

# SilverBirch Energy Corp. Provides Update on Cost Estimate for The Frontier And Equinox Project

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CALGARY, June 29, 2011 /[CNW](#)/ - [SilverBirch Energy Corporation](#) (TSXV: 'SBE') ("SilverBirch" or the "Corporation") is providing an update on the Frontier and Equinox oil sands mining project (the "Frontier and Equinox Project") including the results of the Design Basis Memorandum (DBM) study and information regarding the preliminary capital cost estimates.

The Frontier and Equinox Project is located approximately 110 km north of Fort McMurray and is jointly owned by SilverBirch and Teck Resources Limited ("Teck"). Each company holds a 50% interest and Teck is the operator. The owners are jointly proceeding with engineering and permitting activities to advance the project towards production.

The current capital cost estimate for Phases 1 and 2 of the Frontier Project is \$14.5 billion on a Q4 2010 basis. Phases 1 and 2 are expected to have a nameplate production capacity of 159,000 barrels per calendar day of bitumen. These preliminary cost estimates were prepared by major engineering companies currently active in the oil sands industry, and have an expected accuracy of -10% to +30%. These estimates will be subject to revision as further engineering work is undertaken on the project. Phases 3 and 4 are expected to bring the total production capacity of the Frontier and Equinox Project to 277,000 barrels per calendar day of bitumen and will bring the total project cost to \$22.9 billion.

Direct operating costs for bitumen production are estimated to be approximately \$24 per barrel over the life of the Frontier and Equinox Project, and on average a further \$2.60 per barrel will be required for sustaining capital.

"SilverBirch considers the estimated cost of approximately \$83,000 per flowing barrel for the entire Frontier and Equinox Project to be well within the expected range of costs for oil sands mining projects and consistent with other operators' experience," said Howard Lutley, President and Chief Executive Officer of SilverBirch, "It incorporates recent pricing on materials, equipment and labour and reflects a realistic design basis." The Corporation also notes that the design of the mine and tailings facilities complies with all of the latest requirements for tailings and water management as well as applying best commercially available emissions management technologies.

The owners are currently advancing the preparation of the Environmental Impact Assessment and regulatory application for the Frontier and Equinox Project. SilverBirch expects the regulatory application will be submitted to the Alberta Government in the fourth quarter of 2011, thus initiating the formal regulatory process. Corporate sanction of the Frontier and Equinox Project could occur as early as 2014/2015 with construction commencing in 2016 and commercial oil production obtained in 2020/2021.

SilverBirch is under no obligation to provide major project funding at this time and will not be proceeding with construction until a suitable partnership agreement and funding solutions are in place. The Corporation continues to review alternatives to fund its share of the future project costs; this may include strategic or financial partnering, a reduction of its interest in the project, or sale of the project.

## About SilverBirch

SilverBirch Energy Corporation is a pre-production oil sands Corporation headquartered in Calgary, Alberta, Canada. SilverBirch has a portfolio of mining and in situ oil sands properties, including 50% ownership of the Frontier and Equinox Project with Teck Resources Limited, the Operator. To learn more, please visit [www.silverbirchenergy.com](http://www.silverbirchenergy.com).

## ADVISORIES TO READER

### **Advisory Regarding Contingent Resources Estimates**

This news release contains disclosure respecting SilverBirch's estimated contingent bitumen resources. Such disclosure is derived from a report of Sproule Unconventional Limited dated February 4, 2011 and effective December 31, 2010. "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. Contingencies may include factors such as economic, legal, environmental, political and regulatory matters or a lack of markets. It is also appropriate to classify as contingent resources the estimated discovered recoverable quantities associated with a project in the early evaluation stage. There is no certainty that it will be commercially viable to produce any portion of the resources.

A thorough discussion of the contingent resources attributed to the assets of SilverBirch is contained in SilverBirch's annual information form dated April 15, 2011 for the year ended December 31, 2011 (the "AIF") which may be accessed through the SEDAR website at [www.sedar.com](http://www.sedar.com). Readers are urged to consult the AIF for further information.

### **Advisory Regarding Forward-Looking Information**

This news release contains forward-looking information and forward-looking statements within the meaning of applicable Canadian securities laws (collectively, "forward-looking information"). The words "expect", "estimate", "anticipate", "plan" and similar expressions, as well as future or conditional verbs such as "will" and "may" often identify forward-looking information. Forward-looking information is only a prediction. Undue reliance should not be placed on forward-looking information, as there can be no assurance that the plans, intentions or expectations upon which it is based will occur. Specific forward-looking information contained in this news release includes, without limitation, statements regarding: the timing and development of the Frontier and Equinox Project; the estimated operating, capital and total project costs associated with development of the Frontier and Equinox Project; SilverBirch's plans regarding the management of tailings; the expected timing of commencement of operations and the level of production and production capacity anticipated; expectations respecting external infrastructure; the continuance of the stakeholder consultation process; production methods; the timing of filing regulatory applications; resource estimates relating to the Frontier and Equinox Project; and the timing of receipt of required approvals and permits from regulatory authorities.

The forward-looking information set out in this news release, is based on certain expectations and assumptions regarding, without limitation: future crude oil, bitumen, natural gas and SCO prices; geological and engineering estimates; the geography of the areas in which SilverBirch will be working; and the sufficiency of budgeted capital expenditures in carrying out planned activities. These expectations and assumptions are based on certain factors and events that are not within the control of SilverBirch and there is no assurance they will prove to be correct.

Forward-looking information is subject to known and unknown risks and uncertainties and other factors which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied in such forward-looking information or statements. Such risks, uncertainties and factors include, among others: the early stage of development of SilverBirch's assets and the nature of the exploration and development activities on such assets; risks associated with contingent bitumen resources and mine pit estimates; difficulties encountered during the exploration for, delineation, development and production of bitumen; costs associated with exploration for, delineation, development and production and upgrading bitumen; the need to obtain required approvals and permits from regulatory authorities; compliance with and liabilities under environmental laws and regulations; the volatility of crude oil and natural gas prices and of the differential between heavy and light crude oil prices; in the foreign exchange rate amount between the Canadian dollar, the U.S. dollar and the euro; general economic conditions; changes in or the introduction of new government regulations; the uncertain ability of SilverBirch to attract capital for both debt and equity when necessary. Additional information and other factors that could affect SilverBirch are included in the documents on file with applicable securities regulatory authorities, including SilverBirch's AIF, and may be accessed through the SEDAR website at [www.sedar.com](http://www.sedar.com).

The forward-looking information contained in this news release is made as of the date hereof and SilverBirch does not undertake any obligation to update publicly or to revise any of the included forward-looking information to reflect new events or circumstances, except as required by applicable Canadian securities laws. The forward-looking information contained herein is expressly qualified by this cautionary statement.

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**For further information:**

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