business.

Based on our recent multi-well pad drilling, our costs to drill, case, complete, equip and tie-in our Montney/Doig horizontal natural gas wells have decreased by approximately 22% to an average of \$4.5 million per well from an average of \$5.8 million per well.¹ The combination of these decreased capital costs and the improved well performance that we are now realizing has had a positive effect on our capital efficiencies and internal rates of return.

Exploration Activities in the Montney D4 Interval in the Elmworth and Pouce Coupe Areas

In July 2014, we drilled our first exploration well in the Montney D4 interval in the Pouce Coupe area. As at November 11, 2015, we have drilled a total of seven 100% working interest wells in the Montney D4 interval which is a relatively new exploration interval for Birchcliff. Five of these wells are in the Pouce Coupe area and the remaining two are in the Elmworth area.

In the fourth quarter of 2014, we drilled our first successful Montney/Doig horizontal exploration well in the Montney D4 interval in the Elmworth area. We subsequently drilled our second successful horizontal exploration well in the Elmworth area in the Montney D4 interval in the first quarter of 2015, which was brought on production in June 2015. The success of these two 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 additions to our reserves volumes.

As part of our future growth plans for our Montney/Doig Natural Gas Resource Play, we are continuing to prove up the play in the Elmworth area and in the next few years we intend to construct and operate the 100% owned Elmworth Gas Plant as discussed above.

Land and Potential Future Drilling Locations

Our land activities in the first nine months of 2015 on the Montney/Doig Natural Gas Resource Play included the acquisition of 12.75 sections, all at 100% working interest, 3.75 sections of which were in

¹ The average cost of \$4.5 million per well assumes that there are no costs associated with an extended gathering system.

the heart of our Pouce Coupe area and 9 sections of which were in our Elsworth area. 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 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 drilling 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 drilling locations). The remaining 2,906.4 potential net future horizontal drilling locations have not yet had any proved or probable reserves attributed to them by our independent reserves evaluator.

Charlie Lake Light Oil Resource Play

In the fourth quarter of 2014, we drilled our first successful 100% working interest Charlie Lake horizontal exploration well in the Progress area, which was brought on production in December 2014. This well produced at an average rate of 300 bbls per day of light oil and 1.8 MMcf per day of natural gas for a total of 600 boe per day for the first 30 days of production. As at November 6, 2015, this well was producing 65 bbls per day of light oil and 0.9 MMcf per day of natural gas for a total of 220 boe per day with a 35% water cut.

In the second quarter of 2015, we drilled our second successful 100% working interest Charlie Lake horizontal light oil exploration well in our Progress area, which was brought on production in August 2015. This well produced at an average rate of 85 bbls per day of light oil and 2.2 MMcf per day of natural gas for a total of 450 boe per day for the first 30 days of production. As at November 6, 2015, this well was producing 80 bbls per day of light oil and 2.7 MMcf per day of natural gas for a total of 530 boe per day with a 45% water cut.

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 (1.75 net) sections and accordingly, Birchcliff now holds 28 (27.5 net) sections of land, the vast majority of which is contiguous, 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 Charlie Lake Light Oil Resource Play exploration success. The results of this seismic program are very encouraging and support that a significant amount of our lands have potential for this play.

We are currently developing a full scale development plan for our Progress Charlie Lake Light Oil Resource Play.

The production rates provided for the wells above are not determinative of the rates at which such wells will continue to produce and decline thereafter and are not necessarily indicative of the long-term performance or the ultimate recovery of such wells. See *"Advisories"*.

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 brought on production in April 2015 at rates that exceeded our original expectations.

Land Holdings

As at September 30, 2015, our undeveloped land holdings were 430,293.6 gross (403,013.7 net) acres.

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

Outlook for 2015

Our production remains very strong and our costs, both operating and capital, have been further reduced resulting in a positive effect on our capital efficiencies.

Our 2015 annual average production is expected to be 39,000 to 40,000 boe per day, representing a range of 16% to 19% growth above the annual average of 33,734 boe per day in 2014. Our 2015 fourth quarter average and 2015 exit production is expected to be 41,000 to 42,000 boe per day, setting us up for strong average production in the first quarter of 2016. Our annual average and fourth quarter average production for 2015 are expected to be on the low end of our production guidance range, primarily as a result of the numerous transportation service curtailments that have adversely impacted our production volumes. Our 2015 annual average and fourth quarter average production guidance assumes that any future transportation service curtailments or unplanned outages that occur during the balance of the fourth quarter of 2015 will be short in duration or otherwise insignificant. Please also see the note on forward-looking information contained herein under the heading *"Advisories – Forward-Looking Information"*.

We anticipate that as a result of the strong production performance from our Montney/Doig horizontal natural gas wells drilled in 2013, 2014 and 2015 and the new reserves established by our 2015 drilling program, we will see a material increase in our proved developed producing, total proved and proved plus probable reserves volumes at year end 2015.

We are on budget to meet our \$250 million capital expenditure program for 2015. In the second quarter of 2015, we increased our expected average production for the fourth quarter of 2015 by

approximately 2,000 boe per day to 41,000 to 42,000 boe per day, while reducing our forecast of total capital expenditures for 2015 to \$250 million from \$266.7 million and drilling an additional 7 (7.0 net) Montney/Doig horizontal natural gas wells. Our revised capital expenditure program for 2015 contemplates the drilling of a total of 32 (31.5 net) wells.

We currently have one drilling rig at work in the Pouce Coupe area drilling 2 Montney/Doig horizontal natural gas wells on a multi-well pad. It is expected that these two wells will be completed and brought on production in the first quarter of 2016. We have 5 (5.0 net) standing Montney/Doig horizontal natural gas wells to bring on production by year end 2015, all of which are in the Pouce Coupe area.

We currently anticipate that our capital expenditures in the fourth quarter of 2015 will be less than our funds flow for the quarter, which will provide us with continued financial flexibility despite the low commodity price environment.

We continue to focus on improving our execution, reducing our costs and increasing our reserves all leading to improved capital efficiency and internal rates of return. We are utilizing multi-well pad drilling on our Montney/Doig Natural Gas Resource Play to improve drilling and completion efficiencies, reduce the cost per well and minimize our environmental footprint. Due to the combination of industry conditions, the hard work of our people, cost reduction initiatives and efficient project execution, we have seen a material reduction in our drilling and completion costs. We have also reduced our already low operating costs on a per boe basis to record low levels.

In the third quarter of 2015, we implemented two meaningful operating cost reduction initiatives that are expected to further reduce costs over the long term at our PCS Gas Plant. The first initiative was the conversion of an existing standing vertical well near the PCS Gas Plant to a water disposal well and connecting it by pipeline to the PCS Gas Plant. This eliminated the related trucking costs and disposal fees for any produced disposable water at the PCS Gas Plant. The second initiative was the conversion in August 2015 of a fuel gas pipeline to condensate service to connect the condensate stream from the PCS Gas Plant directly to Pembina's pipeline system. This eliminated related condensate trucking fees and better secured take away capacity for our produced condensate volumes.

As at November 11, 2015, we have successfully drilled and cased 186 (185.9 net) Montney/Doig horizontal natural gas wells. We believe we have up to 3,319.3 potential net future horizontal drilling locations on the Montney/Doig Natural Gas Resource Play. 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.

Outlook for 2016

As a result of the anticipated increases to our reserves volumes at year end 2015, we expect that our \$800 million three-year term revolving credit facility will be increased upon the completion of our annual credit review in May 2016, assuming that commodity prices do not significantly deteriorate from current levels.

Birchcliff expects to complete the Phase V expansion of the PCS Gas Plant in the fall of 2016, which will increase the processing capacity to 260 MMcf per day from 180 MMcf per day.

As a result of current commodity prices and the ongoing Alberta royalty and climate change reviews, we have determined that we will finalize and announce our 2016 capital expenditure program on February

10, 2016 after we have had the opportunity to consider the results of these reviews and any possible impact that any changes to the regulatory regime in Alberta will have on our business.

We expect to release our unaudited financial results and summaries of our reserves evaluation and Montney/Doig Natural Gas Resource Assessment for the year ended December 31, 2015 on February 10, 2016.

Summary

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 prudently manage our business 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.

In conclusion, Birchcliff is in an enviable position. The production from our Montney/Doig horizontal natural gas wells are outperforming our original internal estimates. As a result, we had strong quarterly average production during the third quarter of 2015, notwithstanding both firm and interruptible transportation service curtailments on TransCanada's NGTL System that occurred on the vast majority of days during the quarter and which we estimate decreased our quarterly average production by at least 1,300 boe per day (**Strong Production**). We had record low operating costs and general and administrative expense per boe during the third quarter of 2015 (**Record Low Operating and G&A Costs per boe**). In addition to cost reductions resulting from industry conditions, we have also initiated technical and operational advancements that have resulted in significant sustainable cost reductions (**Cost Reductions**). With the drilling of 7 additional wells under our revised capital expenditure program announced on August 12, 2015, we anticipate strong 2015 fourth quarter and 2015 exit production, setting us up for strong average production in the first quarter of 2016 (**Increased Production, Less Capital**). We have significant financial flexibility with our \$800 million syndicated revolving credit facility that contains no financial covenants (**Financial Flexibility**). We have long-term shareholders who continue to support Birchcliff notwithstanding the significant 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**).

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”, “estimated operating netback”, “funds flow netback”, “operating margin”, “total cash costs” 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, 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 total debt as a key measure 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:

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
<i>(\$000s)</i>				
Cash flow from operating activities	41,933	81,045	104,011	232,388
Adjustments:				
Decommissioning expenditures	318	493	646	1,400
Changes in non-cash working capital	2,336	(6,508)	22,402	4,993
Funds flow from operations	44,587	75,030	127,059	238,781

“Netback” denotes 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 attributable 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.

“Total debt” is calculated as the revolving term credit facilities plus non-revolving term credit facilities as they appear on Birchcliff’s condensed statements of financial position plus 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)	September 30, 2015	December 31, 2014
Non-revolving term credit facilities	-	129,476
Revolving term credit facilities	626,839	339,557
Long-term bank debt	626,839	469,033
Working capital deficit	13,912	76,712
Total debt	640,751	545,745

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. 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.

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. 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.

Operating Costs: References in this press release to “operating costs” exclude 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 proved or probable reserves attributed to them. 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 proved or probable 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 proved or probable reserves, resources or production.

Initial Production Rates: *Any references in this press release to initial production rates and other short-term production rates for any wells are not determinative of the rates at which such wells will continue to produce and decline thereafter and are not necessarily indicative of the long-term performance or the ultimate recovery of such wells. Such rates may be based on field estimates and may be based on limited data available at the time. Readers are cautioned not to place reliance on such rates in calculating aggregate production for Birchcliff or the assets for which such rates are provided.*

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. 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; expected results from Birchcliff's portfolio of oil and gas assets and results of operations; Birchcliff's production guidance, including its estimates of its annual average production for 2015, 2015 annual average production growth, 2015 fourth quarter average production and 2015 exit production, its expectation that its 2015 annual average and fourth quarter average production will be on the low end of its production guidance range and its expectation that it will have strong average production in the first quarter of 2016; Birchcliff's revised capital expenditure program for 2015, including its plan to drill a total of 32 (31.5 net) wells; Birchcliff's proposed exploration and development activities and the timing thereof, including wells to be drilled and brought on production; Birchcliff's expectation that its capital expenditures in the fourth quarter of 2015 will be less than its funds flow for the quarter, providing it with continued financial flexibility; expected reserves increases, including Birchcliff's expectation that it will see a material increase in its proved developed producing, total proved and proved plus probable reserves volumes at year end 2015; Birchcliff's expectation that it will have a significant decrease in its future development capital on a per well basis at year end 2015; Birchcliff's expectation that its credit facilities will be increased upon the completion of its annual credit review in May 2016; Birchcliff's expectation that it will release its results for the year ended December 31, 2015 and its 2016 capital expenditure program on February 10, 2016; 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 intention to construct and operate the Elmworth Gas Plant and the anticipated timing thereof; Birchcliff's expectation that it will have sufficient firm transportation capacity to transport the majority of its increased production volumes resulting from the proposed Phase V expansion of the PCS Gas Plant; Birchcliff's expectation that the operating cost reductions that it has implemented will further reduce costs over the long term at the PCS Gas Plant; estimates of potential future drilling locations and opportunities; and Birchcliff's expectation that the success of its two Montney D4 wells in the Elmworth area will result in follow-up drilling by Birchcliff and significant future reserves additions.

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, royalty rates and tax rates; 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; anticipated timing and results of capital expenditures; the sufficiency of budgeted capital expenditures to carry out planned operations; results of

operations; 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; 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; 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 estimates as to Birchcliff's annual average production for 2015, 2015 annual average production growth, 2015 fourth quarter average production and 2015 exit production and statements that Birchcliff expects strong average production in the first quarter of 2016, 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. Birchcliff's annual average and fourth quarter average production for 2015 are expected to be on the low end of Birchcliff's production guidance range, primarily as a result of the numerous transportation service curtailments that have adversely impacted Birchcliff's production volumes. Birchcliff's 2015 annual average and fourth quarter average production guidance assumes that any future transportation service curtailments or unplanned outages that occur during the balance of the fourth quarter of 2015 will be short in duration or otherwise insignificant.*
- With respect to statements regarding Birchcliff's revised capital expenditure program for 2015, the key assumption is that Birchcliff realizes the annual average production target of 39,000 to 40,000 boe per day and the commodity prices upon which Birchcliff's revised capital expenditure program is based, being an expected annual average WTI price of US\$50.00 per barrel of oil and an AECO price of CDN\$2.70 per GJ of natural gas during 2015. Birchcliff may adjust its 2015 capital budget or further adjust its capital expenditure program to respond to changes in commodity prices and other material changes in the assumptions underlying its 2015 capital expenditure program.*
- 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 its credit facilities will be increased upon the completion of its annual credit review in May 2016, the key assumptions are that: Birchcliff's proved developed producing reserves increase as currently expected; commodity prices do not significantly deteriorate from current levels; the criteria applied by Birchcliff's syndicate of lenders remains consistent with historical practice; and the syndicate's forecast of commodity prices are consistent with the forecast used by Birchcliff's independent reserves evaluator.*
- With respect to statements regarding 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, 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 regarding Birchcliff's intention to construct and operate the Elsworth Gas Plant and the timing thereof, the key assumptions are that: future drilling in the Elsworth area is successful; the acid gas disposal well drilled by Birchcliff is capable of handling the volumes of acid gas to be produced at the plant and complies with all regulatory requirements; there is sufficient labour, services and equipment available; Birchcliff will have access to sufficient capital to fund the Elsworth Gas Plant; and commodity prices warrant proceeding with the construction of the Elsworth Gas Plant and the drilling of associated wells.*
- *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 statements that the success of Birchcliff's two Montney D4 wells in the Elsworth 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.*

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: 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; changes in tax laws, crown royalty rates, environmental laws and incentive programs relating to the oil and 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 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; uncertainties associated with the outcome of litigation or other proceedings involving Birchcliff; competition for, among other things, capital, acquisitions of reserves, undeveloped lands, equipment and skilled personnel; and uncertainties associated with credit facilities and counterparty credit risk.

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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