BIRCHCLIFF ENERGY

BIRCHCLIFF ENERGY LTD. ANNOUNCES 2022 BUDGET, GUIDANCE AND UPDATED FIVE YEAR PLAN

Calgary, Alberta (January 19, 2022) – Birchcliff Energy Ltd. ("**Birchcliff**" or the "**Corporation**") (TSX: BIR) is pleased to announce its 2022 budget, guidance and updated five year plan.

"Birchcliff remains committed to increasing shareholder value, which we intend to accomplish by maximizing free funds flow generation and significantly reducing indebtedness. In alignment with these priorities, our board of directors has approved a new five year plan for 2022 to 2026 that provides for potential cumulative free funds flow(1) of approximately $1.9 billion by the end of the five year period and the potential to reduce our total debt(2) to zero in 2023(3)(4). We believe that significantly reducing our indebtedness will reduce the risks to our business and create optionality when considering sustainable increases to our common share dividend and common share buybacks over the next five years," commented Jeff Tonken, Chief Executive Officer of Birchcliff.

Mr. Tonken continued: "With respect to 2022, our board of directors has approved an F&D capital budget of $240 million to $260 million, which is expected to deliver annual average production of 78,000 to 80,000 boe/d. Based on this targeted annual average production, we expect to generate approximately $590 million of adjusted funds flow(1) and $330 million to $350 million of free funds flow in 2022(3)(5). Free funds flow generated in 2022 will be primarily allocated towards debt reduction and we are targeting total debt of approximately $175 million to $195 million at December 31, 2022(3)(5), which represents a reduction of up to $587 million (77%) from our total debt of $762 million at December 31, 2020."

"We had an excellent year in 2021 which saw us successfully and safely execute our 2021 capital program, significantly reduce our total debt and double our common share dividend. We look forward to announcing our unaudited results for the year ended December 31, 2021 on February 9, 2022."

*This press release contains forward-looking statements within the meaning of applicable securities laws. For further information regarding the forward-looking statements contained herein, see "Advisories – Forward-Looking Statements". With respect to the disclosure of Birchcliff's production contained in this press release, see "Advisories – Production". In addition, this press release uses various "non-GAAP financial measures", "non-GAAP ratios", "supplementary financial measures" and "capital management measures" as such terms are defined in National Instrument 52-112 – Non-GAAP and Other Financial Measures Disclosure ("**NI 52-112**"). Non-GAAP financial measures and non-GAAP ratios are not standardized financial measures under GAAP and might not be comparable to similar financial measures disclosed by other issuers where similar terminology is used. For further information regarding the non-GAAP and other financial measures used in this press release, see "Non-GAAP and Other Financial Measures".*

(1) Non-GAAP financial measure. See *"Non-GAAP and Other Financial Measures".*

(2) Capital management measure. See *"Non-GAAP and Other Financial Measures".*

(3) Birchcliff's 2022 guidance and the five year plan assume the following commodity prices and exchange rate: an average WTI price of US$76.00/bbl; an average WTI-MSW differential of CDN$5.00/bbl; an average AECO price of CDN$3.50/GJ; an average Dawn price of US$3.90/MMBtu; an average NYMEX HH price of US$4.00/MMBtu; and an exchange rate (CDN$ to US$1) of 1.26. See *"2022 Guidance"*, *"2022 Budget"*, *"Five Year Plan"* and *"Advisories – Forward-Looking Statements".*

(4) Potential cumulative free funds flow of $1.9 billion is based on Birchcliff's targeted F&D capital spending and adjusted funds flow over 2022 to 2026. The potential to reduce Birchcliff's total debt to zero in 2023 is based on the assumptions set forth under the heading *"Five Year Plan"*.

(5) Birchcliff's guidance for its adjusted funds flow in 2022 is based on an annual average production rate of 79,000 boe/d during 2022, which is the mid-point of Birchcliff's annual average production guidance range for 2022. Birchcliff's guidance for its free funds flow in 2022 is based on its targeted F&D capital spending and adjusted funds flow in 2022. Birchcliff's guidance for its total debt at December 31, 2022 is based on the assumptions set forth under the heading *"2022 Guidance"*.

2022 GUIDANCE

The following tables set forth Birchcliff's guidance, commodity price assumptions and free funds flow sensitivity for 2022:

2022 Guidance and Commodity Price Assumptions

	2022 guidance and assumptions(1)
Production	
Annual average production *(boe/d)*	78,000 – 80,000
% Light oil	3%
% Condensate	7%
% NGLs	10%
% Natural gas	80%
Q4 average production *(boe/d)*	81,000 – 83,000
Average Expenses *($/boe)*	
Royalty(2)	3.10 – 3.30
Operating(2)	3.15 – 3.35
Transportation and other(3)	4.90 – 5.10
Interest(2)	0.50 – 0.60
Adjusted Funds Flow *($ millions)*(4)(5)	590
F&D Capital Expenditures *($ millions)*(6)	240 – 260
Free Funds Flow *($ millions)*(4)(7)	330 – 350
Total Debt at Year End *($ millions)*(8)	175 – 195
Natural Gas Market Exposure(9)	
AECO exposure as a % of total natural gas production	19%
Dawn exposure as a % of total natural gas production	42%
NYMEX HH exposure as a % of total natural gas production	38%
Alliance exposure as a % of total natural gas production	1%
Commodity Prices	
Average WTI price *(US$/bbl)*	76.00
Average WTI-MSW differential *(CDN$/bbl)*	5.00
Average AECO price *(CDN$/GJ)*	3.50
Average Dawn price *(US$/MMBtu)*	3.90
Average NYMEX HH price *(US$/MMBtu)*	4.00
Exchange rate *(CDN$ to US$1)*	1.26

Free Funds Flow Sensitivity(10)

	Estimated change to 2022 free funds flow *($ millions)*
Change in WTI US$1.00/bbl	4.2
Change in NYMEX HH US$0.10/MMBtu	6.5
Change in Dawn US$0.10/MMBtu	7.3
Change in AECO CDN$0.10/GJ	3.1
Change in CDN/US exchange rate CDN$0.01	6.1

(1) Birchcliff's guidance for its production commodity mix, adjusted funds flow and natural gas market exposure in 2022 is based on an annual average production rate of 79,000 boe/d during 2022, which is the mid-point of Birchcliff's annual average production guidance range for 2022.

(2) Supplementary financial measure. See *"Non-GAAP and Other Financial Measures"*.

(3) Non-GAAP ratio. See *"Non-GAAP and Other Financial Measures"*.

(4) Non-GAAP financial measure. See *"Non-GAAP and Other Financial Measures"*.

(5) Birchcliff's estimate of adjusted funds flow takes into account the effects of its physical and financial basis swap contracts outstanding as at January 19, 2022 and excludes annual cash incentive payments that have not been approved by Birchcliff's board of directors. Birchcliff's 2022 guidance for adjusted funds flow has been revised from its preliminary guidance of $650 million (previously disclosed on November 10, 2021) as a result of a lower commodity price forecast.

(6) Birchcliff's estimate of F&D capital expenditures corresponds to Birchcliff's 2022 F&D capital budget and excludes any net potential acquisitions and dispositions and the capitalized portion of annual cash incentive payments that have not been approved by Birchcliff's board of directors. See *"2022 Budget"* and *"Advisories – Capital Expenditures"*.

(7) Birchcliff's 2022 guidance for free funds flow has been revised from its preliminary guidance of $400 million (previously disclosed on November 10, 2021) as a result of its revised guidance for adjusted funds flow.

(8) Capital management measure. See *"Non-GAAP and Other Financial Measures"*. The total debt amount set forth in the table above assumes the following: (i) that any free funds flow remaining after the payment of dividends, ARO and other amounts for administrative assets, financing fees and capital lease obligations is allocated towards debt reduction; (ii) that the timing of common share and preferred share dividends paid by the Corporation remains consistent with

previous years, with the dividend rates and applicable taxes remaining unchanged; (iii) that there are approximately 265 million common, 2,000,000 series A preferred shares ("**Series A Preferred Shares**") and 1,530,709 series C preferred shares ("**Series C Preferred Shares**") outstanding, with no redemptions of the Series A or the Series C Preferred Shares or buybacks of common shares occurring during 2022; (iv) that no significant acquisitions are completed by the Corporation and there is no repayment of debt using the proceeds from asset dispositions or equity issuances; (v) that there are no proceeds received from the exercise of stock options or performance warrants during 2022; (vi) that the 2022 capital program will be carried out as currently contemplated and the level of capital spending set forth herein will be achieved; and (vii) the targets for production, production commodity mix, capital expenditures, adjusted funds flow, free funds flow and natural gas market exposure and the commodity price and exchange rate assumptions set forth herein are met. The amount set forth in the table above does not include annual cash incentive payments that have not been approved by Birchcliff's board of directors.

(9) Birchcliff's guidance regarding its natural gas market exposure assumes: (i) 175,000 GJ/d being sold on a physical basis at the Dawn price; (ii) 4,900 GJ/d being sold at Alliance on a physical basis at the AECO 5A price plus a premium; and (iii) 152,500 MMBtu/d being contracted on a financial and physical basis at a fixed basis differential between the AECO 7A price and the NYMEX HH price.

(10) Illustrates the expected impact of changes in commodity prices and the CDN/US exchange rate on the Corporation's estimate of free funds flow for 2022 of $330 million to $350 million. The calculated impact on free funds flow is only applicable within the limited range of change indicated. Calculations are performed independently and may not be indicative of actual results. Actual results may vary materially when multiple variables change at the same time and/or when the magnitude of the change increases.

Stress Testing Adjusted Funds Flow

Birchcliff's 2022 capital program would remain fully funded from adjusted funds flow at an average AECO price of CDN$1.28/GJ and average Dawn and NYMEX prices of US$2.44/MMBtu and assuming an average WTI price of US$65.00/bbl, demonstrating the profitability of Birchcliff's business through its low-cost structure, low-decline asset base and efficient 2022 capital program.

Changes in assumed commodity prices and variances in production estimates can have an impact on the Corporation's estimates of adjusted and free funds flow and the Corporation's other guidance, which impact may be material. In addition, any acquisitions and dispositions completed over the course of 2022 could have an impact on Birchcliff's production, adjusted funds flow, free funds flow, expenses and total debt, which impact could be material. For further information, see *"Advisories – Forward-Looking Statements"*.

2022 BUDGET

Birchcliff's board of directors has approved an F&D capital budget of $240 million to $260 million for 2022 which is designed to maximize free funds flow generation and significantly reduce indebtedness in 2022, while maintaining capital discipline and a flat annual average production profile year-over-year. F&D capital spending is targeted to be less than adjusted funds flow each quarter, which would result in free funds flow generation on a quarterly basis. Birchcliff's F&D capital budget for 2022 has taken into account expected increases in materials, labour and services costs as compared to 2021.

Birchcliff's 2022 capital program builds off the technical and operational knowledge Birchcliff gained from its previous capital programs, which will help it to continue to refine its drilling and completions operations and improve well performance. Furthermore, Birchcliff's focused drilling activities and large-scale well pad designs are expected to maximize capital efficiencies.

Highlights of the 2022 Budget

The key highlights of the 2022 budget are as follows:

Wells and Production

- The 2022 capital program contemplates that Birchcliff will drill 30 wells and bring 35 wells on production in 2022, all of which will be 100% working interest.
- The program has been designed to utilize two drilling rigs in order to bring new wells onto production throughout the year, which will allow for a more consistent production profile and be more operationally efficient for the Corporation. Birchcliff anticipates that this will result in comparable annual average production rates year-over-year and strong production in Q4 2022, with targeted annual average production of 78,000 to 80,000 boe/d and Q4 2022 average production of 81,000 to 83,000 boe/d.
- Birchcliff's production guidance takes into account planned turnarounds that have been scheduled to occur in Q2 2022 at part of its 100% owned and operated natural gas processing plant in Pouce Coupe (the "**Pouce Coupe Gas Plant**") and at AltaGas' deep-cut sour gas processing facility in Gordondale (the "**AltaGas Facility**").

Adjusted Funds Flow and Free Funds Flow

- Birchcliff does not have any fixed price commodity hedges in place and does not currently intend to enter into any, which gives it the ability to participate in any strengthening of commodity prices in 2022.

- Adjusted funds flow of approximately $590 million is expected to be generated in 2022 (based on the mid-point of the Corporation's 2022 annual average production guidance range).
- Free funds flow of approximately $330 million to $350 million is expected to be generated in 2022.
  - Free funds flow generated in 2022 will be primarily allocated towards debt reduction. Total debt at December 31, 2022 is targeted to be approximately $175 million to $195 million, resulting in a total debt to full-year 2022 adjusted funds flow ratio of 0.30x – 0.33x[6].
  - While free funds flow is currently prioritized towards debt reduction, Birchcliff will consider sustainable increases to its common share dividend and common share purchases under its normal course issuer bid over the course of 2022, depending on commodity prices and free funds flow and debt levels.
  - Consideration may also be given to opportunities that would complement or otherwise improve the Corporation's business and enhance long-term shareholder value, such as strategic acquisitions.
  - The Series A Preferred Shares are redeemable by the Corporation on September 30, 2022. Should the Corporation decide to redeem all or a portion of the Series A Preferred Shares, the Corporation currently expects it would use free funds flow to redeem such shares, which would increase the Corporation's adjusted funds flow and total debt. No such decision has yet been made by the Corporation. If the Corporation makes the decision to redeem the Series A Preferred Shares, notice will be given to the holders thereof in accordance with the provisions of the Series A Preferred Shares.

See *"2022 Guidance"* and *"Advisories – Forward-Looking Statements"* for additional information regarding Birchcliff's guidance for adjusted funds flow, F&D capital expenditures, free funds flow and total debt in 2022.

Capital Activities and Allocation

The following table sets forth further details regarding Birchcliff's expected capital spending allocation in 2022:

Classification	**Capital** *(millions)*
DCCET	
Pouce Coupe(1)	$103 – $112
Gordondale(1)	$35 – $38
Additional Well Completions Capital(2)	$16 – $18
Total DCCET	**$154 – $168**
Facilities and Infrastructure(3)	$34 – $37
Maintenance and Optimization(4)	$30 – $32
Land and Seismic(5)	$6
Other(6)	$16 – $17
Total F&D Capital Expenditures(7)	**$240 – $260**

(1) On a DCCET basis, the average well cost in 2022 is estimated to be approximately $5.2 million for each of Pouce Coupe and Gordondale. These costs can vary depending on factors such as the size of the associated multi-well pads, horizontal well length, the costs of construction, the existence of pipelines and other infrastructure and the distance to existing or planned pipelines and other infrastructure.

(2) Represents the estimated completion, equipping and tie-in costs associated with 5 wells that were drilled and rig released in Q4 2021.

(3) Facilities and infrastructure includes approximately $1.5 million for various emissions reduction initiatives. See *"2022 Budget – Capital Activities and Allocation – Environmental Stewardship"*.

(4) Maintenance and optimization includes capital for the planned turnarounds at the Pouce Coupe Gas Plant and the AltaGas Facility.

(5) Land and seismic includes capital for crown sales and rental payments but does not include other property acquisitions and dispositions.

(6) Other primarily includes capitalized G&A.

(7) Net property acquisitions and dispositions have not been included in the table above as these amounts are generally unbudgeted. See *"Advisories – Capital Expenditures"* and *"Advisories – Forward-Looking Statements"*.

Based on the mid-point of the Corporation's F&D capital expenditures guidance range, approximately 64% of the program is directed towards drilling, casing, completions, equipping and tie-in activities and approximately 14% of the program is directed towards facilities and infrastructure, with investments in large 16" and 20" diameter trunk lines to accommodate incremental production and maintain ample pipeline capacity for the existing base production, helping to minimize any adverse backout.

(6) Non-GAAP ratio. See *"Non-GAAP and Other Financial Measures"*.

Drilling and Completions

Birchcliff's 2022 drilling program is focused on high rate-of-return targets and developing its low-cost natural gas and liquids production in Pouce Coupe and Gordondale. Wells will be brought on production from 4 separate multi-well pads, which allows Birchcliff to reduce its environmental footprint and keep its per well costs low.

The following table sets forth the number and types of wells expected to be drilled and brought on production in 2022:

Area	Total wells to be drilled in 2022	Total wells to be brought on production in 2022(1)
Pouce Coupe		
Montney D1 horizontal natural gas wells	9	12
Montney C horizontal natural gas wells	2	2
Basal Doig/Upper Montney horizontal natural gas wells	10	12
Total – Pouce Coupe	**21**	**26**
Gordondale		
Montney D1 horizontal oil wells	4	4
Montney D2 horizontal oil wells	5	5
Total – Gordondale	**9**	**9**
TOTAL – COMBINED	**30**	**35**

(1) Includes 5 wells that were drilled and rig released in Q4 2021.

Pouce Coupe

Birchcliff plans to drill 21 wells and bring 26 wells on production in Pouce Coupe in 2022. As described in further detail below, the wells will be brought on production from 3 separate multi-well pads.

- **6-Well Pad (13-29-77-12W6)**: This pad was drilled by Birchcliff in Q4 2021 and early January 2022. Wells were drilled in 2 different intervals (4 in the Montney D1 and 2 in the Basal Doig/Upper Montney) and targeted condensate-rich natural gas. The wells on this pad are currently undergoing completions operations and are expected to be onstream sometime in March 2022.
- **10-Well Pad (01-08-78-13W6)**: Birchcliff plans to drill this pad in Q1 2022. Wells will be drilled in 3 different intervals (5 in the Montney D1, 4 in the Basal Doig/Upper Montney and 1 in the Montney C) and target condensate-rich natural gas. This pad is a follow up from Birchcliff's successful pad at 04-04-78-13W6 that was brought on production in 2021. This pad saw a step change in production from the Basal Doig/Upper Montney and Montney D1 intervals as a result of enhanced field development practices. Furthermore, the well targeting the Montney C interval is designed to further delineate the condensate-rich trends in this interval.
- **10-Well Pad (04-04-78-13W6)**: Birchcliff plans to drill this pad in Q1 and Q2 2022. Wells will be drilled in 3 different intervals (6 in the Basal Doig/Upper Montney, 3 in the Montney D1 and 1 Montney C) and target condensate-rich natural gas. Similar to the 01-08-78-13W6 pad, this pad is a follow up from Birchcliff's successful 2021 program in this township. This pad is specifically designed to optimize brownfield infill field development, while minimizing the effects of fracture driven interaction (FDI).

Gordondale

- **9-Well Pad (06-35-77-11W6)**: Birchcliff plans to drill this pad in the southeast area of Gordondale in Q2 and Q3 2022. Wells will be drilled in 2 different intervals (4 in the Montney D1 and 5 in the Montney D2) and target light oil. These wells are offsetting high-rate light oil and natural gas producing wells drilled by Birchcliff in the southeastern portion of Gordondale over the last three years.

Environmental Stewardship

- In an effort to continue reducing Birchcliff's overall carbon footprint, approximately $1.5 million will be directed towards various emissions reduction initiatives. Birchcliff has developed a comprehensive Methane Reduction and Retrofit Compliance Plan (the "**MRRCP**") to retrofit or remove all remaining high-bleed pneumatic devices by the end of 2022. Upon completion of this project, Birchcliff expects to receive carbon offset credits over the next eight years.
- In addition, Birchcliff anticipates spending approximately $3.5 million in 2022 on its abandonment and reclamation activities, which are separate from the 2022 capital program. Birchcliff is in an enviable position as it has a focused asset base with minimal abandonment and reclamation obligations compared to the industry average.

FIVE YEAR PLAN

The Corporation's board of directors has approved a new five year plan for 2022 to 2026 (the "**Five Year Plan**") which is designed to increase shareholder value by: (i) maximizing free funds flow and reducing the Corporation's indebtedness; (ii) increasing shareholder returns; and (iii) fully utilizing the available processing capacity of the Corporation's existing infrastructure.

Targeted Key Metrics

The following tables set forth the targeted key metrics, commodity price assumptions and cumulative free funds flow sensitivity for the Five Year Plan[(1)]:

Production and Financial Metrics

	2022	2023	2024	2025	2026
Average Production *(boe/d)*	78,000 – 80,000	81,000	86,000	90,000	90,000
Liquids *(%)*	20%	20%	20%	19%	18%
Adjusted Funds Flow *(millions)*[(2)(3)]	$590	$640	$660	$620	$620
F&D Capital Expenditures *(millions)*[(4)]	$240 – $260	$260	$255	$245	$225
Free Funds Flow *(millions)*[(2)]	$330 – $350	$380	$405	$375	$395
Free Funds Flow per Basic Common Share[(5)]	$1.25 – $1.32	$1.43	$1.53	$1.42	$1.49
Cumulative Free Funds Flow *(millions)*[(2)(6)]	$330 – $350	$720	$1,125	$1,500	$1,895
(Total Debt) Cash at Year End *(millions)*[(6)(7)]	($175 – $195)	$160	$540	$885	$1,250

Average Expenses and Commodity Price Assumptions

	2022	2023	2024	2025	2026
Average Expenses *($/boe)*					
Royalty[(8)]	3.10 – 3.30	3.20	3.25	3.10	3.10
Operating[(8)]	3.15 – 3.35	3.15	3.00	2.90	2.90
Transportation and other[(5)]	4.90 – 5.10	4.85	4.60	4.40	4.40
Interest[(8)]	0.50 – 0.60	0.02	–	–	–
Income tax expense[(8)(9)]	–	–	1.75	3.25	3.30
Commodity Prices					
Average WTI price *(US$/bbl)*	76.00	76.00	76.00	76.00	76.00
Average WTI-MSW differential *(CDN$/bbl)*	5.00	5.00	5.00	5.00	5.00
Average AECO price *(CDN$/GJ)*	3.50	3.50	3.50	3.50	3.50
Average Dawn price *(US$/MMBtu)*	3.90	3.90	3.90	3.90	3.90
Average NYMEX HH price *(US$/MMBtu)*	4.00	4.00	4.00	4.00	4.00
Exchange rate *(CDN$ to US$1)*	1.26	1.26	1.26	1.26	1.26

Cumulative Free Funds Flow Sensitivity[(10)]

	Estimated change to 2022 to 2026 cumulative free funds flow *($ millions)*
Change in WTI US$1.00/bbl	19.0
Change in NYMEX HH US$0.10/MMBtu	21.0
Change in Dawn US$0.10/MMBtu	29.2
Change in AECO CDN$0.10/GJ	18.5
Change in CDN/US exchange rate CDN$0.01	24.7

(1) For illustrative purposes only and should not be relied upon as indicative of future results. The internal projections, expectations and beliefs underlying the Five Year Plan are subject to change in light of ongoing results and prevailing economic and industry conditions. Birchcliff's F&D capital budgets for 2023 to 2026 have not been finalized and are subject to approval by Birchcliff's board of directors. Accordingly, the levels of F&D capital expenditures set forth herein are subject to change, which would have an impact on the targeted production, production commodity mix, adjusted funds flow, free funds flow, total debt and expenses set forth herein. See *"Advisories – Forward-Looking Statements"*.

(2) Non-GAAP financial measure. See *"Non-GAAP and Other Financial Measures"*.

(3) Birchcliff's estimates of adjusted funds flow take into account the effects of its physical and financial basis swap contracts outstanding as at January 19, 2022 and exclude annual cash incentive payments that have not been approved by Birchcliff's board of directors.

(4) The Five Year Plan contemplates that approximately 170 to 180 wells will be brought on production by the Corporation over 2022 to 2026.

(5) Non-GAAP ratio. See *"Non-GAAP and Other Financial Measures"*. Assumes 265 million common shares outstanding.

(6) The Corporation has used the mid-point of its 2022 guidance for free funds flow and total debt at year end in determining the cumulative free funds flow and (total debt) cash at year end for 2023 to 2026.

(7) Total debt is a capital management measure. See *"Non-GAAP and Other Financial Measures"*. The total debt amounts set forth in the table above assume the following: (i) that any free funds flow remaining after the payment of dividends, ARO and other amounts for administrative assets, financing fees and capital lease obligations is allocated towards debt reduction; (ii) that the timing of common share and preferred share dividends paid by the Corporation remains consistent with previous years, with the dividend rates and applicable taxes remaining unchanged; (iii) that there are approximately 265 million common, 2,000,000 Series A and 1,530,709 Series C Preferred Shares outstanding, with no redemptions of the Series A or the Series C Preferred Shares or buybacks of common shares occurring during 2022 to 2026; (iv) that no significant acquisitions are completed by the Corporation and there is no repayment of debt using the proceeds from asset dispositions or equity issuances; (v) that there are no proceeds received from the exercise of stock options or performance warrants; (vi) that the capital programs for each year will be carried out as currently contemplated and the level of capital spending set forth herein will be achieved; and (vii) the targets for production, production commodity mix, capital expenditures, adjusted funds flow, free funds flow and the commodity price and exchange rate assumptions set forth herein are met. The amounts set forth in the table above do not include annual cash incentive payments that have not been approved by Birchcliff's board of directors.

(8) Supplementary financial measure. See *"Non-GAAP and Other Financial Measures"*.

(9) The Corporation currently expects that it will be required to pay Canadian income taxes starting in 2024.

(10) Illustrates the expected impact of changes in commodity prices and the CDN/US exchange rate on the Corporation's target of potential cumulative free funds flow of $1.9 billion generated during 2022 to 2026. The calculated impact on cumulative free funds flow is only applicable within the limited range of change indicated. Calculations are performed independently and may not be indicative of actual results. Actual results may vary materially when multiple variables change at the same time and/or when the magnitude of the change increases.

Changes in assumed commodity prices and variances in production estimates can have an impact on the Corporation's estimates of adjusted and free funds flow and the Corporation's other metrics for the Five Year Plan, which impact may be material. In addition, any acquisitions and dispositions completed over the course of the Five Year Plan could have an impact on Birchcliff's production, adjusted funds flow, free funds flow, expenses and total debt, which impact could be material. For further information, see *"Advisories – Forward-Looking Statements"*.

Details of the Five Year Plan

Maximizing Free Funds Flow and Reducing Indebtedness

The Five Year Plan is geared towards maximizing Birchcliff's ability to generate free funds flow, which will allow the Corporation to significantly reduce indebtedness while also increasing shareholder value. Based on the Corporation's targeted adjusted funds flow and F&D capital spending, the Five Year Plan projects that significant free funds flow will be generated in each year of the plan, with potential cumulative free funds flow of approximately $1.9 billion and annual free funds flow per basic common share of approximately $1.49 by the end of the five year period. In order to enhance Birchcliff's ability to generate free funds flow, Birchcliff will focus on maintaining capital discipline over the course of the Five Year Plan, with F&D capital expenditures targeted to be significantly less than the Corporation's targeted adjusted funds flow each year.

Birchcliff believes that continuing to reduce its indebtedness will reduce the risks to its business and increase shareholder value, while at the same time save the Corporation significant interest costs. Building off its significant debt reduction in 2021, free funds flow generated by Birchcliff will initially be prioritized towards debt reduction as it continues to focus on reducing its total debt over the course of 2022 and 2023. As illustrated above, the Corporation's total debt could potentially be reduced to zero in 2023.

The potential to achieve zero total debt in 2023 is based on the assumptions set forth in note 7 to the table above under *"Five Year Plan – Targeted Key Metrics"*. The Five Year Plan set forth herein does not reflect any potential increases to the Corporation's common share dividend, common share buybacks, redemptions of the Series A or Series C Preferred Shares or strategic acquisitions, all of which may receive consideration and could have an impact on the Corporation's total debt levels and other metrics.

Increasing Shareholder Returns

Birchcliff remains committed to increasing shareholder returns. In the fourth quarter of 2021, Birchcliff doubled its quarterly common share dividend to $0.01 per share from $0.005 per share. Birchcliff was also active under its normal course issuer bid in 2021, purchasing a total of 5,242,700 common shares during the year at a weighted average price of $6.00 per share.

While free funds flow generated over the course of the Five Year Plan will initially be prioritized towards debt reduction, the potential for significant free funds flow provides the Corporation with optionality to consider additional sustainable increases to its common share dividend and common share buybacks over the course of the plan. The Five Year Plan provides for the potential to generate an average annual free funds flow per basic common share of approximately $1.48 over 2024 to 2026, providing for substantial capacity to further increase shareholder returns.

Any decision by the Corporation to further increase its common share dividend and the number of common shares to be purchased by the Corporation will depend on commodity prices and free funds flow and debt levels, among other things. Consideration may also be given to opportunities that would complement or otherwise improve the Corporation's business and enhance long-term shareholder value, such as strategic acquisitions.

Fully Utilizing the Available Processing Capacity of the Corporation's Existing Infrastructure

Birchcliff believes that one of the keys to creating shareholder value is fully utilizing the available processing capacity of its existing infrastructure, which is expected to drive down its operating and other cash costs on a per unit basis and maximize its operational efficiencies. This will result in the Corporation increasing its netbacks. In addition, increasing the Corporation's production to fully utilize its available processing capacity will further enhance its ability to generate free funds flow.

Accordingly, the Five Year Plan contemplates that Birchcliff will fill its available processing capacity at the Pouce Coupe Gas Plant and utilize all of its available processing capacity at the AltaGas Facility by the end of 2024. Birchcliff believes that keeping such infrastructure at or near capacity will help to create additional shareholder value as outlined above and will also allow Birchcliff to leverage its previous capital investment in the Pouce Coupe Gas Plant and reduce the unutilized firm transportation capacity on the Nova Gas Transmission system which the Corporation is currently paying for. Birchcliff currently has no plans to invest in further phases of the Pouce Coupe Gas Plant.

ESG COMMITMENT

Birchcliff is committed to the responsible development of its assets and is one of the lowest emissions intensity producers in the industry. Continuing Birchcliff's industry-leading environmental performance and promoting its strong safety culture continue to be top priorities for the Corporation. In addition, Birchcliff continues to invest financial resources and time to support its commitment to further reduce its impact, and the impact of the oil and gas industry as a whole, on the environment. Birchcliff is proud to be a partner in the Natural Gas Innovation Fund ("**NGIF**") through two of its entities: NGIF Industry Grants organization and Cleantech Ventures Equity Fund. Birchcliff has been a member of NGIF Industry Grants since 2018 when it was expanded to include natural gas producers and is a founding member of NGIF Cleantech Ventures Equity Fund. Both NGIF initiatives were created by the Canadian Gas Association to support the funding of cleantech innovation in the natural gas value chain.

ABBREVIATIONS

AECO	benchmark price for natural gas determined at the AECO 'C' hub in southeast Alberta
ARO	asset retirement obligations
bbl	barrel
boe	barrel of oil equivalent
boe/d	barrel of oil equivalent per day
condensate	pentanes plus (C5+)
DCCET	drill, case, complete, equip and tie-in
ESG	environmental, social and governance
F&D	finding and development
G&A	general and administrative
GAAP	generally accepted accounting principles for Canadian public companies which are currently International Financial Reporting Standards as issued by the International Accounting Standards Board
GJ	gigajoule
GJ/d	gigajoules per day
HH	Henry Hub
m^3	cubic metres
Mcf	thousand cubic feet
MJ	megajoule
MMBtu	million British thermal units
MMBtu/d	million British thermal units per day
MSW	price for mixed sweet crude oil at Edmonton, Alberta
NGLs	natural gas liquids consisting of ethane (C2), propane (C3) and butane (C4) and specifically excluding condensate
NYMEX	New York Mercantile Exchange
OPEC	Organization of the Petroleum Exporting Countries
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma, for crude oil of standard grade

NON-GAAP AND OTHER FINANCIAL MEASURES

This press release uses various "non-GAAP financial measures", "non-GAAP ratios", "supplementary financial measures" and "capital management measures" (as such terms are defined in NI 52-112), which are described in further detail below.

These measures facilitate management's comparisons to the Corporation's historical operating results in assessing its results and strategic and operational decision-making and may be used by financial analysts and others in the oil and natural gas industry to evaluate the Corporation's performance.

Non-GAAP Financial Measures

NI 52-112 defines a non-GAAP financial measure as a financial measure that: (i) depicts the historical or expected future financial performance, financial position or cash flow of an entity; (ii) with respect to its composition, excludes an amount that is included in, or includes an amount that is excluded from, the composition of the most directly comparable financial measure disclosed in the primary financial statements of the entity; (iii) is not disclosed in the financial statements of the entity; and (iv) is not a ratio, fraction, percentage or similar representation. The non-GAAP financial measures used in this press release are not standardized financial measures under GAAP and might not be comparable to similar measures presented by other companies where similar terminology is used. Investors are cautioned that non-GAAP financial measures should not be construed as alternatives to or more meaningful than the most directly comparable GAAP measures as indicators of Birchcliff's performance. Set forth below is a description of the non-GAAP financial measures used in this press release.

Adjusted Funds Flow

Birchcliff defines adjusted funds flow as cash flow from operating activities before the effects of decommissioning expenditures and changes in non-cash operating working capital. Birchcliff eliminates settlements of decommissioning expenditures from cash flow from operating activities as the amounts can be discretionary and may vary from period to period depending on its capital programs and the maturity of its operating areas. The settlement of decommissioning expenditures is managed with Birchcliff's capital budgeting process which considers available adjusted funds flow. Changes in non-cash operating working capital are eliminated in the determination of adjusted funds flow as the timing of collection and payment are variable and by excluding them from the calculation, the Corporation believes that it is able to provide a more meaningful measure of its operations and ability to generate cash on a continuing basis. Management believes that adjusted funds flow assists management and investors in assessing Birchcliff's operating performance, as well as its ability to generate cash necessary to fund sustaining and/or growth capital expenditures, repay debt, settle decommissioning obligations and pay common share and preferred share dividends. The most directly comparable financial measure that is disclosed in the primary financial statements of the Corporation is cash flow from operating activities.

Free Funds Flow

Birchcliff defines free funds flow as adjusted funds flow less F&D capital expenditures. Management believes that free funds flow assists management and investors in assessing Birchcliff's ability to further generate shareholder returns through a number of initiatives, including but not limited to, potential debt repayment, common share repurchases, preferred share redemptions, dividend increases and acquisitions. The most directly comparable financial measure that is disclosed in the primary financial statements of the Corporation is cash flow from operating activities.

Transportation and Other Expense

Birchcliff defines transportation and other expense as transportation expense plus marketing purchases minus marketing revenue. Birchcliff may enter into certain marketing purchase and sales arrangements with the objective of reducing any available transportation and/or fractionation fees associated with its take-or-pay commitments. Management believes that transportation and other expense assists management and investors in assessing Birchcliff's total cost structure related to transportation activities. The most directly comparable financial measure that is disclosed in the primary financial statements of the Corporation is transportation expense.

Non-GAAP Ratios

NI 52-112 defines a non-GAAP ratio as a financial measure that: (i) is in the form of a ratio, fraction, percentage or similar representation; (ii) has a non-GAAP financial measure as one or more of its components; and (iii) is not disclosed in the financial statements of the entity. The non-GAAP ratios used in this press release are not standardized financial measures under GAAP and might not be comparable to similar measures presented by other companies where similar terminology is used. Set forth below is a description of the non-GAAP ratios used in this press release.

Total Debt to Adjusted Funds Flow Ratio

Birchcliff calculates total debt to adjusted funds flow ratio by dividing year-end total debt by full-year adjusted funds flow. Total debt to adjusted funds flow is a coverage ratio that provides management and investors with the ability to determine how long it would take the Corporation to repay its total debt if it devoted all of its adjusted funds flow to debt repayment.

Transportation and Other Expense Per Boe

Birchcliff calculates transportation and other expense per boe as aggregate transportation and other expense divided by the production (boe) in the applicable period.

Free Funds Flow Per Basic Common Share

Birchcliff calculates free funds flow per basic common share as aggregate free funds flow divided by the basic common shares outstanding in the applicable period.

Supplementary Financial Measures

NI 52-112 defines a supplementary financial measure as a financial measure that: (i) is, or is intended to be, disclosed on a periodic basis to depict the historical or expected future financial performance, financial position or cash flow of an entity; (ii) is not disclosed in the financial statements of the entity; (iii) is not a non-GAAP financial measure; and (iv) is not a non-GAAP ratio. The supplementary financial measures used in this press release include "royalty expense per boe", "operating expense per boe", "interest expense per boe" and "income tax expense per boe". Such measures are calculated by dividing the applicable aggregate expense by the production (boe) in the applicable period.

Capital Management Measures

NI 52-112 defines a capital management measure as a financial measure that: (i) is intended to enable an individual to evaluate an entity's objectives, policies and processes for managing the entity's capital; (ii) is not a component of a line item disclosed in the primary financial statements of the entity; (iii) is disclosed in the notes to the financial statements of the entity; and (iv) is not disclosed in the primary financial statements of the entity. Set forth below is a description of the capital management measure used in this press release.

Total Debt

Birchcliff calculates total debt as the amount outstanding under the Corporation's credit facilities plus adjusted working capital deficit (surplus). Management believes that total debt assists management and investors in assessing Birchcliff's liquidity. Birchcliff previously classified total debt as a non-GAAP measure under CSA Staff Notice 52-306 – *Non-GAAP Financial Measures*.

ADVISORIES

Currency

Unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and all references to "$" and "CDN$" are to Canadian dollars and all references to "US$" are to United States dollars.

MMBtu Pricing Conversions

$1.00 per MMBtu equals $1.00 per Mcf based on a standard heat value of 37.4 MJ/m^3 or a heat uplift of 1.055 when converting from $/GJ.

Boe Conversions

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

Production

With respect to the disclosure of Birchcliff's production contained in this press release: (i) references to "light oil" mean "light crude oil and medium crude oil" as such term is defined in National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* ("**NI 51-101**"); (ii) references to "liquids" mean "light crude oil and medium crude oil" and "natural gas liquids" (including condensate) as such terms are defined in NI 51-101; and (iii) references to "natural gas" mean "shale gas", which also includes an immaterial amount of "conventional natural gas", as such terms are defined in NI 51-101. In addition, NI 51-101 includes condensate within the product type of natural gas liquids. Birchcliff has disclosed condensate separately from other natural gas liquids as the price of condensate as compared to other natural gas liquids is currently significantly higher and Birchcliff believes presenting the two commodities separately provides a more accurate description of its operations and results therefrom.

Capital Expenditures

References in this press release to “F&D capital” denotes capital for land, seismic, workovers, drilling and completions and well equipment and facilities. Birchcliff’s F&D capital expenditures excludes any net acquisitions and dispositions, administrative asset expenditures and the capitalized portion of annual cash incentive payments that have not been approved by the board of directors.

Forward-Looking Statements

Certain statements contained in this press release constitute forward-looking statements and forward-looking information (collectively referred to as “**forward-looking statements**”) within the meaning of applicable Canadian securities laws. The forward-looking statements contained in this press release relate to future events or Birchcliff’s future plans, strategy, operations, performance or financial position and are based on Birchcliff’s current expectations, estimates, projections, beliefs and assumptions. Such forward-looking statements have been made by Birchcliff in light of the information available to it at the time the statements were made and reflect its experience and perception of historical trends. All statements and information other than historical fact may be forward-looking statements. Such forward-looking statements are often, but not always, identified by the use of words such as “seek”, “plan”, “focus”, “future”, “outlook”, “position”, “expect”, “project”, “intend”, “believe”, “anticipate”, “estimate”, “forecast”, “guidance”, “potential”, “proposed”, “predict”, “budget”, “continue”, “targeting”, “may”, “will”, “could”, “might”, “should”, “would”, “on track” and other similar words and expressions.

By their nature, forward-looking statements involve 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 statements. Accordingly, readers are cautioned not to place undue reliance on such forward-looking statements. Although Birchcliff 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 and Birchcliff makes no representation that actual results achieved will be the same in whole or in part as those set out in the forward-looking statements.

In particular, this press release contains forward-looking statements relating to the following:

- Birchcliff’s plans and other aspects of its anticipated future financial performance, results, operations, focus, objectives, strategies, opportunities, priorities and goals, including: that Birchcliff remains committed to increasing shareholder value, which it intends to accomplish by maximizing free funds flow generation and significantly reducing indebtedness; Birchcliff’s belief that significantly reducing its indebtedness will reduce the risks to its business and create optionality when considering sustainable increases to its common share dividend and common share buybacks over the next five years; statements regarding Birchcliff’s intended uses of free funds flow (including: that free funds flow generated in 2022 will be primarily allocated towards debt reduction; that while free funds flow is currently prioritized towards debt reduction, Birchcliff will consider sustainable increases to its common share dividend and common share purchases under its normal course issuer bid over the course of 2022; that consideration may also be given to opportunities that would complement or otherwise improve the Corporation’s business and enhance long-term shareholder value, such as strategic acquisitions; and should the Corporation decide to redeem all or a portion of the Series A Preferred Shares, that the Corporation currently expects that it would use free funds flow to redeem such shares, which would increase the Corporation’s adjusted funds flow and total debt); that Birchcliff is targeting total debt of approximately $175 million to $195 million at December 31, 2022, which represents a reduction of up to $587 million (77%) from its total debt at December 31, 2020; that Birchcliff does not currently intend to enter into any fixed price commodity hedges and that Birchcliff not having such hedges gives it the ability to participate in any strengthening of commodity prices in 2022; and that continuing Birchcliff’s industry-leading environmental performance and promoting its strong safety culture continue to be top priorities for the Corporation;

- the information set forth under the heading *“2022 Guidance”* and elsewhere in this press release as it relates to Birchcliff’s outlook and guidance, including: estimates of annual and Q4 average production, production commodity mix, average expenses, adjusted funds flow, F&D capital expenditures, free funds flow, total debt and natural gas market exposure; the expected impact of changes in commodity prices and the CDN/US exchange rate on Birchcliff’s estimate of free funds flow; and Birchcliff’s total debt to full-year 2022 adjusted funds flow ratio;

- the information set forth under the heading *“2022 Budget”* and elsewhere in this press release as it relates to the 2022 capital program and Birchcliff’s proposed exploration and development activities and the timing thereof, including: the focus of, the objectives of, the anticipated results from and expected benefits of the 2022 capital program; that Birchcliff’s F&D capital budget is expected to deliver annual average production of 78,000 to 80,000 boe/d; that based on this targeted annual average production, Birchcliff expects to generate approximately $590 million of adjusted funds flow and $330 million to $350 million of free funds flow in 2022; that Birchcliff's F&D capital budget is designed to maximize free funds flow generation and significantly reduce indebtedness in 2022, while maintaining capital discipline and a flat annual average production profile year-over-year; that F&D capital spending is targeted to be less than adjusted funds flow each quarter, which would result in free funds flow generation on a quarterly basis; that the knowledge Birchcliff gained from its previous capital programs will help it to continue to refine its drilling and completions operations and improve well performance; that Birchcliff's focused drilling activities and large-scale well pad designs are expected to maximize capital efficiencies; that the program has been designed to utilize two drilling rigs in order to bring new wells onto production throughout the year, which will allow for a more consistent production profile and be more operationally efficient for the Corporation; that Birchcliff anticipates that this will result in comparable annual average production rates year-over-year and strong production in Q4 2022; planned turnarounds of facilities and the timing thereof; that the 2022 capital program would remain fully funded from adjusted funds flow at an average WTI price of US$65.00/bbl, an average AECO price of CDN$1.28/GJ and average Dawn and NYMEX prices of US$2.44/MMBtu, demonstrating the profitability of Birchcliff's business; estimates of capital expenditures (including Birchcliff's expected capital spending allocation and average well costs in 2022); the number and types of wells expected to be drilled and brought on production and targeted product types; that Birchcliff's 2022 drilling program is focused on high rate-of-return targets and developing its low-cost natural gas and liquids production in Pouce Coupe and Gordondale; statements regarding the number of well pads and the benefits of multi-well pad drilling; statements regarding the MRRCP (including: that in an effort to continue reducing Birchcliff's overall carbon footprint, approximately $1.5 million will be directed towards various emissions reduction initiatives; that all remaining high-bleed pneumatic devices will be removed or retrofitted by the end of 2022; and that upon completion of this project, Birchcliff expects to receive carbon offset credits over the next eight years); and estimated spending on abandonment and reclamation activities;

- the information set forth under the heading *"Five Year Plan"* and elsewhere in this press release as it relates to the Five Year Plan, including: the expected benefits and focus of the Five Year Plan; that the Five Year Plan is designed to increase shareholder value by maximizing free funds flow and reducing the Corporation's indebtedness, increasing shareholder returns and fully utilizing the available processing capacity of the Corporation's existing infrastructure; estimates and targets of average production, production commodity mix, adjusted funds flow, F&D capital expenditures, free funds flow, free funds flow per basic common share, (total debt) cash and average expenses; the expected impact of changes in commodity prices and the CDN/US exchange rate on Birchcliff's target of potential cumulative free funds flow; that the Corporation currently expects that it will be required to pay Canadian income taxes starting in 2024; that the Five Year Plan is geared towards maximizing Birchcliff's ability to generate free funds flow, which will allow the Corporation to significantly reduce indebtedness while also increasing shareholder value; that the plan projects that significant free funds flow will be generated in each year of the plan, with potential cumulative free funds flow of approximately $1.9 billion and annual free funds flow per basic common share of approximately $1.49 by the end of the five year period; that in order to enhance Birchcliff's ability to generate free funds flow, Birchcliff will focus on maintaining capital discipline over the course of the Five Year Plan, with F&D capital expenditures targeted to be significantly less than the Corporation's targeted adjusted funds flow each year; Birchcliff's belief that continuing to reduce its indebtedness will reduce the risks to its business and increase shareholder value, while at the same time save the Corporation significant interest costs; that free funds flow generated by Birchcliff will initially be prioritized towards debt reduction as it continues to focus on reducing its total debt over the course of 2022 and 2023; that the Corporation's total debt could potentially be reduced to zero in 2023; that Birchcliff remains committed to increasing shareholder returns; that while free funds flow generated over the course of the Five Year Plan will initially be prioritized towards debt reduction, the potential for significant free funds flow provides the Corporation with optionality to consider additional sustainable increases to its common share dividend and common share buybacks over the course of the plan; that the Five Year Plan provides for the potential to generate an average annual free funds flow per basic common share of approximately $1.48 over 2024 to 2026, providing for substantial capacity to further increase shareholder returns; Birchcliff's belief that one of the keys to creating shareholder value is fully utilizing the available processing capacity of its existing infrastructure, which is expected to drive down its operating and other cash costs on a per unit basis, maximize its operational efficiencies and increase its netbacks and free funds flow; that Birchcliff will fill its available processing capacity at the Pouce Coupe Gas Plant and utilize all of its available processing capacity at the AltaGas Facility by the end of 2024; Birchcliff's belief that keeping such infrastructure at or near capacity will help to create additional shareholder value and will also allow Birchcliff to leverage its previous capital investment in the Pouce Coupe Gas Plant and reduce its unutilized firm transportation capacity on the Nova Gas Transmission system; and that Birchcliff currently has no plans to invest in further phases of the Pouce Coupe Gas Plant;

- that Birchcliff will announce its unaudited results for the year ended December 31, 2021 on February 9, 2022; and
- the performance and other characteristics of Birchcliff's oil and natural gas properties and expected results from its assets.

With respect to the forward-looking statements contained in this press release, assumptions have been made regarding, among other things: the degree to which the Corporation's results of operations and financial condition will be disrupted by circumstances attributable to the COVID-19 pandemic; prevailing and future commodity prices and differentials, exchange rates, interest rates, inflation rates, royalty rates and tax rates; the state of the economy, financial markets and the exploration, development and production business; the political environment in which Birchcliff operates; the regulatory framework regarding royalties, taxes, environmental, climate change and other laws; the Corporation's ability to comply with existing and future environmental, climate change and other laws; future cash flow, debt and dividend levels; future operating, transportation, G&A and other expenses; Birchcliff's ability to access capital and obtain financing on acceptable terms; the timing and amount of capital expenditures and the sources of funding for capital expenditures and other activities; the sufficiency of budgeted capital expenditures to carry out planned operations; the successful and timely implementation of capital projects and the timing, location and extent of future drilling and other operations; results of operations; Birchcliff's ability to continue to develop its assets and obtain the anticipated benefits therefrom; the performance of existing and future wells; reserves volumes and Birchcliff's ability to replace and expand reserves through acquisition, development or exploration; the impact of competition on Birchcliff; the availability of, demand for and cost of labour, services and materials; the ability to obtain any necessary regulatory or other approvals in a timely manner; the satisfaction by third parties of their obligations to Birchcliff; the ability of Birchcliff to secure adequate processing and transportation for its products; Birchcliff's ability to successfully market natural gas and liquids; the results of the Corporation's risk management and market diversification activities; and Birchcliff's natural gas market exposure. In addition to the foregoing assumptions, Birchcliff has made the following assumptions with respect to certain forward-looking statements contained in this press release:

- Birchcliff's 2022 guidance and Five Year Plan assume the following commodity prices and exchange rate: an average WTI price of US$76.00/bbl; an average WTI-MSW differential of CDN$5.00/bbl; an average AECO price of CDN$3.50/GJ; an average Dawn price of US$3.90/MMBtu; an average NYMEX HH price of US$4.00/MMBtu; and an exchange rate (CDN$ to US$1) of 1.26.
- With respect to estimates of 2022 capital expenditures and Birchcliff's spending plans for 2022, such estimates and plans assume that the 2022 capital program will be carried out as currently contemplated. The amount and allocation of capital expenditures for exploration and development activities by area and the number and types of wells to be drilled and brought on production 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, economic conditions, results of operations and costs of labour, services and materials.
- With respect to Birchcliff's estimates of adjusted and free funds flow for 2022, such estimates assume that: the 2022 capital program will be carried out as currently contemplated and the level of capital spending for 2022 set forth herein will be achieved; and the targets for production, production commodity mix, expenses and natural gas market exposure and the commodity price and exchange rate assumptions set forth herein are met.
- With respect to Birchcliff's production guidance for 2022, such guidance assumes that: the 2022 capital 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 of future wells to be drilled and brought on production, such statements assume: 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 economic conditions will warrant proceeding with the drilling of such wells.
- With respect to the Five Year Plan, the plan is based on the commodity price, exchange rate and other assumptions set forth under the heading *"Five Year Plan – Targeted Key Metrics"*. In addition:

- The forecast production estimates contained in the Five Year Plan are subject to similar assumptions set forth herein for Birchcliff's other production guidance.
- With respect to Birchcliff's estimates of capital expenditures and spending plans, such estimates and plans assume that Birchcliff's capital programs are carried out as currently contemplated, with the Pouce Coupe Gas Plant and the AltaGas Facility being filled by the end of 2024. The Five Year Plan also forecasts that approximately 170 to 180 wells will be brought on production over the five year period, which forecast is subject to similar assumptions regarding wells drilled and brought on production as set forth herein.
- With respect to Birchcliff's estimates of adjusted and free funds flow, such estimates assume that: Birchcliff's capital programs will be carried out as currently contemplated and the level of capital spending for each year will be achieved; and the targets for production and production commodity mix and the commodity price and exchange rate assumptions set forth herein are met.
- The Corporation's expectation that it will be required to pay Canadian income taxes starting in 2024 is based on the current tax regime in Canada, the Corporation's current available income tax pools and the commodity price assumptions set forth herein. In addition, this expectation is based on the Five Year Plan as illustrated herein and assumes, among other things, that the levels of spending and production set forth under the heading *"Five Year Plan – Targeted Key Metrics"* are achieved.
- The Five Year Plan disclosed herein supersedes Birchcliff's previous five year plan for 2021 to 2025 (the "**Previous Plan**") as disclosed by the Corporation on January 20, 2021. As a result of a higher commodity price forecast, the new Five Year Plan now targets higher adjusted and free funds flow over a five year period, as well as accelerated debt reduction. The Corporation's targeted average annual production and F&D capital expenditures under the New Plan are generally comparable to the Previous Plan.

Birchcliff's actual results, performance or achievements could differ materially from those anticipated in the forward-looking statements as a result of both known and unknown risks and uncertainties including, but not limited to: the risks posed by pandemics (including COVID-19) and epidemics and their impacts on supply and demand and commodity prices; actions taken by OPEC and other major producers of crude oil and the impact such actions may have on supply and demand and commodity prices; 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 exchange and interest rates; stock market volatility; loss of market demand; an inability to access sufficient capital from internal and external sources on terms acceptable to the Corporation; risks associated with Birchcliff's credit facilities, including a failure to comply with covenants under the agreement governing the credit facilities and the risk that the borrowing base limit may be redetermined; fluctuations in the costs of borrowing; operational risks and liabilities inherent in oil and natural gas operations; the occurrence of unexpected events such as fires, severe weather, explosions, blow-outs, equipment failures, transportation incidents and other similar events; an inability to access sufficient water or other fluids needed for operations; uncertainty that development activities in connection with Birchcliff's assets will be economic; an inability to access or implement some or all of the technology necessary to operate its assets and achieve expected future results; the accuracy of estimates of reserves, future net revenue and production levels; geological, technical, drilling, construction and processing problems; uncertainty of geological and technical data; horizontal drilling and completions techniques and the failure of drilling results to meet expectations for reserves or production; uncertainties related to Birchcliff's future potential drilling locations; delays or changes in plans with respect to exploration or development projects or capital expenditures; the accuracy of cost estimates and variances in Birchcliff's actual costs and economic returns from those anticipated; incorrect assessments of the value of acquisitions and exploration and development programs; changes to the regulatory framework in the locations where the Corporation operates, including changes to tax laws, Crown royalty rates, environmental laws, climate change laws, carbon tax regimes, incentive programs and other regulations that affect the oil and natural gas industry; actions by government authorities, including those with respect to the COVID-19 pandemic; an inability of the Corporation to comply with existing and future environmental, climate change and other laws; the cost of compliance with current and future environmental laws; political uncertainty and uncertainty associated with government policy changes; dependence on facilities, gathering lines and pipelines; uncertainties and risks associated with pipeline restrictions and outages to third-party infrastructure that could cause disruptions to production; the lack of available pipeline capacity and an inability to secure adequate and cost-effective processing and transportation for Birchcliff's products; an inability to satisfy obligations under Birchcliff's firm marketing and transportation arrangements; shortages in equipment and skilled personnel; the absence or loss of key employees; competition for, among other things, capital, acquisitions of reserves, undeveloped lands, equipment and skilled personnel; management of Birchcliff's growth; environmental and climate change risks, claims and liabilities;

potential litigation; default under or breach of agreements by counterparties and potential enforceability issues in contracts; claims by Indigenous peoples; the reassessment by taxing or regulatory authorities of the Corporation's prior transactions and filings; unforeseen title defects; third-party claims regarding the Corporation's right to use technology and equipment; uncertainties associated with the outcome of litigation or other proceedings involving Birchcliff; uncertainties associated with counterparty credit risk; risks associated with Birchcliff's risk management and market diversification activities; risks associated with the declaration and payment of future dividends, including the discretion of Birchcliff's board of directors to declare dividends and change the Corporation's dividend policy; the failure to obtain any required approvals in a timely manner or at all; the failure to complete or realize the anticipated benefits of acquisitions and dispositions and the risk of unforeseen difficulties in integrating acquired assets into Birchcliff's operations; negative public perception of the oil and natural gas industry and fossil fuels; the Corporation's reliance on hydraulic fracturing; market competition, including from alternative energy sources; changing demand for petroleum products; the availability of insurance and the risk that certain losses may not be insured; breaches or failure of information systems and security (including risks associated with cyber-attacks); risks associated with the ownership of the Corporation's securities; and the accuracy of the Corporation's accounting estimates and judgments.

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 under the heading *"Risk Factors"* and in other reports filed with Canadian securities regulatory authorities.

This press release contains information that may constitute future-orientated financial information or financial outlook information (collectively, "**FOFI**") about Birchcliff's prospective financial performance, financial position or cash flows, all of which is subject to the same assumptions, risk factors, limitations and qualifications as set forth above. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise or inaccurate and, as such, undue reliance should not be placed on FOFI. Birchcliff's actual results, performance and achievements could differ materially from those expressed in, or implied by, FOFI. Birchcliff has included FOFI in order to provide readers with a more complete perspective on Birchcliff's future operations and management's current expectations relating to Birchcliff's future performance. Readers are cautioned that such information may not be appropriate for other purposes. FOFI contained herein was made as of the date of this press release. Unless required by applicable laws, Birchcliff does not undertake any obligation to publicly update or revise any FOFI statements, whether as a result of new information, future events or otherwise.

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

The forward-looking statements contained in this press release are expressly qualified by the foregoing cautionary statements. The forward-looking statements contained herein are made as of the date of this press release. Unless required by applicable laws, Birchcliff does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

About Birchcliff:

Birchcliff is a Calgary, Alberta based intermediate oil and natural gas company focused on the Montney/Doig Resource Play in Alberta. Birchcliff's common shares and Series A and Series C Preferred Shares 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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