

CALGARY, ALBERTA--(Marketwired - March 15, 2017) - [Birchcliff Energy Ltd.](#) ("Birchcliff") (TSX:BIR) is pleased to announce 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, 2016 (collectively, the "Annual Filings") on the System for Electronic Document Analysis and Retrieval ("SEDAR"). Birchcliff is also pleased to provide highlights of its 2016 Independent Montney/Doig Resource Assessment and an operational update.

The 2016 Audited Annual Financial Statements are consistent with the unaudited financial results disclosed in the press release issued by Birchcliff on February 8, 2017. 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. The Annual Filings are available electronically on Birchcliff's website at [www.birchcliffenergy.com](http://www.birchcliffenergy.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

## OPERATIONAL UPDATE

Birchcliff's 2017 first quarter average production is forecast to be approximately 62,000 boe/d. Birchcliff confirms its 2017 annual average production guidance of 70,000 to 74,000 boe/d and its 2017 fourth quarter average production guidance of 80,000 to 82,000 boe/d.

Birchcliff has drilled 18 (18.0 net) wells year-to-date, consisting of 11 (11.0 net) Montney/Doig horizontal natural gas wells in the Pouce Coupe area and 7 (7.0 net) Montney horizontal wells in the Gordondale area. Of the 11 wells drilled in the Pouce Coupe area, 7 are Montney D1 interval wells, 3 are Basal Doig/Upper Montney interval wells and 1 is a Montney D4 interval well. Of the 7 wells drilled in the Gordondale area, 4 are Montney D1 interval wells and 3 are Montney D2 interval wells. Birchcliff currently has five drilling rigs at work: three are drilling Montney/Doig horizontal wells in the Pouce Coupe area and two are drilling Montney/Doig horizontal wells in the Gordondale area.

The Phase V expansion of Birchcliff's 100% owned and operated natural gas plant in the Pouce Coupe (the "PC Gas Plant") is on schedule and on budget. Phase V will increase the processing capacity from 180 MMcf/d to 260 MMcf/d. Field installation commenced in January 2017 and it is expected that Phase V will be on-stream in October 2017.

## UPDATE ON TRANSPORTATION

Birchcliff has submitted a binding bid to TransCanada Pipelines ("TCPL") for the firm service transportation of 175,000 GJ/d in aggregate (approximately 155 MMcf/d) of natural gas on TCPL's Canadian Mainline, whereby natural gas will be transported from the Empress receipt point in Alberta to the Dawn trading hub located in Southern Ontario. The term is for ten years and has early termination rights that can be exercised following the initial five years of service (upon payment of an increased toll for the final two years of the contract). The toll for the Empress to Dawn portion of the service is \$0.77/GJ plus fuel. Subject to regulatory approval, this service is expected to become available in three tranches on November 1 of each of 2017, 2018 and 2019. This firm service is expected to provide Birchcliff with greater and more diverse access to natural gas markets. Provision of the service is conditional on, among other things, TCPL receiving National Energy Board approval on terms and conditions satisfactory to TCPL.

*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, please see "Advisories - Forward-Looking Information".*

In addition, Birchcliff intends to submit a non-binding expression of interest for additional transportation service which may become available on the Alliance pipeline system to the Chicago market hub as announced by Alliance Pipeline on March 13, 2017.

## RETIREMENT OF SENIOR EXECUTIVE

Birchcliff announces that Mr. James W. Surbey will be retiring as Vice-President, Corporate Development and Corporate Secretary effective June 30, 2017. Mr. Surbey was a co-founder of Birchcliff and has been with the company or its predecessors since 2004. Management intends to nominate Mr. Surbey for election as a director at Birchcliff's upcoming annual and special meeting of shareholders, which is scheduled for May 11, 2017. In addition, it is expected that Mr. Surbey will stay on as a consultant to Birchcliff following his retirement.

"Jim Surbey has been an extremely valuable and integral member of the Birchcliff team since inception. His strong leadership, expertise and insight has helped shape the company to where it is today, with the NPV10 (BT) of Birchcliff's proved plus probable reserves estimated to be \$5.8 billion," said Jeff Tonken, President and Chief Executive Officer. "Although Jim will be missed as a member of our executive team, we believe that given his knowledge and expertise, he will make an excellent addition to our board of directors and will help us continue Birchcliff's success."

Birchcliff engaged Deloitte LLP ("Deloitte"), independent qualified reserves evaluators of Calgary, Alberta, to prepare an independent evaluation of resources in respect of Birchcliff lands that have potential for the Montney/Doig Resource Play effective December 31, 2016, which is contained in a report dated March 15, 2017 (the "2016 Resource Assessment"). Deloitte also prepared a resource assessment effective December 31, 2015 (the "2015 Resource Assessment"). The 2016 Resource Assessment and the 2015 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 at December 31, 2016 and 2015 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.

All of Birchcliff's resources are located in the Province of Alberta. The product types reasonably expected to be recovered from Birchcliff's resources disclosed herein are shale gas, NGLs and light crude oil and medium crude oil. 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, and all volumes are presented on a gross basis, meaning Birchcliff's working interest before deduction of royalties and without including any royalty interests of Birchcliff. Numbers in the tables presented herein may not total due to rounding.

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](http://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.

#### Interest of Birchcliff in Resources in the Study Area

Birchcliff holds significant high working interest acreage in large contiguous blocks on the Montney/Doig 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 ("DoigP"), Basal Doig ("BD") 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 419.2 gross (407.4 net) sections of land which include Montney rights (inclusive of oil sections in the Gordondale area) and 377.8 gross (351.2 net) sections of land which include Doig rights. The Study Area ranges from Townships 69 to 80, Ranges 1 to 13W6 and is further bounded in a northwest-southeast direction by the Deep Basin edge. The geological section studied was divided into the DoigP, BD 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.

Contingent resources have been attributed to Birchcliff's properties in the Pouce Coupe, Progress, Progress West, Gordondale, Elmworth, Elmworth North, Elmworth South and Gold Creek areas. Prospective resources have been attributed to Birchcliff's properties in the Pouce Coupe, Progress, Progress West, Gordondale, Elmworth, Elmworth North, Elmworth South, Gold Creek, Grande Prairie and Saddle Hills areas. Birchcliff's resources in the Pouce Coupe, Gordondale and Progress West areas are proximal to Birchcliff's lands to which reserves have been attributed and to the PC Gas Plant, as well as to third party gathering and processing infrastructure. Birchcliff's resources in the Elmworth North and South areas 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 gross best estimate contingent resources is 96.2% and its average working interest in its gross best estimate prospective resources is 96.7%.

## Summary of Discovered and Undiscovered Resources

The following table sets forth Birchcliff's gross best estimate contingent resources, prospective resources and total petroleum initially-in-place ("PIIP") (discovered and undiscovered) at December 31, 2016 and December 31, 2015:

### Summary of Discovered and Undiscovered Resources

Resource Class	Volumes			
	December 31, 2016 (Bcfe)	December 31, 2015 (Bcfe)	Change from December 31, 2015	
Contingent Resources	13,371.6	9,497.0	41	%
Total Discovered PIIP	41,268.5	25,589.4	61	%
Prospective Resources	16,586.3	12,718.0	30	%
Total Undiscovered PIIP	34,480.3	27,431.9	26	%
Total PIIP	75,748.9	53,021.3	43	%

As a result of Birchcliff's 2016 exploration successes and offset competitor drilling, a significant amount of resources that were classified as prospective resources at December 31, 2015 have been re-classified as contingent resources at December 31, 2016 and Birchcliff has more discovered PIIP than undiscovered PIIP at December 31, 2016. In addition, significant volumes of contingent and prospective resources are associated with the assets in Gordondale which were acquired by Birchcliff in July 2016. Comparing the 2016 Resource Assessment to the 2015 Resource Assessment: (i) Birchcliff's gross contingent resources on a best estimate case increased from 9,497.0 Bcfe at December 31, 2015 to 13,371.6 Bcfe at December 31, 2016, with the Gordondale assets accounting for approximately 72% of the increase over 2015 volumes; and (ii) Birchcliff's gross prospective resources on a best estimate case increased from 12,718.0 Bcfe at December 31, 2015 to 16,586.3 Bcfe at December 31, 2016, with the Gordondale assets accounting for approximately 59% of the increase over 2015 volumes. In addition, a portion of Birchcliff's contingent and prospective resources recognized at December 31, 2015 were re-classified as reserves at December 31, 2016.

The following table sets forth Birchcliff's gross volumes for all resources, both discovered and undiscovered, at December 31, 2016:

### Summary of Reserves and Resources

Resource Class		Reserves and Resource Volumes (Bcfe) <sup>(1)(2)</sup>			
		Raw/Sales	Low Estimate Case	Best Estimate Case	High Estimate Case
Discovered	Cumulative Production <sup>(3)</sup>	Sales	696.7	696.7	696.7
	Remaining Reserves <sup>(3)(4)</sup>	Sales	3,142.4	4,993.6	6,384.5
	Total Commercial Recoverable	Sales	3,839.1	5,690.3	7,081.2
	Surface and Process Loss	Raw	100.8	145.8	185.8
	Total Commercial	Raw	3,939.9	5,836.1	7,267.1
	Contingent Resources <sup>(3)</sup>	Sales	9,067.6	13,371.6	21,338.2
	Development Pending	Sales	5,784.8	8,570.4	13,797.4
	Development On Hold	Sales	3,117.3	4,539.2	6,667.5
	Development Unclassified	Sales	127.5	203.6	770.7
	Development Not Viable	Sales	38.0	58.4	102.5
	Surface and Process Loss	Raw	631.7	929.3	1,380.8
	Unrecoverable	Raw	19,132.9	21,131.5	21,903.9
	Total Sub-Commercial	Raw	28,832.1	35,432.5	44,622.9
	TOTAL DISCOVERED PIIP	Raw	32,772.0	41,268.5	51,890.0
Undiscovered	Prospective Resources <sup>(3)</sup>	Sales	10,781.9	16,586.3	25,731.2
	Prospect <sup>(5)</sup>	Sales	10,781.9	16,586.3	25,731.2
	Surface and Process Loss	Raw	542.0	823.7	1,262.0
	Unrecoverable	Raw	14,694.9	17,070.4	18,118.2
	TOTAL UNDISCOVERED PIIP	Raw	26,018.7	34,480.3	45,111.4
TOTAL PIIP		Raw	58,790.8	75,748.9	97,001.4

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, oil and NGLs volumes were combined at a ratio of 1 bbl: 6 Mcfe.
4. Includes reserves assigned to both vertical and horizontal Montney/Doig wells by Birchcliff's independent qualified reserves evaluators, Deloitte and McDaniel & Associates Consultants Ltd. ("McDaniel"), effective December 31, 2016. Birchcliff retained Deloitte and McDaniel to evaluate and prepare reports on 100% of Birchcliff's light crude oil and medium crude oil (combined), conventional natural gas, shale gas and NGLs reserves effective December 31, 2016. Deloitte prepared a consolidated reserves report with an effective date of December 31, 2016 (the "Consolidated Reserves Report") by consolidating the properties evaluated by Deloitte with the properties evaluated by McDaniel, in each case using Deloitte's forecast price and cost assumptions effective December 31, 2016 (the "Deloitte Price Forecast"). Birchcliff has ongoing projects to drill horizontal wells targeting the Montney. This has resulted in some of the areas in the Study Area already having been assigned undeveloped reserves by Birchcliff's independent qualified reserves evaluators. The reserves assignments as of the effective date of the 2016 Resource Assessment have been subtracted from the resource estimates. Proved, probable and possible reserves as contained in the Consolidated Reserves Report are included in above table for completeness; however, reserves were not the focus of the 2016 Resource Assessment. The low estimate case includes the estimate of proved reserves contained in the Consolidated Reserves Report, the best estimate case includes the estimate of proved plus probable reserves contained in the Consolidated Reserves Report and the high estimate case includes the estimate of proved plus probable plus possible reserves contained in the Consolidated Reserves Report. 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 at December 31, 2016, using the Deloitte Price Forecast:

### Summary of Risked Contingent Resources - 2C

at December 31, 2016

(Forecast Prices and Costs)

Resources Project Maturity Sub-class <sup>(1)</sup>	Shale Gas <sup>(2)</sup>		NGLs		Light Crude and Medium Crude Oil		Total	
	Gross (Bcf)	Net <sup>(3)</sup> (Bcf)	Gross (MMbbls)	Net <sup>(3)</sup> (MMbbls)	Gross (MMbbls)	Net <sup>(3)</sup> (MMbbls)	Gross (Bcfe)	Net <sup>(3)</sup> (Bcfe)
Development Pending <sup>(4)</sup>	6,345.3	5,989.1	149.8	124.8	20.0	18.6	7,363.8	6,849.5
Development On Hold	2,333.4	N/A	65.0	N/A	-	N/A	2,723.5	N/A
Development Unclassified	67.1	N/A	2.4	N/A	0.02	N/A	81.5	N/A
Development Not Viable	11.2	N/A	0.1	N/A	-	N/A	11.7	N/A

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. Out of the Pouce Coupe, Progress West, Gordondale, Gold Creek and Elmworth properties, infrastructure in the Pouce Coupe and Gordondale properties is the most developed. The PC Gas Plant processes a significant portion of product from the greater Pouce Coupe area and plant expansions are within Birchcliff's five year budget. Plant expansions and sizeable investment committed to pipeline infrastructure are supported in the reserves evaluation prepared by Deloitte effective December 31, 2016 (the "Deloitte Reserves Report"). For this reason, Pouce Coupe projects were assigned the highest chance of commerciality of 90% by Deloitte, with the exception of one project which was assigned a chance of commerciality of 80%. The Gordondale area has infrastructure and maintenance costs forecast in the reserves evaluation prepared by McDaniel effective December 31, 2016; however, no facility expansion has been forecast as the existing oil capacity is considered sufficient, while gas volumes are processed through a third party. Deloitte has predominantly used a 90% chance of commerciality, assigned based on the existing infrastructure in the area, with the exception of one project which was assigned a chance of commerciality of 80%. Projects in the Elmworth area have little to no infrastructure investment booked in the Deloitte Reserves Report and were assigned an 80% chance of commerciality as these projects are intended to be processed through Birchcliff's proposed natural gas plant in Elmworth, affecting certainty in operating costs and the economics of the project. Projects in the Progress West area have been assigned an 80% chance of commerciality based on reliance on third party infrastructure and the existing development in the D1 to date. Finally, Gold Creek was given a 70% chance of commerciality, as these volumes are dependent on capacity in third party infrastructure and there is a lack of existing development. Deloitte estimated the chance of commerciality values to be 60% for development on hold, 40% for development unclassified and 20% for development not viable projects. These projects have lower chances of commerciality due to priority of development being given to other contingent projects due to distance to infrastructure and less desirable economics. The estimated contingent reserves and associated net present values are simply multiplied by the chance of commerciality in the economic software to result in risked volumes and net present values. 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. The associated solution gas from the assigned oil resource locations has been included in the shale gas product type.
3. 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.
4. 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 at December 31, 2016, using the Deloitte Price Forecast:

*Summary of Risked Net Present Value of Future Net Revenue of Development Pending Contingent Resources at December 31, 2016*  
(Forecast Prices and Costs)

Resources Project Maturity Sub-class	Risked Net Present Value of Future Net Revenue Before Income Taxes Discounted at (%/year) <sup>(1)</sup>				
	0 (MM\$)	5 (MM\$)	10 (MM\$)	15 (MM\$)	20 (MM\$)
Contingent (2C) Development Pending	25,653.1	7,129.3	2,479.9	993.1	421.2

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 at December 31, 2016:

*Summary of Risked Prospective Resources - Best Estimate at December 31, 2016*

Resources	Shale Gas		NGLs		Light Crude Oil and Medium Crude Oil		Total	
	Gross (Bcf)	Net <sup>(2)</sup> (Bcf)	Gross (MMbbls)	Net <sup>(2)</sup> (MMbbls)	Gross (MMbbls)	Net <sup>(2)</sup> (Mbbbls)	Gross (Bcfe)	Net <sup>(2)</sup> (Bcfe)
Prospective (Best Estimate) <sup>(1)</sup>	5,390.1	N/A	96.8	N/A	&minus;	N/A	5,971.0	N/A

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 resource 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%. These values were applied to all prospective resource projects. The chance of discovery was estimated to be 90% due to the relatively high geological certainty of encountering the specific zone in each project and area. Birchcliff and nearby industry competitors have and continue to refine the geological model within and outside of the Study Area. Additionally, Deloitte's four mile radius boundary in conjunction with geological mapping and the exploration success of Birchcliff and nearby industry competitors with similar resources and under varying conditions indicates that the resource play is well understood from an exploratory viewpoint. The chance of development was estimated to be 40% due to the priority given to the further development of the existing plays and the contingent projects, the greater distance to existing reserves and the greater distance to existing infrastructure. This also takes into account Birchcliff's high working interest and operatorship of its assets as Birchcliff is not subject to the priorities of working interest partners for such assets. 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.

There are numerous uncertainties inherent in estimating quantities of resources and the future net revenue attributed to the best estimate of Birchcliff's development pending contingent resources, including many factors beyond the control of Birchcliff. The resource and associated future net revenue information for the best estimate of the development pending contingent resources set forth herein are estimates only. In general, estimates of resources and the future net revenue therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, initial production rates, production decline rates, ultimate resource recovery, the timing and amount of capital expenditures, the success of future development activities, future commodity prices, marketability of oil, NGLs and natural gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially from actual results. For those reasons, estimates of the resources attributable to any particular group of properties, classification of such resources based on risk of recovery and estimates of future net revenue associated with resources prepared by different engineers, or by the same engineer at different times, may vary substantially. Birchcliff's actual production, revenues, taxes and development and operating expenditures with respect to its resources will vary from estimates thereof and such variations could be material. 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
Bcf	billion cubic feet
Bcfe	billion cubic feet of gas equivalent
boe	barrels of oil equivalent
boe/d	barrels of oil equivalent per day
Mcf	thousand cubic feet
Mcfe	thousand cubic feet of gas equivalent
MM\$	millions of dollars
MMbbls	millions of barrels
MMcf/d	million cubic feet per day
NGLs	natural gas liquids
NPV10 (BT)	net present value, before tax, discounted at a rate of 10%

## PRESENTATION OF OIL AND GAS RESOURCES

Unless otherwise indicated, all volumes of Birchcliff's reserves and resources presented herein are on a "gross" basis and 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. Estimates of future net revenue, whether calculated without discount or using a discount rate, do not represent fair market value. 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. 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.

## 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.

## Interest in Reserves, Resources, Production, Wells and Properties

"Gross" means:

1. 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;
2. in relation to wells, the total number of wells in which Birchcliff has an interest; and
3. in relation to properties, the total area of properties in which Birchcliff has an interest.

"Net" means:

1. 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;
2. 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
3. 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.

## ADVISORIES

### Boe and Bcfe Conversions

Boe amounts have been calculated by using the conversion ratio of 6 Mcf of natural gas to 1 bbl of oil and Bcfe amounts have been calculated by using the conversion ratio of 1 bbl of oil to 6 Mcf of natural gas. Boe and Bcfe amounts may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf to 1 bbl and a Bcfe 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.

## Forward-Looking Information

Certain statements contained in this press release constitute forward-looking statements and information (collectively referred to as "forward-looking information") within the meaning of applicable Canadian securities laws. Such forward-looking information relates to future events or Birchcliff's future performance. All information other than historical fact may be forward-looking information. Such forward-looking information is often, but not always, identified by the use of words such as "seek", "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "estimated", "forecast", "potential", "proposed", "predict", "budget", "continue", "targeting", "may", "will", "could", "might", "should" and other similar words and expressions. This information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. Birchcliff believes that the expectations reflected in the forward-looking information are reasonable in the current circumstances but no assurance can be given that these expectations will prove to be correct and such forward-looking information included in this press release should not be unduly relied upon.

In particular, this press release contains forward-looking information relating to the following: Birchcliff's plans and other aspects of its anticipated future operations, management focus, strategies and priorities; Birchcliff's production guidance for 2017; proposed expansions of the PC Gas Plant, including the anticipated processing capacities after such expansions and the anticipated timing thereof; the targeted in-service dates for firm service on TCPL's Mainline; Birchcliff's expectation that the firm service on TCPL's Mainline is expected to provide Birchcliff with greater and more diverse access to natural gas markets; Birchcliff's expectation that it intends to submit a non-binding expression of interest for additional transportation service which may become available on the Alliance pipeline system; and estimates of reserves, resources and the net present value of future net revenue associated with Birchcliff's proved plus probable reserves and the best estimate of Birchcliff's development pending contingent resources.

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

- With respect to Birchcliff's 2017 production guidance, the key assumptions are that: Birchcliff's 2017 capital expenditure program will be carried out as currently contemplated; no unexpected outages occur in the infrastructure that Birchcliff relies on to produce its wells and that any transportation service curtailments or unplanned outages that occur will be short in duration or otherwise insignificant; the construction of new infrastructure meets timing and operational expectations; existing wells continue to meet production expectations; and future wells scheduled to come on production meet timing, production and capital expenditure expectations.
- With respect to statements regarding proposed expansions of the PC Gas Plant, including the anticipated processing capacities of the PC 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; the key components of the plant will operate as designed; and commodity prices and general economic conditions will 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 Birchcliff's reserves and its best estimate of development pending contingent resources, the key assumption is the validity of the data used by Birchcliff's independent qualified reserves evaluators in their independent evaluations, which includes technical information and forecast commodity prices.

Birchcliff's actual results, performance or achievements could differ materially from those anticipated in the forward-looking information as a result of both known and unknown risks and uncertainties including, but not limited to: the failure to realize the anticipated benefits of acquisitions and dispositions; unforeseen difficulties in integrating acquired assets into Birchcliff's operations; variances in Birchcliff's actual capital costs, operating costs and economic returns from those anticipated; general economic, market and business conditions which will, among other things, impact the demand for and market prices of Birchcliff's products and Birchcliff's access to capital; volatility of crude oil and natural gas prices; fluctuations in currency and interest rates; operational risks and liabilities inherent in oil and natural gas operations; uncertainties associated with estimating oil and natural gas reserves and resources; the accuracy of oil and natural gas reserves estimates and estimated production levels as they are affected by exploration and development drilling and estimated decline rates; geological, technical, drilling,



construction and processing problems; uncertainty of geological and technical data; uncertainties related to Birchcliff's future potential drilling locations; fluctuations in the costs of borrowing; changes in tax laws, crown royalty rates, environmental laws and incentive programs relating to the oil and natural gas industry and other actions by government authorities, including changes to the royalty and carbon tax regimes and the imposition or reassessment of taxes; the cost of compliance with current and future environmental laws; political uncertainty and uncertainty associated with government policy changes; uncertainties and risks associated with pipeline restrictions and outages to third-party infrastructure that could cause disruptions to production; the ability to satisfy obligations under Birchcliff's firm marketing and transportation arrangements; the inability to secure adequate production transportation for Birchcliff's products; the occurrence of unexpected events such as fires, equipment failures and other similar events affecting Birchcliff or other parties whose operations or assets directly or indirectly affect Birchcliff; potential delays or changes in plans with respect to exploration or development projects or capital expenditures; stock market volatility; loss of market demand; environmental risks, claims and liabilities; incorrect assessments of the value of acquisitions and exploration and development programs; shortages in equipment and skilled personnel; the absence or loss of key employees; uncertainties associated with third-party litigation or other proceedings involving Birchcliff; uncertainty that development activities in Canada, the U.S. and other assets will be economical; competition for, among other things, capital, acquisitions of reserves, undeveloped land, equipment and skilled personnel; uncertainties associated with credit facilities; counterparty credit risk; and risks associated with Birchcliff's hedging program.

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

President and Chief Executive Officer

Any future-orientated financial information and financial outlook information (collectively, "FOFI") contained in this press release, as such terms are defined by applicable securities laws, is provided for the purpose of providing information about management's current expectations and plans relating to the future and is subject to the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraphs. FOFI contained in this press release was made as of the date of this press release and Birchcliff disclaims any intention or obligation to update or revise any FOFI contained in this press release, whether as a result of new information, future events or otherwise, unless required by applicable law. Readers are cautioned that any FOFI contained herein should not be used for purposes other than those for which it has been disclosed herein.

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

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

About Birchcliff:

Birchcliff is a Calgary, Alberta based intermediate oil and natural gas company with operations concentrated within its one core area, the Peace River Arch of Alberta. Birchcliff's common shares and cumulative redeemable preferred shares, Series A and Series C are listed for trading on the Toronto Stock Exchange under the symbols "BIR", "BIR.PR.A" and "BIR.PR.C", respectively.