

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 **Name and Address of Company**

Birchcliff Energy Ltd. (“**Birchcliff**” or the “**Corporation**”)
Suite 500, 630 – 4th Avenue S.W.
Calgary, Alberta
T2P 0J9

Item 2 **Date of Material Change**

The material change occurred on March 29, 2012.

Item 3 **News Release**

A news release relating to the material changes described herein was disseminated through the facilities of Marketwire, on behalf of the Corporation, on March 29, 2012.

Item 4 **Summary of Material Change**

On March 29, 2012, Birchcliff announced that it had entered into a bought deal equity financing agreement with a syndicate of underwriters co-led by GMP Securities L.P., Cormark Securities Inc. and National Bank Financial Inc., and including CIBC World Markets Inc., HSBC Securities (Canada) Inc., and Stifel Nicolaus Canada Inc. (collectively, the “**Underwriters**”), pursuant to which the Underwriters have agreed to purchase on a “bought deal” basis, 8,075,000 common shares of Birchcliff (the “**Common Shares**”) at a price of \$7.65 per Common Share and 1,100,000 Common Shares to be issued on a “flow-through” basis (the “**Flow-Through Shares**”) at a price of \$9.20 per Flow-Through Share, for aggregate gross proceeds of \$71.9 million (the “**Bought-Deal Offering**”). In addition, the Underwriters have been granted an over-allotment option (the “**Over-Allotment Option**”), which may be exercised up to 30 days after closing of the Bought Deal Offering, to purchase up to an additional 1,211,250 Common Shares at a price of \$7.65 per Common Share for further gross proceeds of \$9.3 million which, if fully exercised, would increase the maximum gross proceeds raised from the Bought Deal Offering to \$81.2 million. The Corporation also announced that concurrent with the Bought-Deal Offering, Birchcliff had entered into an agreement with Mr. Seymour Schulich pursuant to which Mr. Schulich (or entities controlled by him) will purchase 5,000,000 Common Shares at a price of \$7.65 per Common Share for aggregate gross proceeds of \$38.3 million on a private placement basis (the “**Private Placement**”).

In addition, the Corporation announced that Birchcliff’s Board of Directors terminated the corporate sale process (the “**Sale Process**”) announced on October 3, 2011. Birchcliff did not receive an acceptable offer reflecting the value of the Corporation.

Item 5 **Full Description of Material Change**

5.1 **Full Description of Material Change**

Birchcliff announced that it had entered into a bought deal equity financing agreement with the Underwriters, pursuant to which the Underwriters have agreed to purchase on a “bought deal” basis, 8,075,000 Common Shares at a price of \$7.65 per Common Share and 1,100,000 Flow-Through Shares at a price of \$9.20 per Flow-Through Share, for aggregate gross proceeds of \$71.9 million. In addition, the Underwriters have been granted the Over-Allotment Option, which may be exercised up to 30 days after closing of the Bought Deal Offering, to purchase up to an additional 1,211,250 Common Shares at a price of \$7.65 per Common Share for further gross proceeds of \$9.3 million which, if fully exercised, would increase the maximum gross proceeds raised from the Bought Deal Offering to \$81.2 million. The Corporation also announced that concurrent with the Bought-Deal Offering, Birchcliff had entered into an agreement with Mr. Seymour Schulich to complete the Private Placement, pursuant to which Mr. Schulich (or entities controlled by him) will purchase 5,000,000 Common Shares at a price of \$7.65 per Common Share for aggregate gross proceeds of \$38.3 million.

Proceeds from each of the Bought Deal Offering and the Private Placement will initially be used to pay down the Corporation's bank debt which will then be re-drawn to fund a portion of the Corporation's ongoing capital program.

Pursuant to the terms of the Bought Deal Offering, the Common Shares and the Flow-Through Shares will be offered in all provinces of Canada (except Québec) by way of a short form prospectus and by way of private placement in the United States, pursuant to exemptions from the registration requirements in accordance with Rule 144A and/or Regulation D of the United States Securities Act of 1933, as amended.

Closing of the Bought Deal Offering and the Private Placement is expected to occur concurrently on or about April 19, 2012 and is subject to certain customary approvals including, but not limited to the receipt of all necessary approvals, including the approval of Toronto Stock Exchange.

Proceeds from the issuance of the Flow-Through Shares will be used to incur eligible Canadian Exploration Expenditures ("CEE") for purposes of the *Income Tax Act* (Canada) and such CEE will be renounced to subscribers of the Flow-Through Shares on or before December 31, 2012.

In addition, the Corporation announced that Birchcliff's Board of Directors terminated the Sale Process announced on October 3, 2011. Birchcliff did not receive an acceptable offer reflecting the value of the Corporation.

5.2 Disclosure for Restructuring Transactions

Not applicable.

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

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

The name and business telephone number of an executive officer of Birchcliff who is knowledgeable about the material changes and this report and who can be contacted is:

James W. Surbey
Vice President Corporate Development and Corporate Secretary
Telephone: (403) 261-6401

Item 9 Date of Report

April 3, 2012

Forward Looking Information

This material change report 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 the Corporation's current internal expectations, estimates, projections, assumptions and beliefs. All information other than historical fact is forward-looking information. In particular, this material change report contains forward-looking information relating to the anticipated use of proceeds of the Bought Deal Offering and the Private Placement and the anticipated closing date of the Bought Deal Offering and the Private Placement.

The forward-looking information is based upon assumptions as to future commodity prices, currency exchange rates, inflation rates, well production rates, well drainage areas, success rates for future drilling and availability of labour and services. The anticipated closing date of the Bought Deal Offering and Private Placement assumes that prior to that date, the Corporation will

obtain all necessary regulatory approvals and all applicable pre-conditions will be satisfied. The anticipated use of proceeds assumes that the Bought Deal Offering and the Private Placement closes as contemplated.

Undue reliance should not be placed on forward-looking information, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. Although the Corporation believes that the expectations reflected in the forward-looking statements 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 associated with oil and gas exploration, production, transportation and marketing such as uncertainty of geological and technical data, imprecision of reserves estimates, operational risks, environmental risks, loss of market demand, general economic conditions affecting the ability to access sufficient capital, changes in governmental regulation of the oil and gas industry and competition from others for scarce resources. The risk factors that could render assumptions relating to the Bought Deal Offering and the Private Placement invalid are primarily events beyond the Corporation's control that preclude the Corporation from satisfying all applicable pre-conditions.

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 the Corporation'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. The Corporation is not under any duty to update the forward-looking information after the date of this material change report to conform such information to actual results or to changes in the Corporation's plans or expectations, except as otherwise required by applicable securities laws.