

**BIRCH MOUNTAIN RESOURCES LTD.**  
**300, 250 - Sixth Avenue S.W.**  
**Calgary, Alberta T2P 3H7**

**ALBERTA SECURITIES COMMISSION**  
4<sup>th</sup> Floor, 300 - 5<sup>th</sup> Avenue S.W.  
Calgary, Alberta, T2P 3C4

**BRITISH COLUMBIA SECURITIES  
COMMISSION**  
P.O. Box 10142 Pacific Centre  
701 West Georgia Street  
Vancouver, British Columbia, V7Y 1L2

**SASKATCHEWAN FINANCIAL SERVICES  
COMMISSION**  
800-1920 Broad Street  
Regina, Saskatchewan, S4P 3V7

**MANITOBA SECURITIES COMMISSION**  
1130 - 405 Broadway  
Winnipeg MB R3C 3L6

**ONTARIO SECURITIES COMMISSION**  
20 Queen Street West, Suite 1903  
Toronto ON M5H 3S8

**AUTHORITE DES MARCHES FINANCIERS**  
Place de la Cité, tour Cominar  
2640, boulevard Laurier, bureau 400  
Sainte-Foy (Québec) G1V 5C1

**TSX VENTURE EXCHANGE INC.**  
10<sup>th</sup> Floor, 300 - 5<sup>th</sup> Avenue S.W.  
Calgary, Alberta, T2P 3C4

Dear Sirs:

**Re: BIRCH MOUNTAIN RESOURCES LTD. (the "Company")  
Material Change Report**

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This letter is intended as a statement setting forth certain matters that may be a material change in the affairs of Birch Mountain Resources Ltd. (the "Company" or "Birch Mountain"). For convenience, this letter is itemized in the same manner as Form 51-102F3 of National Instrument 51-102. Concurrent with this filing, this letter is being filed with the TSX Venture Exchange, being the only exchange on which the Corporation's shares are currently listed.

**Item 1 - Name and Address of Company**

**BIRCH MOUNTAIN RESOURCES LTD.**  
300, 250 - Sixth Avenue S.W.  
Calgary, Alberta T2P 3H7  
Tel: (403) 262-1838  
Fax: (403) 263-9888

**Item 2 - Date of Material Change**

The material change occurred on March 27, 2006.

**Item 3 - News Release**

A News Release was issued on March 27, 2006 via Canada News Wire.

**Item 4 - Summary of Material Change**

The Company reports 2005 annual financial results.

## **Item 5 - Full Description of Material Change**

### **The Company reports 2005 annual financial results.**

#### **Year at a Glance**

“This past year has been focused on opening our Muskeg Valley Quarry in order to start the production and sale of products to the oil sands industry” said Doug Rowe, President of Birch Mountain. “We achieved a number of important milestones, including completing initial site construction of the MVQ, contracting with Stony Valley as our quarry operator, opening the MVQ, hiring additional key members of management, financing with equity to build a strong balance sheet and partnering with the Fort McKay First Nation to form our sales and marketing arm, called Hammerstone Products Ltd. All these accomplishments aligned the Company to begin operations in 2006.”

“It is an exciting time for the Company and we believe we can provide the right products at the right time for one of the most significant markets in North America”, commented Kerry Sully, Chairman of the Board. “Our market, the oil sands industry, is growing rapidly, powered by high oil prices, with low risk of future crude prices derailing expansion and production plans. In addition, we’re expanding our potential product line, adding cement, hydrated lime, milk of lime and reagent limestone to the aggregates and lime products previously valued in the independent technical report released in March 2005.”

#### **Financial Overview**

The tables below summarize the financial position and results of operations for the years ended December 31.

<b>CONSOLIDATED BALANCE SHEET</b>	<b>2005</b>	<b>2004</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	32,322,603	5,444,270
Restricted cash	1,000,000	-
Accounts receivable	476,455	233,459
Prepays and deposits	441,545	184,108
	<b>34,240,603</b>	<b>5,861,837</b>
<b>Long-term asset</b>	<b>232,489</b>	<b>-</b>
<b>Property and equipment</b>	<b>318,786</b>	<b>181,217</b>
<b>Mineral properties</b>	<b>13,768,974</b>	<b>3,489,369</b>
<b>TOTAL ASSETS</b>	<b>48,560,852</b>	<b>9,532,423</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	3,369,083	332,229
Advances on share subscriptions	-	173,252
Deferred revenue	50,306	50,306
Other current liabilities	3,346,264	2,500,000
	<b>6,765,653</b>	<b>3,055,787</b>
<b>Asset retirement obligation</b>	<b>360,000</b>	<b>25,000</b>
	<b>7,125,653</b>	<b>3,080,787</b>

<b>SHAREHOLDERS' EQUITY</b>		
<b>Share capital</b> (Note 11)	<b>46,950,953</b>	8,761,876
<b>Contributed surplus</b> (Note 12)	<b>1,774,873</b>	338,569
<b>Deficit</b> (Note 13)	<b>(7,290,627)</b>	(2,648,809)
	<b>41,435,199</b>	6,451,636
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>48,560,852</b>	<b>9,532,423</b>

<b>CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
<b>Limestone sale</b>	\$ -	\$ -	\$ 100,000
<b>Interest and other income</b>	<b>332,568</b>	48,190	211,973
<b>General and administrative expenses</b>	<b>4,433,905</b>	2,172,876	1,136,023
Mineral exploration costs	<b>540,481</b>	762,371	744,385
<b>Loss</b>	<b>\$ 4,641,818</b>	<b>\$ 2,887,057</b>	<b>\$ 1,568,435</b>
Loss per share, basic and fully diluted	\$ (0.08)	\$ (0.05)	\$ (0.04)
<b>Ending Deficit</b>	<b>\$ 7,290,627</b>	<b>\$ 2,648,809</b>	<b>\$ 27,510,684</b>

Working capital at December 31, 2005 was \$27,474,950, an increase of approximately \$24.7 million from December 31, 2004. The increase resulted primarily from the Company's \$36 million equity financing during the third quarter 2005.

In 2005, we focused most of our resources on the opening of the MVQ and further development of the Hammerstone Project. In 2005, \$10,279,606 was spent with this entire amount being capitalized, in 2004, \$3,153,233 was spent with this entire amount being capitalized and in 2003, \$807,327 was spent with \$336,136 of this amount being capitalized.

The Company earned interest income in 2005 of \$323,568 and 2004 of \$48,190. In 2003, income included a small amount of interest, revenue from an agreed sale of \$100,000 of limestone to Syncrude Canada Ltd. and a gain on forgiveness of debt for \$194,000. Birch Mountain has not had regular ongoing revenue from customers as the Industrial Minerals Division was under development.

Total general and administrative ("G&A") expenses have risen in 2005 as the Company moves forward with activities necessary for operations, including the filing of the MVQ Environmental Impact Assessment and Application (the "MVQ Application") and the payment of professional fees for the independent technical report released in March 2005. Total G&A expenses increased by \$2,261,029, or 104% over the prior year, of which 51% of the increase or \$1,160,487 was related to stock-based expenses, and 11% of the increase was related to a \$246,264 accrual of estimated interest, penalties and corporate taxes payable upon re-filing the Company's flow through share renouncements. The remaining adjusted G&A increase in 2005 of \$854,278 or 53% over the prior year reflects additional corporate activity necessary to execute the strategic plan including increasing promotion, adding staff and increasing corporate costs for professional services and expenses associated with shareholders and public company requirements.

**Important Information Regarding Financial Information in the News Release and Form 51-102F3**

The financial information in the news release and Form 51-102F3 should be read in conjunction with the Company's 2005 Annual Financial Report and other informational disclosures on SEDAR or EDGAR at [www.sedar.com](http://www.sedar.com) and [www.edgar.com](http://www.edgar.com).

The financial numbers presented in the summary tables may refer to certain financial measures that are not determined by Generally Accepted Accounting Principles (GAAP) in Canada or the United States. Financial measures such as regular general and administrative expenses and mineral exploration costs are not measures recognized under GAAP and do not have standardized meanings prescribed by GAAP. We discuss these measures, which have been derived from our financial statements and applied on a consistent basis, because we believe that they facilitate the understanding of the results of our operations and financial position and are relevant measures of the ability of the Company to earn returns for shareholders. These measures may differ from those made by other issuers and accordingly, may not be comparable with such measures as reported by other corporations.

**Item 6 - Reliance on subsection 7.1(2) or (3) of National Instrument 51-102**

Not applicable.

**Item 7 - Omitted Information**

Not applicable.

**Item 8 - Executive Officer**

The name of a Executive Officer of the Corporation who is knowledgeable about the material change and who can be contacted by the Commission is:

Douglas J. Rowe, President and Chief Executive Officer  
Telephone: (403) 262-1838  
Fax: (403) 263-9888

**Item 9 - Date of Report**

This report is dated the 27th day of March, 2006.