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March 16, 2016

BIRCHCLIFF ENERGY LTD. ANNOUNCES A REDUCTION IN ITS 2016 CAPITAL BUDGET, CONFIRMATION OF ITS 2016 PRODUCTION GUIDANCE AND THE FILING OF ITS 2015 AUDITED ANNUAL FINANCIAL STATEMENTS

Calgary, Alberta – Birchcliff Energy Ltd. (“Birchcliff”) (TSX: BIR) is pleased to announce that it has reduced its planned capital expenditures for 2016 by \$12 million to \$128 million, down from \$140 million under Birchcliff’s original capital program, while maintaining its annual average production guidance of 40,000 to 41,000 boe per day. In addition, Birchcliff is pleased to announce the results of its 2015 Independent Montney/Doig Natural Gas Resource Assessment and that it has filed its Annual Information Form (the “**AIF**”) and its Audited Annual Financial Statements and related Management’s Discussion and Analysis for the financial year ended December 31, 2015 (the “**Annual Filings**”) on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”). The Annual Filings are available electronically on Birchcliff’s website at www.birchcliffenergy.com and on SEDAR at www.sedar.com.

The 2015 Audited Annual Financial Statements are consistent with the unaudited financial results disclosed in the press release issued by Birchcliff on February 10, 2016. The AIF includes the disclosure and reports relating to reserves data and other oil and gas information required pursuant to National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* (“**NI 51-101**”), as well as supplemental information relating to Birchcliff’s contingent and prospective resources. For further information regarding Birchcliff’s financial and operational results for the financial year ended December 31, 2015, please see the Annual Filings and Birchcliff’s press release dated February 10, 2016.

Jeff Tonken, President and Chief Executive Officer of Birchcliff, stated: “We continue to see our production outperform our original estimates and our capital costs and operating costs per boe continue to fall. As a result, we are pleased to announce that we have reduced our 2016 capital expenditures by approximately \$12 million to approximately \$128 million. It is noteworthy that wells drilled in previous years continue to show lower than expected declines which bolsters our average production rates, but also gives us the ability to drill less wells and spend less capital to meet our previous guidance of modest growth.

We confirm our 2016 annual average production guidance of 40,000 to 41,000 boe per day, notwithstanding the reduction in our capital expenditures, which represents an increase of 3% to 5% from our 2015 annual average production of 38,950 boe per day. Current production is approximately 42,000 boe per day and first quarter production is expected to be between 41,500 to 42,000 boe per day.

We are committed to preserving financial liquidity through this downturn and we are making every effort to reduce our capital expenditures and reduce our operating costs as we execute our 2016 capital program. Our operational performance remains strong in a very weak commodity environment.”

This press release contains forward-looking information within the meaning of applicable securities laws. Such forward-looking information is based upon certain expectations and assumptions and actual results may differ materially from those expressed or implied by such forward-looking information. For further information regarding the forward-looking information contained herein, see "Advisories – Forward-Looking Information".

2016 CAPITAL EXPENDITURES

On January 21, 2016, Birchcliff announced its capital expenditure program for 2016 of \$140 million, which included the drilling of 15 (15.0 net) wells (the "2016 Original Capital Program"). With capital expenditures of \$140 million, Birchcliff estimated annual average production for 2016 to be 40,000 to 41,000 boe per day.

Birchcliff's 2016 production has outperformed its original estimates and its capital costs and operating costs per boe have continued to fall. As a result, Birchcliff has reduced its budgeted 2016 capital expenditures by approximately \$12 million to approximately \$128 million (the "2016 Revised Capital Budget"). Under the 2016 Revised Capital Budget, it is contemplated that Birchcliff will now drill a total of 13 (13.0 net) wells, down from 15 (15.0 net) wells under the 2016 Original Capital Program. The wells consist of 12 (12.0 net) Montney/Doig horizontal natural gas wells, all of which will be drilled in Birchcliff's Pouce Coupe area, and 1 (1.0 net) Charlie Lake horizontal light oil well which was drilled early in 2016. The 2016 Revised Capital Budget also includes approximately \$39.0 million for facilities and infrastructure, which is substantially unchanged from the 2016 Original Capital Program. This continues Birchcliff's investment in the Phase V expansion of Birchcliff's 100% owned and operated natural gas plant located in Pouce Coupe South (the "PCS Gas Plant") that will increase processing capacity to 260 MMcf per day from 180 MMcf per day.

As a result of Birchcliff's strong production performance to date in 2016, Birchcliff is maintaining its annual average production guidance for 2016 at 40,000 to 41,000 boe per day, notwithstanding the decrease in capital expenditures under the 2016 Revised Capital Budget.

The following table provides details of the 2016 Revised Capital Budget:

2016 Revised Capital Budget⁽¹⁾

	Gross Wells		Net Wells		Capital (MM\$) ⁽¹⁾		Difference in Capital (MM\$)
	New	Old	New	Old	New	Old	
Drilling & Development							
Montney D1 Horizontal Gas Wells	8.0	8.0	8.0	8.0	31.8	34.1	(2.3)
Basal Doig/Upper Montney Horizontal Gas Wells	2.0	4.0	2.0	4.0	8.0	17.0	(9.0)
Montney D4 Horizontal Gas Wells	2.0	2.0	2.0	2.0	8.2	8.1	0.1
Charlie Lake Horizontal Light Oil Well	1.0	1.0	1.0	1.0	2.8	2.5	0.3
2015 Carry Forward Capital ⁽²⁾	-	-	-	-	4.9	5.2	(0.3)
Total Drilling & Development⁽³⁾	13.0	15.0	13.0	15.0	55.5	66.9	(11.4)
Facilities & Infrastructure ⁽⁴⁾					39.0	39.5	(0.5)
Production Optimization					14.0	13.5	0.5
Land & Seismic					5.1	5.5	(0.4)
Other					14.4	14.6	(0.2)
Total Net Capital					128.0	140.0	(12.0)

Notes:

- (1) Numbers may not add due to rounding.
- (2) Primarily completion, equipping and tie-in costs associated with 2 (2.0 net) wells rig released at the end of 2015.
- (3) On a drill, case, complete, equip and tie-in basis.
- (4) Includes approximately \$24.8 million of capital in 2016 for the PCS Gas Plant Phase V expansion.

The 2016 Revised Capital Budget is projected to be less than Birchcliff's expected funds flow for 2016, assuming an average WTI price of US\$40.00 per barrel of oil and an average AECO price of CDN\$2.50 per GJ of natural gas during 2016.

Birchcliff will continue to monitor economic conditions and commodity prices and, where deemed prudent, will adjust the 2016 Revised Capital Budget to respond to changes in commodity prices and other material changes in the assumptions underlying the 2016 Revised Capital Budget. Actual spending may vary due to a variety of factors, including commodity prices, economic conditions, results of operations and costs of labour, services and material. Birchcliff has the flexibility to adjust the level of its capital expenditures as circumstances warrant.

2016 PRODUCTION GUIDANCE AND OPERATIONAL UPDATE

Current production is approximately 42,000 boe per day.

Birchcliff confirms its 2016 annual average production guidance of 40,000 to 41,000 boe per day. First quarter average production is forecast to be 41,500 to 42,000 boe per day.

Birchcliff has drilled 7 (7.0 net) wells year-to-date, consisting of 6 (6.0 net) Montney/Doig horizontal natural gas wells in the Pouce Coupe area and 1 (1.0 net) Charlie Lake horizontal light oil well in the Worsley area. The Charlie Lake well was drilled to continue 18 sections of land and in addition successfully delineated the pool to the northeast. The well was recently brought on production; however, it is still too early to establish production rates for this well.

Birchcliff currently has two drilling rigs at work, both of which are drilling Montney/Doig horizontal natural gas wells in the Pouce Coupe area.

2015 INDEPENDENT MONTNEY/DOIG NATURAL GAS RESOURCE ASSESSMENT

Deloitte LLP ("**Deloitte**"), Birchcliff's independent qualified reserves evaluator, conducted an independent evaluation of resources in respect of Birchcliff lands that have potential for the Montney/Doig Natural Gas Resource Play effective December 31, 2015, which is contained in a report dated March 14, 2016 (the "**2015 Resource Assessment**"). Deloitte also prepared a resource assessment effective December 31, 2014 (the "**2014 Resource Assessment**"). The 2015 Resource Assessment and the 2014 Resource Assessment were prepared in accordance with the standards contained in the Canadian Oil and Gas Evaluation Handbook (the "**COGE Handbook**") and NI 51-101 in effect at the relevant time.

Resource estimates contained herein as at December 31, 2015 and 2014 are extracted from the relevant resource assessment and reflect only resources on Birchcliff's Montney/Doig lands. The resource assessments did not include Birchcliff's Charlie Lake Light Oil Resource Play or any of Birchcliff's other properties. All anticipated results disclosed herein were prepared by Deloitte, who is an independent qualified reserves evaluator. Deloitte utilized probabilistic methods to generate high, best and low estimates of resources volumes.

Certain terms used herein are defined under the heading "*Presentation of Oil and Gas Resources*". Certain other terms used herein but not defined are defined in NI 51-101, CSA Staff Notice 51-324 – *Revised Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities* ("**CSA Staff Notice 51-324**") or the COGE Handbook and, unless the context otherwise requires, shall have the same meanings herein as in NI 51-101, CSA Staff Notice 51-324 or the COGE Handbook, as applicable.

Unless otherwise indicated, all volumes of Birchcliff's resources presented herein are on an unrisks basis, meaning that they have not been adjusted for the chance of commerciality.

Numbers in the tables presented herein may not total due to rounding.

The product types reasonably expected to be recovered from Birchcliff's resources are shale gas and NGL. See "*Presentation of Oil and Gas Resources*" in this press release.

The estimates of Birchcliff's resources provided herein are estimates only and there is no guarantee that the estimated resources will be recovered. Actual resources may be greater than or less than the estimates provided herein and variances could be material. With respect to Birchcliff's discovered resources (including contingent resources), there is uncertainty that it will be commercially viable to produce any portion of the resources. With respect to Birchcliff's undiscovered resources (including prospective resources), there is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources. Estimates of future net revenue, whether calculated without discount or using a discount rate, do not represent fair market value. See "*Presentation of Oil and Gas Resources*" and "*Advisories*" in this press release.

Additional information concerning Birchcliff's contingent and prospective resources, including a description of its projects, the risks and uncertainties associated with the contingent and prospective resources and the contingencies which prevent the classification of the contingent resources as reserves, is contained in the AIF, a copy of which is available on SEDAR at www.sedar.com. For further information regarding the presentation of Birchcliff's resource disclosure, please see "*Presentation of Oil and Gas Resources*" and "*Advisories*" in this press release.

Summary of Discovered and Undiscovered Resources

The following table sets forth Birchcliff's total petroleum initially-in-place ("**PIIP**") (discovered and undiscovered), contingent resources and prospective resources as at December 31, 2015 and December 31, 2014 on a best estimate case.

Summary of Discovered and Undiscovered Resources

Resource Class	Volumes		Change from December 31, 2014
	December 31, 2015 (Bcfe)	December 31, 2014 (Bcfe)	
Contingent Resources	9,497.0	7,851.7	21%
Total Discovered PIIP	25,589.4	20,726.4	23%
Prospective Resources	12,718.0	13,707.2	(7%)
Total Undiscovered PIIP	27,431.9	29,406.1	(7%)
Total PIIP	53,021.3	50,132.6	6%

As a result of Birchcliff's 2015 exploration successes and offset competitor drilling, a significant amount of resources that were classified as prospective resources as at December 31, 2014 have been re-classified as contingent resources as at December 31, 2015. Comparing the 2015 Resource Assessment to the 2014 Resource Assessment, Birchcliff's contingent resources increased from 7.9 Tcfe as at December 31, 2014 to 9.5 Tcfe as at December 31, 2015 (a 21% increase), accompanied by a 7% decrease in its prospective resources.

In addition, a portion of Birchcliff's contingent and prospective resources recognized as at December 31, 2014 were re-classified as reserves as at December 31, 2015. This confirms material success in

Birchcliff's strategy for 2015 of promoting prospective resources to contingent resources and contingent resources to reserves.

The following table sets forth Birchcliff's gross volumes for all resources, both discovered and undiscovered, as at December 31, 2015.

Summary of Reserves and Resources

Resource Class		Reserves and Resource Volumes (Bcfe) ⁽¹⁾⁽²⁾			
		Raw/Sales	Low Estimate Case	Best Estimate Case	High Estimate Case
Discovered	Cumulative Production ⁽³⁾	Sales	286.2	286.2	286.2
	Remaining Reserves ⁽³⁾⁽⁴⁾	Sales	1,938.1	3,114.7	4,474.9
	Total Commercial	Sales	2,224.3	3,400.9	4,761.1
	Surface and Process Loss	Raw	66.5	101.9	146.9
	Total Commercial	Raw	2,290.8	3,502.8	4,908.0
	Contingent Resources ⁽³⁾	Sales	6,549.3	9,497.0	14,505.4
	Development Pending	Sales	4,334.4	6,348.0	9,952.4
	Development On Hold	Sales	1,140.8	1,719.5	2,605.2
	Development Unclassified	Sales	1,072.0	1,422.0	1,922.2
	Development Not Viable	Sales	2.1	7.6	25.6
	Surface and Process Loss	Raw	311.9	457.7	684.3
	Unrecoverable	Raw	10,685.3	13,165.7	13,833.8
	Total Sub-Commercial	Raw	17,546.5	23,120.4	29,023.6
	TOTAL DISCOVERED PIIP	Raw	19,133.6	25,589.4	32,398.1
Undiscovered	Prospective Resources ⁽³⁾	Sales	7,954.3	12,718.0	21,026.0
	Prospect ⁽⁵⁾	Sales	7,954.3	12,718.0	21,026.0
	Surface and Process Loss	Raw	327.4	526.0	875.6
	Unrecoverable	Raw	11,253.9	15,098.2	16,498.5
	TOTAL UNDISCOVERED PIIP	Raw	18,967.5	27,431.9	36,893.3
TOTAL PIIP	Raw	38,101.1	53,021.3	69,291.4	

Notes:

- (1) The volumes presented in the table above, other than cumulative production and reserves, have been presented on an unrisks basis, meaning that they have not been adjusted for the chance of commerciality.
- (2) The sum of the total commercial and total sub-commercial resource volumes differs from the total discovered PIIP resource volumes in the table above because the liquid yields included as sales resource volumes were converted to a gas equivalent using a 1:6 bbl/Mcf conversion factor, which is an energy-based conversion factor rather than a volume-based conversion factor. This methodology was also utilized for the components of the undiscovered PIIP volumes and results in a similar discrepancy in volumes.
- (3) Sales gas and NGL volumes combined at a ratio of 1 bbl is equivalent to 6 Mcfe.
- (4) Includes reserves assigned by Deloitte to both vertical and horizontal Montney/Doig wells. Deloitte prepared a reserves estimation and economic evaluation effective December 31, 2015 in respect of Birchcliff's oil and natural gas properties, which is contained in a report dated February 5, 2016 (the "2015 Reserves Evaluation"). Proved, probable and possible reserves evaluated by Deloitte in the 2015 Reserves Evaluation are included in above table for completeness; however, reserves were not the focus of the 2015 Resource Assessment. The low estimate case includes the estimate of proved reserves contained in the 2015 Reserves Evaluation, the best estimate case includes the estimate of proved plus probable reserves contained in the 2015 Reserves Evaluation and the high estimate case includes the estimate of proved plus probable plus possible reserves contained in the 2015 Reserves Evaluation. Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves.
- (5) All of Birchcliff's prospective resources were sub-classified into the project maturity sub-class of "prospect".

Summary of Risked Contingent Resources and Prospective Resources

The following table sets forth Birchcliff's best estimate (2C) risked contingent resources by product type as at December 31, 2015, using Deloitte's forecast prices and costs as at December 31, 2015 (the "Deloitte Price Forecast").

*Summary of Risked Contingent Resources – 2C
as at December 31, 2015
(Forecast Prices and Costs)*

Resources Project Maturity Sub-class ⁽¹⁾	Shale Gas		NGL		Total	
	Gross (Bcf)	Net ⁽²⁾ (Bcf)	Gross (Mbbbls)	Net ⁽²⁾ (Mbbbls)	Gross (Bcfe)	Net ⁽²⁾ (Bcfe)
Development Pending ⁽³⁾	4,943.5	4,596.3	79,667.6	59,407.4	5,421.5	4,952.7
Development on Hold	957.4	N/A	12,370.6	N/A	1,031.7	N/A
Development Unclarified	535.9	N/A	5,474.8	N/A	568.8	N/A
Development Not Viable	1.4	N/A	15.2	N/A	1.5	N/A

Notes:

- (1) As all contingent resources are considered to be discovered, the chance of commerciality is equal to the chance of development for contingent resources. "Chance of development" is the estimated probability that, once discovered, a known accumulation will be commercially developed. Birchcliff's projects in the Pouce Coupe and Pouce Coupe South area were assigned a chance of commerciality by Deloitte of 90% with the exception of one project which was assigned a chance of commerciality by Deloitte of 80%. Projects in Progress, Gordondale and Elmworth have no infrastructure investment booked in the 2015 Reserves Evaluation and were assigned an 80% chance of commerciality by Deloitte as these projects may be sent through the PCS Gas Plant, a proposed gas plant in Elmworth or utilize third party infrastructure, affecting the operating costs. Finally, Gold Creek, which was not assigned reserves in the 2015 Reserves Evaluation, was given a 70% chance of commerciality by Deloitte, as these volumes are dependent on capacity in third party infrastructure. For additional information on Birchcliff's contingent resource projects and the process employed by Deloitte to risk Birchcliff's contingent resources, please see the AIF.
- (2) Numbers are not applicable because economics were not evaluated for Birchcliff's development on hold, development unclarified or development not viable contingent resources. As economics were not evaluated, no information is available for royalties and a net number cannot be determined.
- (3) Total risked economic equivalent contingent resources, which includes applying an economic limit for each well using the Deloitte Price Forecast.

The Deloitte Price Forecast is summarized in the AIF under the heading "Statement of Reserves Data and Other Oil and Gas Information – Pricing Assumptions".

The following table sets forth the net present value of future net revenue of Birchcliff's best estimate risked contingent resources in the development pending project maturity sub-class as at December 31, 2015, using the Deloitte Price Forecast.

*Summary of Risked Net Present Value of Future Net Revenue of Development Pending Contingent Resources
as at December 31, 2015
(Forecast Prices and Costs)*

Resources Project Maturity Sub-class	Risked Net Present Value of Future Net Revenue Before Income Taxes Discounted at (%/year) ⁽¹⁾				
	0 (MM\$)	5 (MM\$)	10 (MM\$)	15 (MM\$)	20 (MM\$)
Contingent (2C) Development Pending	29,360.1	7,517.6	2,414.7	881.3	325.6

Note:

- (1) The net present value of future net revenue attributable to Birchcliff's development pending contingent resources is based on the Deloitte Price Forecast and is determined before provision for interest, debt servicing and general and administrative expense and after the deduction of royalties, operating costs, development costs and abandonment and reclamation costs.

An estimate of risked net present value of future net revenue of contingent resources is preliminary in nature and is provided to assist the reader in reaching an opinion on the merit and likelihood of Birchcliff proceeding with the required investment. It includes contingent resources that are considered too uncertain with respect to the chance of development to be classified as reserves. There is no certainty that the estimate or risked net present value of future net revenue will be realized.

The following table sets forth Birchcliff's best estimate risked prospective resources by product type as at December 31, 2015.

Summary of Risked Prospective Resources – Best Estimate as at December 31, 2015

Resources ⁽¹⁾	Shale Gas		NGL		Total	
	Gross (Bcf)	Net ⁽²⁾ (Bcf)	Gross (Mbbbls)	Net ⁽²⁾ (Mbbbls)	Gross (Bcfe)	Net ⁽²⁾ (Bcfe)
Prospective (Best Estimate) ⁽³⁾	4,250.8	N/A	54,619.6	N/A	4,578.5	N/A

Notes:

- (1) The chance of commerciality for prospective resources is equal to the product of the chance of discovery and the chance of development. "Chance of discovery" is the estimated probability that exploration activities will confirm the existence of a significant accumulation of potentially recoverable petroleum. "Chance of development" is the estimated probability that, once discovered, a known accumulation will be commercially developed. The chance of discovery associated with Birchcliff's prospective volumes has been estimated by Deloitte to be 90% for all projects with a chance of development of 40%, resulting in an overall chance of commerciality of 36%. The chance of discovery is based upon the widespread nature of the productive play, while the lower chance of development is based upon the distance to existing reserves and existing Birchcliff infrastructure. These values were applied to all prospective resource projects. For additional information on Birchcliff's prospective resource projects and the process employed by Deloitte to risk Birchcliff's prospective resources, please see the AIF.
- (2) Numbers are not applicable because economics were not evaluated for Birchcliff's prospective resources. As economics were not evaluated, no information is available for royalties and a net number cannot be determined.
- (3) All of Birchcliff's prospective resources are sub-classified into the project maturity sub-class of "prospect".

Interest of Birchcliff in Resources in the Study Area

Birchcliff holds significant high working interest acreage in large contiguous blocks on the Montney/Doig Natural Gas Resource Play in the Peace River Arch area of Alberta. Birchcliff engaged Deloitte to evaluate the total PIIP and contingent and prospective resources on Birchcliff's lands for the Doig Phosphate, Basal Doig and Montney formations in the Montney/Doig Deep Basin area of northwest Alberta (the "**Study Area**"). In the Study Area, Birchcliff owns an interest in approximately 317.4 gross (308 net) sections of land, which includes Montney rights and 275.1 gross (258.9 net) sections of land which include Doig rights ranging from Townships 69 to 80, Ranges 1 to 13W6. The Study Area is further bounded in a northwest-southeast direction by the Deep Basin edge. The geological section studied was divided into the Doig Phosphate, Basal Doig and Montney stratigraphic units. The Montney was further subdivided into seven intervals, from the top to the base: D5, D4, D3, D2, D1, TSE Valhalla and C.

Deloitte segregated Birchcliff's Montney/Doig resources into development projects based on areal (property/area) and vertical (play interval) boundaries. The Study Area consisted of 13 properties/areas with resources, namely: Pouce Coupe and Pouce Coupe South, Gordondale, Progress North, Progress South, Valhalla, Elmworth, Elmworth North, Elmworth South, Gold Creek, Bezanson, Grande Prairie, Saddle Hills and Teepee. The Montney/Doig Formations are comprised of nine individually mapped stratigraphic units: the Doig Phosphate, Basal Doig and Montney D5, D4, D3, D2, and D1, TSE and C stratigraphic units.

Contingent resources have been attributed to Birchcliff's properties in the Pouce Coupe and Pouce Coupe South, Progress North, Progress South, Gordondale, Elmworth, Elmworth North, Elmworth South, Valhalla and Gold Creek areas in northwestern Alberta. Prospective resources have been attributed to Birchcliff's properties in the Pouce Coupe and Pouce Coupe South, Progress North, Progress South, Gordondale, Elmworth, Elmworth North, Elmworth South, Valhalla, Gold Creek, Bezanson, Grande Prairie, Saddle Hills and Teepee areas in northwestern Alberta. Birchcliff's resources in the Pouce Coupe and Pouce Coupe South, Gordondale and Progress areas are proximal to Birchcliff's lands to which reserves have been attributed and to the PCS Gas Plant, as well as to third party gathering and processing infrastructure. Birchcliff's resources in the Elmworth area are proximal to Birchcliff's lands to which reserves have been attributed and to third party gathering and processing infrastructure.

Birchcliff's average working interest in its best estimate contingent resources is 97% and its average working interest in its best estimate prospective resources is 97%.

Risk Factors

There are numerous uncertainties inherent in estimating quantities of resources and the future cash flows attributed to the best estimate of development pending contingent resources, including many factors beyond the control of Birchcliff. It should not be assumed that the undiscounted or discounted net present value of future net revenue attributable to the best estimate of Birchcliff's development pending contingent resources represent the fair market value of those resources. There is no assurance that the forecast prices and costs assumptions will be attained and variances could be material. The estimates of Birchcliff's resources provided herein are estimates only and there is no guarantee that the estimated resources will be recovered. Actual resources may be greater than or less than the estimates provided herein and variances could be material. With respect to the discovered resources (including contingent resources), there is uncertainty that it will be commercially viable to produce any portion of the resources. With respect to the undiscovered resources (including prospective resources), there is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources. For further information on the risks and uncertainties associated with Birchcliff's resources, please see the AIF.

ABBREVIATIONS

AECO	physical storage and trading hub for natural gas on the TransCanada Alberta transmission system which is the delivery point for various benchmark Alberta index prices
bbl	barrel
Bcfe	billion cubic feet of gas equivalent
boe	barrel of oil equivalent
GJ	gigajoule
Mcf	thousand cubic feet
Mcfe	thousand cubic feet of gas equivalent
MM\$	millions of dollars
NGL	natural gas liquids
Tcfe	trillion cubic feet of gas equivalent
WTI	West Texas Intermediate oil at Cushing, Oklahoma, the benchmark for North American crude oil pricing

PRESENTATION OF OIL AND GAS RESOURCES

Resources and Production

Resources encompass all petroleum quantities that originally existed on or within the earth's crust in naturally occurring accumulations, including discovered and undiscovered (recoverable and unrecoverable) plus quantities already produced. Resources are classified as follows:

- Total PIIP is that quantity of petroleum that is estimated to exist originally in naturally occurring accumulations. It includes that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations, prior to production, plus those estimated quantities in accumulations yet to be discovered. “Total resources” is equivalent to “total PIIP”.
- Discovered PIIP is that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production. The recoverable portion of discovered PIIP includes production, reserves and contingent resources; the remainder is unrecoverable.
- Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies.
- Undiscovered PIIP is that quantity of petroleum that is estimated, on a given date, to be contained in accumulations yet to be discovered. The recoverable portion of undiscovered PIIP is referred to as prospective resources; the remainder is unrecoverable.
- Prospective resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects
- Unrecoverable is that portion of discovered and undiscovered PIIP quantities which is estimated, as of a given date, not to be recoverable by future development projects. A portion of these quantities may become recoverable in the future as commercial circumstances change or technological developments occur; the remaining portion may never be recovered due to the physical/chemical constraints represented by subsurface interaction of fluids and reservoir rocks.
- Production is the cumulative quantity of petroleum that has been recovered at a given date.

Uncertainty Ranges for Resources

Estimates of resource volumes can be categorized according to the range of uncertainty associated with the estimates. Uncertainty ranges are described in the COGE Handbook as low, best and high estimates as follows:

- A “low estimate” (1C) is considered to be a conservative estimate of the quantity that will actually be recovered. It is likely that the actual remaining quantities recovered will exceed the low estimate. If probabilistic methods are used, there should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the low estimate.
- A “best estimate” (2C) is considered to be the best estimate of the quantity that will actually be recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. If probabilistic methods are used, there should be at least a 50% probability (P50) that the quantities actually recovered will equal or exceed the best estimate.
- A “high estimate” (3C) is considered to be an optimistic estimate of the quantity that will actually be recovered. It is unlikely that the actual remaining quantities recovered will exceed the high estimate. If probabilistic methods are used, there should be at least a 10% probability (P10) that the quantities actually recovered will equal or exceed the high estimate.

Project Maturity Sub-classes for Resources

The project maturity sub-classes for contingent resources are “development pending”, “development on hold”, “development unclarified” or “development not viable”, all as defined in the COGE Handbook. “Development pending” is when resolution of the final conditions for development is being actively pursued (high chance of development). “Development on hold” is when there is a reasonable chance of development, but there are major non-technical contingencies to be resolved that are usually beyond the control of the operator. “Development unclarified” is when the evaluation is incomplete and there is ongoing activity to resolve any risks or uncertainties. “Development not viable” is when no further data acquisition or evaluation is currently planned and hence there is a low chance of development.

The project maturity sub-classes for prospective resources are “prospect”, “lead” and “play”, all as defined in the COGE Handbook. A “prospect” is defined as a potential accumulation within a play that is sufficiently well defined to represent a viable drilling target. A “lead” is defined as a potential accumulation within a play that requires more data acquisition and/or evaluation in order to be classified as a prospect. A “play” is defined as a family of geologically similar fields, discoveries, prospects and leads.

Product Types

NI 51-101 requires a reporting issuer to disclose its reserves and resources in accordance with the product types contained in NI 51-101, which product types include light crude oil and medium crude oil (combined), conventional natural gas, shale gas and NGL. “Shale gas” as defined in NI 51-101 means natural gas: (i) contained in dense organic-rich rocks, including low-permeability shales, siltstones and carbonates, in which the natural gas is primarily adsorbed on the kerogen or clay minerals; and (ii) that usually requires the use of hydraulic fracturing to achieve economic production rates. With respect to Birchcliff’s natural gas resources attributable to its Montney/Doig Natural Gas Resource Play, such resources would most closely fit within the category of shale gas as opposed to conventional natural gas; however, the primary storage mechanism is gas stored in the pore space with contributions from gas adsorbed to kerogen, clay minerals and bitumen. Birchcliff considers that its natural gas resources attributable to the Montney/Doig Natural Gas Resource Play to be low permeability gas resources or “tight gas” (as such term is defined in the COGE Handbook), a generic term that includes “basin-centred”, “deep gas” and “shale gas”. Although Montney/Doig reservoirs usually consist of low permeability sandstones, siltstones, or shales, they may also contain carbonates. While a small amount of gas may also be present in natural fractures, extensive hydraulic fracturing is invariably required to produce the “tight gas”. The trapping mechanisms may be the same as for conventional reservoirs, adsorption on kerogen or clays, or relative permeability effects. “Shale gas” is the NI 51-101 product type that most closely matches the natural gas from Birchcliff’s Montney/Doig Natural Gas Resource Play.

Interest in Reserves, Resources, Production, Wells and Properties

“Gross” means:

- (a) in relation to Birchcliff’s interest in production, reserves or resources, Birchcliff’s working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of Birchcliff;
- (b) in relation to wells, the total number of wells in which Birchcliff has an interest; and
- (c) in relation to properties, the total area of properties in which Birchcliff has an interest.

“Net” means:

- (a) in relation to Birchcliff’s interest in production, reserves or resources, Birchcliff’s working interest (operating or non-operating) share after deduction of royalty obligations, plus Birchcliff’s royalty interests in production or reserves;
- (b) in relation to Birchcliff’s interest in wells, the number of wells obtained by aggregating Birchcliff’s working interest in each of its gross wells; and
- (c) in relation to Birchcliff’s interest in a property, the total area in which Birchcliff has an interest multiplied by the working interest owned by Birchcliff.

Gross Volumes of Resources

Unless otherwise indicated, all volumes of Birchcliff’s reserves and resources presented herein are on a “gross” basis.

Unrisked Volumes

Unless otherwise indicated, all volumes of Birchcliff’s resources presented herein are on an unrisks basis, meaning that they have not been adjusted for the chance of commerciality.

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.

Bcfe and Tcfe Conversions

Bcfe and Tcfe amounts have been calculated by using the conversion ratio of 1 bbl of oil to 6 Mcf of natural gas. Bcfe and Tcfe 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.

Future Net Revenue

Estimates of future net revenue, whether calculated without discount or using a discount rate, do not represent fair market value.

Possible Reserves

Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves.

Discovered Resources

With respect to the discovered resources (including contingent resources) disclosed in this press release, there is uncertainty that it will be commercially viable to produce any portion of the resources.

Undiscovered Resources

With respect to the undiscovered resources (including prospective resources) disclosed in this press release, there is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.

Forward-Looking Information

This press release contains forward-looking information within the meaning of applicable Canadian securities laws. Forward-looking information relates to future events or future performance and is based upon Birchcliff's current internal expectations, estimates, projections, assumptions and beliefs. All information other than historical fact is forward-looking information. Information relating to reserves is forward-looking as it involves the implied assessment, based on certain estimates and assumptions, that the reserves exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future. Words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "estimated", "forecast", "may", "will", "potential", "proposed" and other similar words that convey certain events or conditions "may" or "will" occur are intended to identify forward-looking information.

In particular, this press release contains forward-looking information relating to: Birchcliff's plans and other aspects of its anticipated future operations, management focus, strategies and priorities; the 2016 Revised Capital Budget, including planned capital expenditures, Birchcliff's plan to drill a total of 13 (13.0 net) wells and Birchcliff's expectation that the 2016 Revised Capital Budget will be less than expected funds flow for 2016; Birchcliff's production guidance for 2016, including its estimates of its annual average production, first quarter average production and annual average production growth in 2016; decline rates; Birchcliff's ability to drill less wells and spend less capital to meet its previous guidance of modest growth; proposed expansions of the PCS Gas Plant, including the anticipated processing capacities after such expansions; and estimates of reserves, resources and the net present value of future net revenue associated with the best estimate of Birchcliff's development pending contingent resources.

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 statements regarding the 2016 Revised Capital Budget, including Birchcliff's expectation that the 2016 Revised Capital Budget will be less than expected funds flow for 2016, the key assumption is that Birchcliff realizes the annual average production target of 40,000 to 41,000 boe per day and the commodity prices upon which the 2016 Revised Capital Budget is based, being an expected annual average WTI price of US\$40.00 per barrel of oil and an AECO price of CDN\$2.50 per GJ of natural gas during 2016 with an exchange rate of \$CDN/\$US of 1.40. Birchcliff will continue to monitor economic conditions and commodity prices and, where deemed prudent, will adjust the 2016 Revised Capital Budget to respond to changes in commodity prices and other material changes in the assumptions underlying the 2016 Revised Capital Budget.
- With respect to statements of future wells to be drilled, the key assumptions are: 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 future wells; and that commodity prices and general economic conditions warrant proceeding with the drilling of such wells.
- With respect to estimates as to Birchcliff's annual average production, first quarter average production and annual average production growth in 2016, the key assumptions are that: the 2016 Revised Capital Budget 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 expectations; existing wells continue to meet production expectations; and future wells scheduled to come on production meet timing, production and capital expenditure expectations.
- With respect to statements regarding decline rates, the key assumption is the validity of the reservoir productivity, geological and other technical interpretations performed by Birchcliff's technical staff.
- 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, 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 and general economic conditions warrant proceeding with the construction of such facilities and the drilling of associated wells.
- With respect to estimates of reserves, resources and the net present value of future net revenue associated with the best estimate of Birchcliff's development pending contingent resources, the key assumption is the validity of the data used by Deloitte in their independent evaluations, which includes technical information and forecast commodity prices.

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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