

BIRCHCLIFF ENERGY LTD. ANNOUNCES FILING OF ITS 2017 YEAR END DISCLOSURE DOCUMENTS AND OPERATIONAL UPDATE

Calgary, Alberta – Birchcliff Energy Ltd. (“Birchcliff”) (TSX: BIR) is pleased to announce that it has filed its audited annual financial statements and related management’s discussion and analysis and its annual information form (the “AIF”) for the financial year ended December 31, 2017 (collectively, the “Annual Filings”) on the System for Electronic Document Analysis and Retrieval (“SEDAR”).

The audited annual financial statements are consistent with the unaudited financial results disclosed in the press release issued by Birchcliff on [February 14, 2018](#). 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*, 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 and on SEDAR at www.sedar.com.

OVERVIEW OF 2018 CAPITAL PROGRAM

Birchcliff’s 2018 capital expenditure program, previously released on February 14, 2018 (the “2018 Capital Program”), will focus on the drilling of crude oil wells in Gordondale and a combination of liquids-rich and natural gas wells in Pouce Coupe to take advantage of the recently improved prices for oil and NGLs.

Birchcliff’s board of directors has approved a capital expenditure budget of \$255 million. Approximately \$149.9 million has been allocated for drilling and development and \$66.9 million for facilities and infrastructure. Details on the expected capital spending allocation are set forth in the table below:

	Gross Wells	Net Wells	Capital (MM)
Drilling and Development			
Pouce Coupe – Montney D1 Horizontal Gas Wells	12	12.0	\$66.2
Pouce Coupe – Montney D2 Horizontal Gas Wells	1	1.0	\$4.9
Pouce Coupe – Montney C Horizontal Gas Wells	1	1.0	\$5.1
Gordondale – Montney D2 Horizontal Oil Wells	8	8.0	\$42.2
Gordondale – Montney D1 Horizontal Oil Wells	5	5.0	\$26.0
2017 Carry Forward Capital ⁽¹⁾	-	-	\$5.5
Total Drilling and Development⁽²⁾	27	27.0	\$149.9
Facilities and Infrastructure			\$66.9 ⁽³⁾
Sustaining and Optimization			\$17.1
Land and Seismic			\$4.6
Other			\$16.5
TOTAL CAPITAL⁽⁴⁾			\$255.0

(1) Primarily completion, equipping and tie-in costs associated with 2 (2.0 net) wells rig released in 2017.

(2) On a drill, case, complete, equip and tie-in basis.

(3) Includes: (i) \$25.7 million for the completion of the Phase VI expansion of Birchcliff’s 100% owned and operated natural gas processing plant in Pouce Coupe (the “Pouce Coupe Gas Plant”); (ii) \$11.2 million for a pipeline twinning project; (iii) \$8.3 million for the construction of an additional sales line from the Pouce Coupe Gas Plant; and (iv) \$6.0 million for water storage. The remaining capital primarily relates to new pipeline construction and other projects.

(4) Birchcliff makes acquisitions and dispositions in the ordinary course of business. Any acquisitions and dispositions completed during 2018 could have an impact on Birchcliff’s capital expenditures, which impact could be material. See “Advisories – Capital Expenditures”.

The objectives of the 2018 Capital Program are to maintain a prudent pace of development and focus on rates of return, while also maintaining balance sheet strength and the payment of a sustainable quarterly dividend to our shareholders. The 2018 Capital Program has been designed with financial and operational flexibility with the

potential to accelerate or decelerate capital expenditures throughout the year, depending on commodity prices and economic conditions.

OPERATIONAL UPDATE

Birchcliff has drilled 19 (19.0 net) wells year-to-date and has 8 (8.0 net) wells left to drill, consisting of 6 (6.0 net) wells in Gordondale and 2 (2.0 net) wells in Pouce Coupe. Birchcliff currently has 2 drilling rigs at work: 1 is drilling Montney/Doig horizontal wells in the Pouce Coupe area and 1 is drilling Montney horizontal wells in the Gordondale area.

All wells are at 100% working interest and will be drilled on multi-well pads. Birchcliff's 2018 Capital Program is highly focused on the first half of the year, allowing it to bring the new wells on production relatively early in the year to optimize producing days for the capital spent in 2018.

The following table summarizes the wells Birchcliff has drilled year-to-date, which have not yet been brought on production, as well as the remaining wells to be drilled during 2018:

Wells Drilled – 2018

Area	Wells drilled to-date	Remaining wells to be drilled in 2018	Total wells to be drilled in 2018
Pouce Coupe			
Montney D1 HZ Gas Wells	10	2	12
Montney D2 HZ Gas Wells	1	0	1
Montney C HZ Gas Wells	1	0	1
Total – Pouce Coupe	12	2	14
Gordondale			
Montney D2 HZ Oil Wells	4	4	8
Montney D1 HZ Oil Wells	3	2	5
Total – Gordondale	7	6	13
TOTAL – COMBINED	19	8	27

During 2018, Birchcliff expects to complete the 80 MMcf/d Phase VI expansion of its Pouce Coupe Gas Plant, which will increase the processing capacity from 260 MMcf/d to 340 MMcf/d. Field construction commenced in January 2018 and Birchcliff currently anticipates that Phase VI will be brought on-stream in October 2018. Phase VI will allow for future growth and help Birchcliff to reduce its operating costs on a per boe basis.

OUTLOOK AND GUIDANCE

Birchcliff is pleased to confirm that it is re-affirming its 2018 guidance. The following table sets forth its guidance and commodity price assumptions for 2018, as well as its 2017 results for comparative purposes:

	2018 Guidance and Assumptions ⁽¹⁾	2017 Annual Actuals
Production		
Annual Average Production (boe/d)	76,000 – 78,000	67,963
% Natural Gas	80%	79%
% Oil and NGLs	20%	21%
Average Expenses (\$/boe)		
Royalty	1.20 – 1.40	1.16
Operating	3.75 – 4.00	4.45
Transportation and Marketing	3.80 – 4.10 ⁽²⁾	2.87 ⁽³⁾
Capital Expenditures (MM\$)⁽⁴⁾		
Estimated Total Capital	255.0	416.8
Estimated Drilling and Development Capital	149.9	269.1
Estimated Facilities and Infrastructure Capital	66.9	132.4
Natural Gas Market Exposure⁽⁵⁾		
AECO Production as a % of Total Natural Gas Production	66%	58% ⁽⁶⁾
Dawn Production as a % of Total Natural Gas Production	30%	29% ⁽⁶⁾
Commodity Prices		
Average WTI Oil Price (US\$/bbl)	61.00	50.95
Average AECO Price (\$/MMBtu) ⁽⁷⁾	1.58	2.16
Average Dawn Price (\$/MMBtu) ⁽⁷⁾	3.48	3.82 ⁽⁶⁾
Average Wellhead Natural Gas Price (\$/Mcf) ⁽⁸⁾	2.32	2.72 ⁽⁹⁾

(1) For further information regarding Birchcliff's 2018 guidance, including the assumptions surrounding such guidance, please see "Advisories – Forward-Looking Information" in this press release.

(2) Includes transportation tolls for 120,000 GJ/d of natural gas sold at the Dawn price from January 1, 2018 to October 31, 2018 and 155,000 GJ/d from November 1, 2018 to December 31, 2018.

(3) Includes transportation tolls for 120,000 GJ/d of natural gas sold at the Dawn price from November 1, 2017 to December 31, 2017.

(4) Please see "2018 Capital Program" in this press release. Further details about the 2018 Capital Program are also set out in the press release issued by Birchcliff on February 14, 2018.

(5) Approximately 13% of total natural gas production was sold via the Alliance pipeline system in 2017. Approximately 4% of total natural gas production is expected to be sold via the Alliance pipeline system in 2018.

(6) For the months of November and December 2017 only as Birchcliff's TCPL-Dawn arrangement did not commence until November 1, 2017.

(7) \$1.00 per MMBtu equals \$1.00 per Mcf based on a standard heat value of 37.4 MJ/m³ or a heat uplift of 1.055 when converting from \$/GJ.

(8) Birchcliff receives premium pricing for its natural gas production due to its high heat content from its properties. The conversion from standard heat value in MMBtu to realized wellhead price in Mcf is based on an expected corporate average realized natural gas heat content value of 40.80 MJ/m³ or a heat uplift of 1.091. The total conversion is \$1.00/GJ = \$1.15/Mcf at the wellhead.

(9) Includes the effects of any commodity fixed price physical delivery contracts in the period.

The average wellhead natural gas price for 2018 of \$2.32/Mcf is based upon an annual average AECO price of \$1.58/MMBtu during 2018 (\$2.11/MMBtu during the months of January, February, March, November and December and \$1.20/MMBtu during the remaining months of 2018) and an annual Dawn price of \$3.48/MMBtu during 2018 (\$4.22/MMBtu during the months of January and February and \$3.33/MMBtu during the remaining months of 2018).

ABBREVIATIONS

AECO	benchmark price for natural gas determined at the AECO 'C' hub in southeast Alberta
bbl	barrel
boe	barrel of oil equivalent
boe/d	barrel of oil equivalent per day
GJ	gigajoule
GJ/d	gigajoules per day
m ³	cubic metres
Mcf	thousand cubic feet
MJ	megajoule
MM	millions
MM\$	millions of dollars
MMBtu	million British thermal units
MMcf/d	million cubic feet per day
NGLs	natural gas liquids
TCPL	TransCanada PipeLines
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma, for crude oil of standard grade

ADVISORIES

Currency

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

MMBtu Pricing Conversions

\$1.00 per MMBtu equals \$1.00 per Mcf based on a standard heat value Mcf.

Operating Costs

References in this press release to "operating costs" exclude transportation and marketing costs.

Capital Expenditures

Birchcliff's guidance regarding its 2018 capital expenditures has been presented on a total basis. Birchcliff makes acquisitions and dispositions in the ordinary course of business. Any acquisitions and dispositions completed during 2018 could have an impact on Birchcliff's capital expenditures, production and funds flow from operations for 2018, which impact could be material. See also "*Advisories – Forward-Looking Information*" below.

Forward-Looking Information

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

In particular, this press release contains forward-looking information relating to the following: Birchcliff's plans and other aspects of its anticipated future financial performance, operations, focus, objectives, strategies, opportunities, priorities and goals; Birchcliff's guidance regarding its 2018 Capital Program (including its estimates of its capital expenditures in 2018, planned capital expenditures and capital allocation, the focus of, objectives of and the anticipated results from the 2018 Capital Program, the number and types of wells to be drilled and

brought on production, the financial and operational flexibility of the 2018 Capital Program, the potential to accelerate or decelerate capital expenditures and that the 2018 Capital Program is highly focused on the first half of the year); Birchcliff's other guidance for 2018 (including its estimates of its annual average production and commodity mix in 2018, its estimates of royalty, operating and transportation and marketing expenses and its estimates of AECO and Dawn production levels during 2018 and forecasts of commodity prices); the statement regarding the payment of a sustainable quarterly dividend; the proposed Phase VI expansion of the Pouce Coupe Gas Plant (including the anticipated processing capacity of the Pouce Coupe Gas Plant after the expansion, the anticipated timing of the expansion, the anticipated cost of the expansion and that Phase VI will allow for future growth and help Birchcliff reduce its operating costs on a per boe basis); and Birchcliff's marketing and transportation arrangements (including its expectation that 4% of total natural gas production will be sold via the Alliance pipeline system in 2018).

With respect to forward-looking information contained in this press release, assumptions have been made regarding, among other things: Birchcliff's ability to continue to develop its assets and obtain the anticipated benefits therefrom; prevailing and future commodity prices and differentials, currency exchange rates, interest rates, inflation rates, royalty rates and tax rates; expected funds flow from operations; Birchcliff's future debt levels; the state of the economy and the exploration and production business; the economic and political environment in which Birchcliff operates; the regulatory framework regarding royalties, taxes and environmental laws; the sources of funding for Birchcliff's capital expenditure programs and other activities; anticipated timing and results of capital expenditures; the sufficiency of budgeted capital expenditures to carry out planned operations; results of future operations; future operating, transportation, marketing and general and administrative costs; the performance of existing and future wells, well production rates and well decline rates; well drainage areas; success rates for future drilling; reserves and resource volumes and Birchcliff's ability to replace and expand oil and gas reserves through acquisition, development or exploration; the impact of competition on Birchcliff; the availability of, demand for and cost of labour, services and materials; Birchcliff's ability to access capital; the ability to obtain financing on acceptable terms; the ability to obtain any necessary regulatory approvals in a timely manner; the ability of Birchcliff to secure adequate transportation for its products; Birchcliff's ability to market oil and gas; and the availability of hedges on terms acceptable to Birchcliff. 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 statements regarding the 2018 Capital Program (including estimates of 2018 capital expenditures), such estimates and statements are based on the assumptions set forth in the table under the heading "*Outlook and Guidance*".
 - With respect to estimates of capital expenditures, such estimates assume that the 2018 Capital Program will be carried out as currently contemplated. See "*Advisories – Capital Expenditures*".
 - The amount and allocation of capital expenditures for exploration and development activities by area and the number and types of wells to be drilled is dependent upon results achieved and is subject to review and modification by management on an ongoing basis throughout the year. Actual spending may vary due to a variety of factors, including commodity prices, industry conditions, results of operations and costs of labour, services and materials. Birchcliff will monitor industry conditions and commodity prices and, where deemed prudent, will adjust the 2018 Capital Program to respond to changes in commodity prices and other material changes in the assumptions underlying the 2018 Capital Program.
- With respect to Birchcliff's production guidance, the key assumptions are that: Birchcliff's capital expenditure programs will be carried out as currently contemplated; no unexpected outages will 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. In addition, Birchcliff's production guidance may be affected by acquisition and disposition activity and acquisitions and dispositions could occur that may impact expected production.

- With respect to statements regarding future wells to be drilled and brought on production, the key assumptions are: the continuing 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 industry conditions will warrant proceeding with the drilling of such wells.
- With respect to statements regarding the proposed Phase VI expansion of the Pouce Coupe Gas Plant, including the anticipated processing capacity of the Pouce Coupe Gas Plant after such expansion and the anticipated timing of such expansion, 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 Pouce Coupe Gas Plant will operate as designed; and commodity prices and general industry conditions will warrant proceeding with the construction of such facilities and the drilling of associated wells.

Birchcliff's actual results, performance or achievements could differ materially from those anticipated in the forward-looking information as a result of both known and unknown risks and uncertainties including, but not limited to: the failure to realize the anticipated benefits of acquisitions and dispositions; general economic, market and business conditions which will, among other things, impact the demand for and market prices of Birchcliff's products and Birchcliff's access to capital; volatility of crude oil and natural gas prices; fluctuations in currency and interest rates; operational risks and liabilities inherent in oil and natural gas operations; uncertainties associated with estimating oil and natural gas reserves and resources; the accuracy of oil and natural gas reserves estimates and estimated production levels as they are affected by exploration and development drilling and estimated decline rates; geological, technical, drilling, construction and processing problems; uncertainty of geological and technical data; uncertainties related to Birchcliff's future potential drilling locations; fluctuations in the costs of borrowing; changes in tax laws, Crown royalty rates, environmental laws and incentive programs relating to the oil and natural gas industry and other actions by government authorities, including changes to the royalty and carbon tax regimes and the imposition or reassessment of taxes; the cost of compliance with current and future environmental laws; political uncertainty and uncertainty associated with government policy changes; uncertainties and risks associated with pipeline restrictions and outages to third-party infrastructure that could cause disruptions to production; the ability to satisfy obligations under Birchcliff's firm marketing and transportation arrangements; the inability to secure adequate production transportation for Birchcliff's products; the occurrence of unexpected events such as fires, equipment failures and other similar events affecting Birchcliff or other parties whose operations or assets directly or indirectly affect Birchcliff; potential delays or changes in plans with respect to exploration or development projects or capital expenditures; stock market volatility; loss of market demand; environmental risks, claims and liabilities; incorrect assessments of the value of acquisitions and exploration and development programs; shortages in equipment and skilled personnel; the absence or loss of key employees; uncertainties associated with the outcome of litigation or other proceedings involving Birchcliff; uncertainty that development activities in connection with its assets will be economical; competition for, among other things, capital, acquisitions of reserves, undeveloped lands, equipment and skilled personnel; uncertainties associated with credit facilities; counterparty credit risk; risks associated with Birchcliff's hedging program and the risk that hedges on terms acceptable to Birchcliff may not be available; the failure to obtain any required approvals in a timely manner or at all; unforeseen difficulties in integrating acquired assets into Birchcliff's operations; variances in Birchcliff's actual capital costs, operating costs and economic returns from those anticipated; negative public perception of the oil and natural gas industry, including transportation, hydraulic fracturing and fossil fuels; management of Birchcliff's growth; the availability of insurance and the risk that certain losses may not be insured; and cyber-security issues.

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 AIF and in other reports filed with Canadian securities regulatory authorities from time to time.

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.

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