BIRCHCLIFF ENERGY LTD.

Year Ended December 31, 2015

REVISED ANNUAL INFORMATION FORM

July 6, 2016

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NOTICE TO READER

This Notice accompanies the Revised Annual Information Form for Birchcliff Energy Ltd. dated July 6, 2016 for the year ended December 31, 2015 (the "Revised AIF"). The Revised AIF supersedes and replaces the Annual Information Form for Birchcliff Energy Ltd. dated March 16, 2016 for the year ended December 31, 2015, which was filed on SEDAR on March 16, 2016 (the "Original AIF").

The Revised AIF corrects the units in the column *"Future Net Revenue Before Income Taxes (Discounted at 10%/year)"* in the table on page 22 of the Original AIF under the heading *"Net Present Value of Future Net Revenue by Product Type"* from "MM$" to "M$". In addition, the Revised AIF corrects the values in the columns *"Future Net Revenue Before Income Taxes (Discounted at 10%/year)"* and *"Unit Value"* in the table on page 22 of the Original AIF under the heading *"Net Present Value of Future Net Revenue by Product Type"* for the Total Proved Plus Probable reserves category, which erroneously reflected values for proved plus probable plus possible reserves. Specifically, the Revised AIF corrects the following errors: (i) for Light Crude Oil and Medium Crude Oil, the amount of future net revenue before income taxes has been revised from 993,336.2 to 750,304.8 and the per unit value amount has been revised from 13.97 to 15.66; (ii) for Conventional Natural Gas, the amount of future net revenue before income taxes has been revised from 21,480.2 to 12,055.8 and the per unit value amount has been revised from 3.09 to 2.48; (iii) for Shale Gas, the amount of future net revenue before income taxes has been revised from 3,981,387.1 to 3,105,077.5 and the per unit value amount has been revised from 5.92 to 6.60; and (iv) for the Total, the amount of future net revenue before income taxes has been revised from 4,996,203.5 to 3,867,438.1 and the per unit value amount has been revised from 6.66 to 7.39. Further, the Revised AIF has been revised to amend certain disclosures regarding the estimated total cost to achieve commercial production, the timeline of projects and the estimated date of first commercial production under the heading *"Details of Birchcliff's Contingent Resources – Birchcliff's Contingent Resource Projects"* on pages A-10 and A-11 of Appendix A to the Original AIF and to make conforming changes to *"Advisories – Forward-Looking Information".*

Other than as expressly set forth above, the Revised AIF does not, and does not purport to, update or restate the information in the Original AIF or reflect any events that occurred after the date of the Original AIF.

CORPORATE STRUCTURE

The Corporation was incorporated on July 6, 2004 under the ABCA as "1116463 Alberta Ltd." and on September 10, 2004 the Corporation amended its articles to change its name to "Birchcliff Energy Ltd." On January 18, 2005, the Corporation amalgamated under the ABCA with Scout, a public corporation, pursuant to a plan of arrangement under the ABCA to form an amalgamated corporation that continued under the name "Birchcliff Energy Ltd." (the "**Scout Arrangement**"). On May 31, 2005, the Corporation amalgamated under the ABCA with Veracel, a private company, pursuant to a plan of arrangement under the ABCA to form an amalgamated corporation that continued under the name "Birchcliff Energy Ltd." (the "**Veracel Arrangement**").

On August 3, 2012, the Corporation amended its articles to create the Series A Preferred Shares and the Series B Preferred Shares. On June 13, 2013, the Corporation amended its articles to create the Series C Preferred Shares. See *"Description of Capital Structure – Share Capital – Preferred Shares"* in this Annual Information Form.

The registered and head office of the Corporation is located at Suite 500, 630 – 4th Avenue S.W., Calgary, Alberta T2P 0J9. The Common Shares, the Series A Preferred Shares and the Series C Preferred Shares are listed for trading on the TSX under the trading symbols "BIR", "BIR.PR.A" and "BIR.PR.C", respectively, and the Common Shares are included in the S&P/TSX Composite Index.

The Corporation does not have any subsidiaries.

GENERAL DEVELOPMENT OF THE BUSINESS

Prior History and Development

The Corporation was incorporated as a private corporation on July 6, 2004 and in September 2004 it assembled a management team and began hiring a full technical team and a small complement of administrative staff. The Corporation's initial start-up costs were funded from $700,000 of loans from Jeff Tonken and Larry Shaw, which were repaid in January 2005. Since the formation of the Corporation in 2004, Birchcliff has grown its business through a combination of exploration, development and optimization of its assets and various strategic acquisitions.

On January 18, 2005, the Corporation completed the Scout Arrangement and on the same day raised gross proceeds of approximately $60 million from the issuance of equity. On May 31, 2005, the Corporation completed the Veracel Arrangement. On the same day, immediately prior to the completion of the Veracel Arrangement, Veracel raised approximately $136 million of gross proceeds from the issuance of equity. On May 31, 2005, following the amalgamation with Veracel pursuant to the Veracel Arrangement, the Corporation completed the acquisition of significant oil and natural gas properties in the Peace River Arch for a purchase price of approximately $242.8 million. On September 27, 2007, the Corporation completed the acquisition of certain oil and natural gas assets in the Peace River Arch (the "**Worsley Property**") for a net purchase price of approximately $263 million. On January 15, 2014, Birchcliff completed a strategic acquisition whereby it bought a partner's 30% working interest in land and production in the Pouce Coupe area for $56.0 million, as discussed in further detail below under the heading *"Three Year History – 2014".*

Three Year History

A description of the significant developments in the business of the Corporation over the last three completed financial years is set forth below.

2013

On May 16, 2013, the Corporation's banking syndicate approved a new $60 million non-revolving five-year term credit facility, increasing the aggregate credit facilities to $600 million from $540 million.

On June 14, 2013, the Corporation raised gross proceeds of $50 million from the issuance of 2,000,000 Series C Preferred Shares at a price of $25.00 per Series C Preferred Share, to yield initially 7% per annum.

On June 18, 2013, the Corporation announced the passing of Gordon W. (Scotty) Cameron, a founding shareholder and a director of Birchcliff.

On November 25, 2013, the Corporation made a strategic disposition of non-core assets in the Progress area for proceeds of $54.7 million, net of adjustments.

2014

On January 15, 2014, Birchcliff completed a strategic acquisition with an effective date of January 1, 2014, whereby it bought a partner's 30% working interest in land and production in the Pouce Coupe area for $56.0 million. The acquisition included 38 (11.3 net) sections of land on the Montney/Doig Natural Gas Resource Play and 9.6 MMcfe per day (1,600 boe per day) of Birchcliff operated production, the majority of which was processed at the PCS Gas Plant. The acquisition enabled Birchcliff to consolidate lands it formerly held at a 70% working interest, bringing Birchcliff's working interest to 100% on the acquired lands and production.

On May 9, 2014, Birchcliff's bank syndicate approved an increase of the aggregate credit facilities limit to $750 million from $600 million. In connection therewith, Birchcliff's bank syndicate approved an increase of the revolving credit facilities to an aggregate limit of $620 million from $470 million. The revolving credit facilities were converted to a three-year term with a maturity date of May 9, 2017. The revolving term credit facilities included an increased credit limit for the extendible revolving syndicated term credit facility of $580 million from $440 million and an increased credit limit for the extendible revolving working capital facility of $40 million from $30 million. The aggregate credit facilities consisted of: (i) the $620 million revolving term credit facilities; (ii) a $70 million non-revolving five-year term credit facility maturing on May 25, 2016; and (iii) a $60 million non-revolving five-year term credit facility maturing on May 25, 2018 (collectively, the "**Previous Credit Facilities**").

In September 2014, the Corporation completed the Phase IV expansion of the PCS Gas Plant, which expanded processing capacity to 180 MMcf per day from 150 MMcf per day.

During the latter half of 2014, Birchcliff successfully drilled horizontal wells on both the Montney/Doig Natural Gas Resource Play (in the Pouce Coupe and Elmworth areas) and the Progress Charlie Lake Light Oil Resource Play in intervals that the Corporation had not previously drilled wells in. See *"Description of the Business – Principal Properties – Birchcliff's Resource Plays in the Peace River Arch"* in this Annual Information Form.

During 2014, there were 5,986,699 Preferred Warrants exercised at $8.30 per Common Share for total proceeds of approximately $49.7 million. Of the 6,000,000 Preferred Warrants that were originally issued on August 8, 2012, there were 13,301 Preferred Warrants that were not exercised prior to expiring on August 8, 2014. The proceeds were used to reduce outstanding indebtedness under the Corporation's revolving term credit facilities.

2015

On March 3, 2015, the Corporation announced the passing of Werner (Vern) A. Siemens, a founding shareholder and a director of Birchcliff, on March 2, 2015.

On May 11, 2015, the aggregate limit of Birchcliff's credit facilities was increased to $800 million from $750 million. In addition to the increase in the credit facilities limit, Birchcliff's syndicate of lenders also approved the consolidation of the Previous Credit Facilities, which were comprised of a $620 million revolving term credit facility, a $70 million non-revolving five-year term credit facility and a $60 million non-revolving five-year term credit facility, into three-year term extendible revolving credit facilities in the aggregate principal amount of $800 million with maturity dates of May 11, 2018 (the "**Credit Facilities**"). Concurrently, the financial covenants contained in the Previous Credit Facilities which had previously required the Corporation to ensure that on the last day of each quarter the ratio of EBITDA to interest expense, determined on a historical rolling four quarter basis equaled or exceeded 3.5:1.0, and the ratio of debt to EBITDA, determined on a historical rolling four quarter basis did not exceed 4.0:1.0, were removed. The Credit Facilities are comprised of an extendible revolving syndicated term credit facility of $760 million (the "**Syndicated Credit Facility**") and an extendible revolving working capital facility of $40 million (the "**Working Capital Facility**"). For further information regarding the Credit Facilities, see *"Description of Capital Structure – Credit Facilities"* and *"Risk Factors – Credit Facilities"* in this Annual Information Form.

Recent Developments

On January 21, 2016, the Corporation announced that the Board had approved Birchcliff's 2016 capital expenditure program of $140 million (the "**2016 Original Capital Program**"), which contemplated the drilling of a total of 15 (15.0 net) wells.

On March 16, 2016, the Corporation announced that it was reducing its planned capital expenditures for 2016 by approximately $12 million to approximately $128 million (the "**2016 Revised Capital Budget**"), down from $140 million under the 2016 Original Capital Program. Under the 2016 Revised Capital Budget, Birchcliff expects to drill a total of 13 (13.0 net) wells, which consists of 12 (12.0 net) Montney/Doig horizontal natural gas wells in the Pouce Coupe area and 1 (1.0 net) Charlie Lake horizontal light oil well at Worsley. The 2016 Revised Capital Budget includes approximately $39.0 million for facilities and infrastructure, including approximately $24.8 million for the Phase V expansion of the PCS Gas Plant. For further information regarding the Phase V expansion of the PCS Gas Plant, see *"Description of the Business – Facilities – Gas Plants and Oil Batteries – PCS Gas Plant"* in this Annual Information Form.

The 2016 Revised Capital Budget is designed to achieve modest production growth, while further progressing the Phase V expansion of the PCS Gas Plant. The 2016 Revised Capital Budget is projected to be less than Birchcliff's expected funds flow for 2016, assuming an average WTI price of US$40.00 per barrel of oil and an average AECO price of CDN$2.50 per GJ of natural gas during 2016.

Birchcliff expects that the commodity price environment and economic conditions will continue to influence the general development of its business in 2016. Birchcliff will continue to monitor economic conditions and commodity prices and, where deemed prudent, will adjust the 2016 Revised Capital Budget to respond to changes in commodity prices and other material changes in the assumptions underlying the 2016 Revised Capital Budget. In addition, the Corporation may make adjustments to its other business activities as appropriate. The Corporation's actual spending during 2016 may vary due to a variety of factors, including commodity prices, economic conditions, results of operations and costs of labour, services and material.

Significant Acquisitions

The Corporation did not complete any significant acquisitions during the financial year ended December 31, 2015 for which disclosure is required under Part 8 of NI 51-102.

DESCRIPTION OF THE BUSINESS

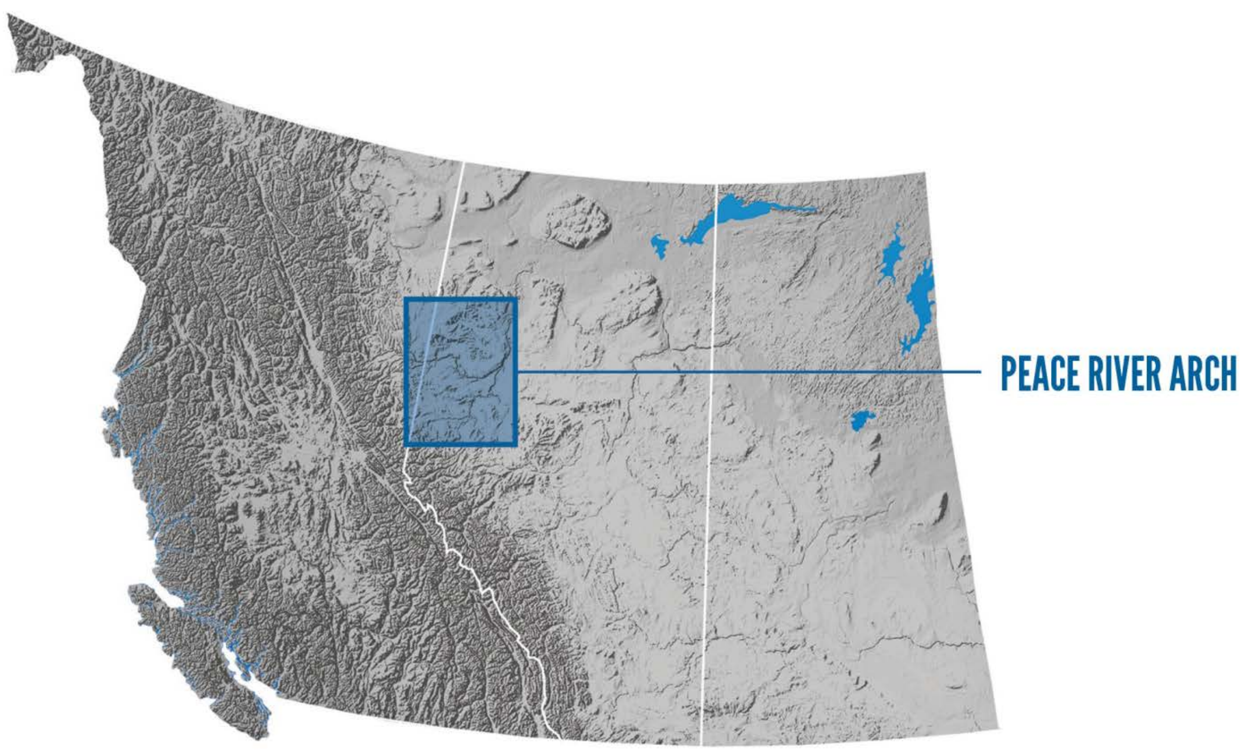
General

The Corporation is an intermediate oil and gas company based in Calgary, Alberta that is engaged in the business of exploring for, developing and producing oil and natural gas resources in the Western Canadian Sedimentary Basin with operations concentrated within its one core area, the Peace River Arch of Alberta. Within the Peace River Arch, the Corporation is focused on two established resource plays: the Montney/Doig Natural Gas Resource Play and the Charlie Lake Light Oil Resource Play.

The Corporation's business model envisages continuous growth through drilling and the acquisition of suitable properties via asset purchases, farm-ins and corporate acquisitions or mergers.

Principal Properties

The following is a description of the Corporation's principal oil and natural gas properties as at December 31, 2015. Unless otherwise stated, production stated is the average gross sales volumes for the period indicated in respect of the Corporation's working interest before the deduction of royalties and before royalty income volumes. Unless otherwise specified, gross and net acreage and well information is at December 31, 2015.



Peace River Arch

Birchcliff's operations are concentrated within its one core area, the Peace River Arch, which is centred northwest of Grande Prairie, Alberta, adjacent to the Alberta/British Columbia border. The Peace River Arch is considered by management to be one of the most desirable natural gas and light oil drilling areas in North America.

The Peace River Arch is one of the most prolific natural gas and oil producing areas of the Western Canadian Sedimentary Basin and is generally characterized by multiple horizons with a myriad of structural, stratigraphic and hydrodynamic traps. There is an abundance of prolific resource plays, related in part to the proximity of the area to the Deep Basin, where generation and trapping of hydrocarbons preferentially occurs. The Peace River Arch provides all-season access that allows the Corporation to drill, equip and tie-in wells on an almost continuous basis.

The Corporation's strategy is to continue to develop and expand in a responsible manner its two existing and very large resource plays in the Peace River Arch, the Montney/Doig Natural Gas Resource Play and the Charlie Lake Light Oil Resource Play, while maintaining low capital costs and operating costs. These resource plays are large enough to provide Birchcliff with an extensive inventory of repeatable, consistent, low-cost and low-risk drilling opportunities that Birchcliff expects will provide production and reserves growth for many years. Birchcliff's strategy is based on its current ownership of large contiguous blocks of high working interest land in the Corporation's operating areas, its 100% ownership of its major facilities and infrastructure in proximity to its drilling operations and the fact that it operates essentially all of its production. Birchcliff's operatorship, land position and infrastructure ownership give it a competitive advantage over its competitors in its areas of operation and support its low finding and development costs and low operating cost structure, which helps Birchcliff maximize its funds flow in a low commodity price environment.

The Corporation has excellent control of and access to infrastructure in the Peace River Arch to process its light oil and natural gas production. In 2010, the Corporation commenced processing natural gas through the PCS Gas Plant, which is a 100% owned and operated facility located on the Montney/Doig Natural Gas Resource Play. The PCS Gas Plant is the cornerstone of Birchcliff's strategy to develop its Montney/Doig Natural Gas Resource Play, to control and expand its production on the play and to further reduce its operating costs per boe.

Birchcliff works to de-risk plays by drilling both vertical and horizontal exploration wells to develop an in-depth understanding of oil and gas pools, rock properties and petrophysical characteristics and reservoir parameters. The Corporation designs, tests and evaluates its drilling, completion and production technologies and practices to achieve continual improvements in productivity and expected ultimate recoveries in order to drive down capital and operating costs. The Corporation's pool delineation strategy de-risks future development and reduces future costs as new well pads and infrastructure are designed and built to support multiple horizontal well locations and increased production. The Corporation has a focused strategy to acquire additional contiguous land blocks at Crown sales or through selective acquisitions. The Corporation's dominant land and infrastructure position in the Peace River Arch has helped Birchcliff develop an in-depth knowledge of the land, the geology, the reservoirs, the infrastructure and the stakeholders.

Drilling depths on a true vertical depth basis can range from 300 metres for the shallower horizons to 2,700 metres for the deeper, higher impact targets. The Corporation manages efficiencies for the capital cost of horizontal wells with multi-well pads, proximity to existing infrastructure and cost competitive pricing for services.

During 2015, the Corporation's annual average production was 38,950 boe per day and fourth quarter average production was 40,445 boe per day.

The Corporation invested $7.9 million to expand and maintain its land position in the Peace River Arch during 2015 and as at December 31, 2015 held 426,012.6 (398,412.7 net) acres of undeveloped land, with a 94% average working interest.

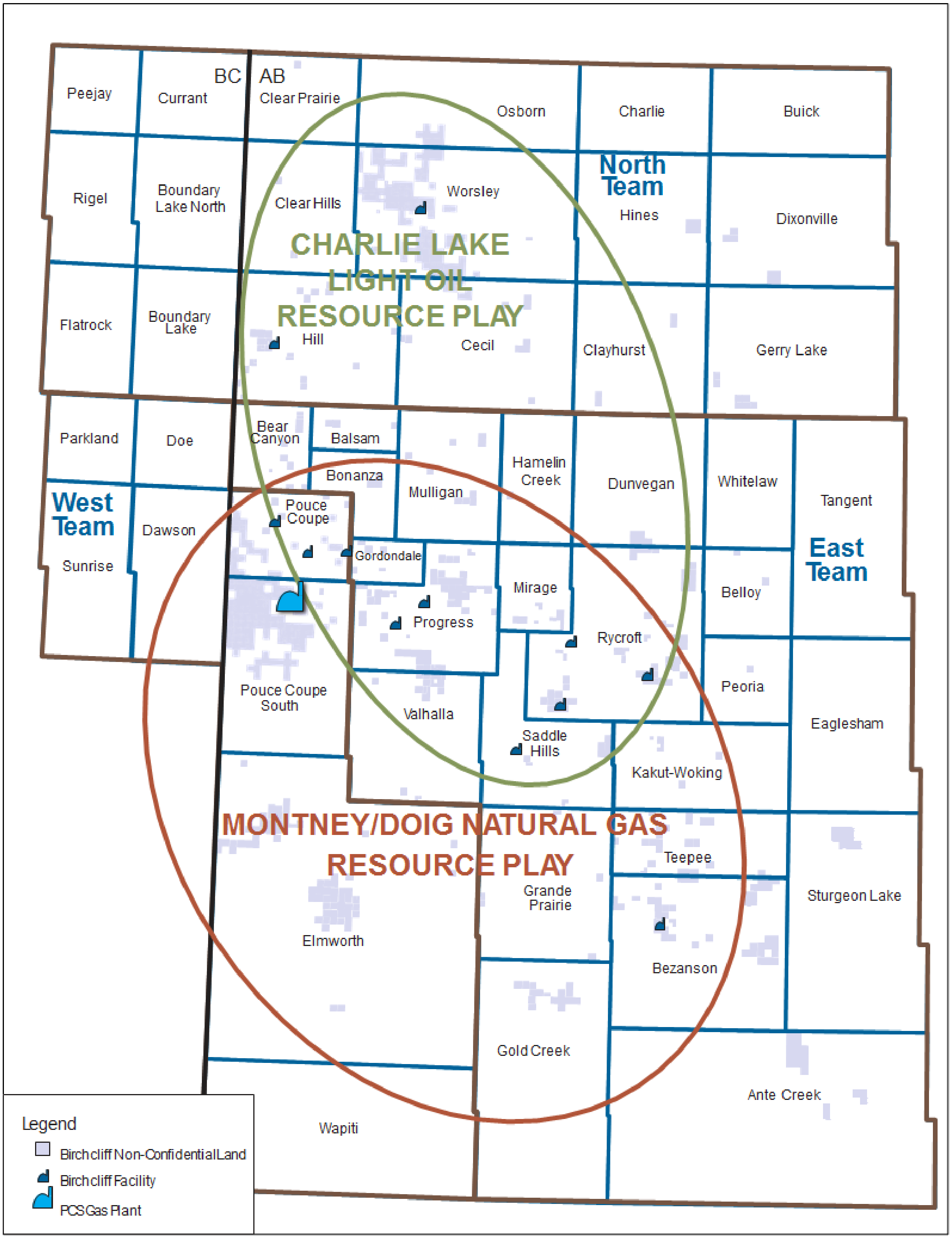
In 2015, Birchcliff spent $247.2 million on exploration and development projects (including acquisitions and dispositions) in the Peace River Arch, including the drilling of 32 (31.5 net) wells.

Birchcliff's Resource Plays in the Peace River Arch

Birchcliff is focused on the Montney/Doig Natural Gas Resource Play and the Charlie Lake Light Oil Resource Play. Birchcliff characterizes its resource plays as plays that have regionally pervasive, continuous, low permeability hydrocarbon accumulations or systems that usually require intensive stimulation to produce. The production characteristics of these plays include steep initial declines that rapidly trend to much lower decline rates, yielding long-life production and reserves. Resource plays exhibit a statistical distribution of estimated ultimate recoveries and therefore provide a repeatable distribution of drilling opportunities. As more wells are drilled into a resource play, there is a substantial decrease in both the geological and technical risks. Birchcliff's resource plays are ideally suited for the application of horizontal drilling and multi-stage fracture stimulation technology.

On the Montney/Doig Natural Gas Resource Play and the Charlie Lake Light Oil Resource Play, Birchcliff utilizes the expertise of three technical teams: the North Team, the West Team and the East Team.

Birchcliff's Resource Plays within the Peace River Arch



Montney/Doig Natural Gas Resource Play

Birchcliff's Montney/Doig Natural Gas Resource Play is centred approximately 95 kilometres northwest of Grande Prairie and, in the opinion of management, is one of the most sought after natural gas resource plays in North America. Birchcliff's Montney/Doig Natural Gas Resource Play contains five primary producing regions: Pouce Coupe, Pouce Coupe South, Progress, Gordondale and Elmworth.

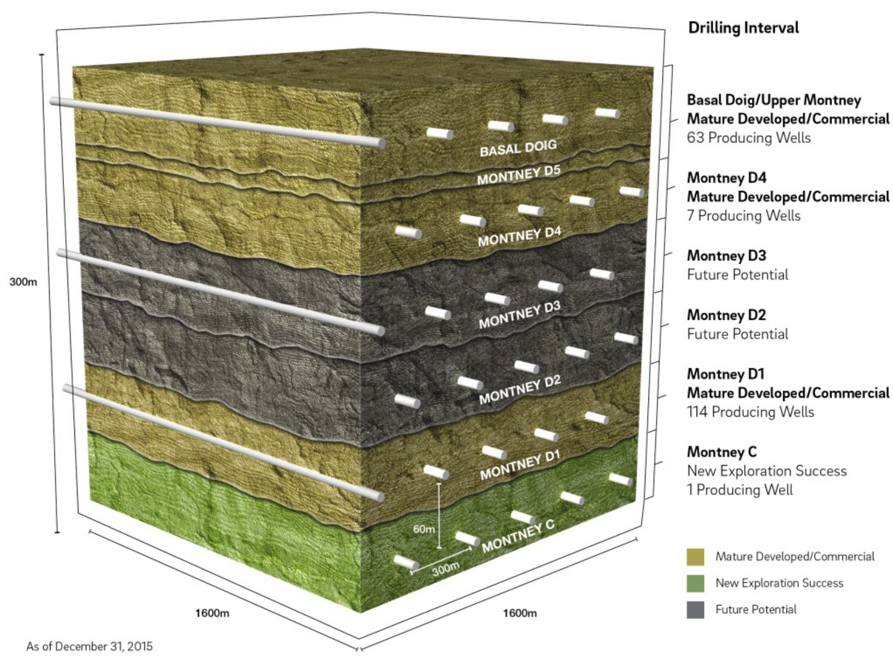
The Montney/Doig Natural Gas Resource Play in the Pouce Coupe area is approximately 300 metres (1,000 feet) thick. The play has a large areal extent covering in excess of 50,000 square miles. The Montney/Doig is composed of a high percentage of hard minerals and a very low percentage of clay minerals resulting in exceptional "fracability". This, combined with the current stress regime, results in the rock shattering more like glass in a complex fracture style versus a simple biwing style. The rock parameters also yield exceptional fracture stability; the fractures stay open due to low proppant embedment. This is a key contributing factor to the very low terminal declines and large estimated ultimate recoveries of the play. Unlike most shale gas plays that are predominantly shale, the Montney/Doig is classified by management as a hybrid resource play because it is comprised of gas saturated rock with both tight silt and sand reservoir rock interlayered with shale gas source rock. This results in relatively high permeability and productivity rates.

Hydrodynamics is another important attribute for resource plays. A large portion of the Montney/Doig Resource Play is over-pressured which reduces the potential for significant water production. The Pouce Coupe area is predominantly over-pressured which also results in higher gas in-place.

The depositional environment is another very favourable attribute of the Montney/Doig Natural Resource Play. The Montney and a majority of the Doig were deposited in a lower to middle shore face environment that is regionally extensive and results in a widespread style deposit that provides for more repeatable results.

The Montney/Doig Natural Gas Resource Play exists in two geological formations: the Montney formation and the Doig formation. Due to the complexity of the geology, not all of the same intervals are present in all areas of the play trend. Birchcliff has divided the geologic column in its area into six drilling intervals from youngest (top) to oldest (bottom): (i) the Basal Doig/Upper Montney; (ii) the Montney D4; (iii) the Montney D3; (iv) the Montney D2; (v) the Montney D1; and (vi) the Montney C. Birchcliff has drilled wells in each of the Basal Doig/Upper Montney, the Montney D4, the Montney D1 and the Montney C intervals. To date, Birchcliff has not drilled any wells in the Montney D3 or Montney D2 intervals; however, offsetting companies have recently drilled and produced from both of these intervals.

BIRCHCLIFF MONTNEY/DOIG NATURAL GAS RESOURCE PLAY FULL DEVELOPMENT PLAN: HEXASTACK



In July 2014, Birchcliff drilled its first exploration well in the Montney D4 interval in the Pouce Coupe area. As at December 31, 2015, Birchcliff has drilled a total of seven 100% working interest wells in the Montney D4 interval. Five of these wells are in the Pouce Coupe area and the remaining two are in the Elmworth area. During 2014, Birchcliff drilled its first successful horizontal natural gas well in the Montney C interval.

Drilling activities during 2015 on the Montney/Doig Natural Gas Resource Play consisted of 28 (28.0 net) horizontal natural gas wells drilled in the Pouce Coupe area, 1 (1.0 net) horizontal natural gas well drilled in the Elmworth area and 1 (1.0 net) Belloy vertical well drilled as an acid gas disposal well in the Elmworth area. All horizontal wells drilled in 2015 utilized multi-stage fracture stimulation technology. As at December 31, 2015, Birchcliff has successfully drilled 188 (187.9 net) horizontal wells on the Montney/Doig Natural Gas Resource Play.

In 2015, approximately 92% of the Corporation’s natural gas production, 10% of the Corporation’s light oil production and 88% of the Corporation’s NGL production came from the wells drilled on the Montney/Doig Natural Gas Resource Play. In 2015, production from the Montney/Doig Natural Gas Resource Play averaged 32,890 boe per day and the operating netback for this production was $13.80 per boe. Average operating costs on the Montney/Doig Natural Gas Resource Play were $3.22 per boe.

In 2015, the Corporation invested $7.7 million to expand and maintain its land position on the Montney/Doig Natural Gas Resource Play.

The vast majority of the production from the Montney/Doig Natural Gas Resource Play is processed at the 100% owned and operated PCS Gas Plant, which currently has a licensed processing capacity of 180 MMcf per day. The Corporation also processes gas at the Progress gas plant operated by Canadian Natural Resources Northern Alberta Partnership, in which Birchcliff has a small working interest. Other gas is delivered to the Spectra gathering system, which is processed under firm service contracts at either the Fourth Creek gas plant or the Gordondale East gas plant. The Corporation also has a firm service contract with AltaGas for a small volume of gas delivered to and processed at the AltaGas Pouce Coupe gas plant. Clean oil and emulsion from the Progress region is trucked to a terminal located in Gordondale.

In 2015, the Montney/Doig Natural Gas Resource Play accounted for:

- 93% of total corporate exploration and development expenditures (including acquisitions and dispositions).
- 84% of total corporate production volumes.
- 90% of total corporate proved plus probable reserves.

Charlie Lake Light Oil Resource Play

The Charlie Lake Light Oil Resource Play is described by Birchcliff as a regionally extensive variety of restricted to nearshore marine facies. The Charlie Lake reservoirs are heterogeneous and consist of varying quantities of laminated and dolomitic, silty to fine-grained sandstones. The reservoir intervals typically exhibit porosity in the order of 8% to 15% and net reservoir thickness of 3 to 30 metres. A critical component of the play is the main trapping mechanism, comprised of a regional hydrodynamic trap setting up a large regional hydrocarbon column.

The Charlie Lake reservoirs on the Peace River Arch were historically drilled vertically with reasonable economic results. Starting in the 1990s, various companies drilled horizontal wells in the Charlie Lake reservoirs with varying results. In March 2008, Birchcliff drilled its first horizontal well utilizing multi-stage fracture stimulation technology, being one of the first companies to utilize this technology in the Charlie Lake. As at December 31, 2015, Birchcliff has successfully drilled 60 (60.0 net) horizontal wells on the Charlie Lake Light Oil Resource Play.

Horizontal wells on the Charlie Lake Light Oil Resource Play that utilize multi-stage fracture stimulation technology are generally drilled to a measured depth of 2,500 to 3,500 metres and deliver initial productivity rates of 100 to 750 boe per day.

Charlie Lake Light Oil Resource Play – Worsley Area

The Corporation entered the Charlie Lake Light Oil Resource Play through the acquisition of the Worsley Property in September 2007. The Worsley Property is located approximately 150 kilometres north of Grande Prairie, which is in close proximity to Birchcliff's other assets. The Worsley Property is characterized by large contiguous blocks of mainly 100% working interest lands containing a very large Charlie Lake light oil pool. Essentially all of the production is operated by Birchcliff and the related infrastructure is owned by Birchcliff.

When Birchcliff acquired the Worsley Property in 2007, the previous operator had started a pilot waterflood project. Subsequently, Birchcliff significantly expanded the waterflood and the results have been very positive, adding significant reserves by increasing the recovery factor.

Due to low oil prices during 2015, Birchcliff did not conduct any drilling activities on its Worsley Charlie Lake Light Oil Resource Play. Birchcliff did spend significant time and effort optimizing the existing wells, existing waterflood and infrastructure to improve production profiles and reduce decline rates. Early in 2016, Birchcliff drilled a Charlie Lake horizontal light oil well that successfully delineated the pool to the northeast and it will continue 18 sections of land. Additional activities during 2016 include the conversion of two wells in the waterflood area to injectors to further optimize the waterflood scheme.

In 2015, 4% of the Corporation's natural gas production, 73% of the Corporation's light oil production and 7% of the Corporation's NGL production came from the wells drilled on the Worsley Charlie Lake Light Oil Resource Play, with production primarily from the oil rich Charlie Lake formation. In 2015, production from the Worsley Charlie Lake Light Oil Resource Play averaged 4,236 boe per day and the operating netback for this production was $21.15 per boe.

The majority of the production from the Worsley Charlie Lake Light Oil Resource Play flows through the Corporation's 100% owned and operated Worsley oil battery and gas plant, which is located in the core of the Worsley area. Clean oil is trucked from the Worsley facility to truck terminals located in the towns of High Prairie, Valleyview and Gordondale, Alberta and Taylor, British Columbia, to be transported on the Pembina Peace pipeline to Edmonton.

In 2015, the Corporation invested $0.4 million to expand and maintain its Worsley Charlie Lake Light Oil Resource Play land position.

In 2015, the Worsley Charlie Lake Light Oil Resource Play accounted for:

- 5% of total corporate exploration and development expenditures (including acquisitions and dispositions).
- 11% of total corporate production volumes.
- 7% of total corporate proved plus probable reserves.

Charlie Lake Light Oil Resource Play – Progress Area

In the fourth quarter of 2014, Birchcliff drilled its first successful 100% working interest Charlie Lake horizontal exploration well in the Progress area, which was brought on production in December 2014. In the second quarter of 2015, Birchcliff drilled its second successful 100% working interest Charlie Lake horizontal light oil well in its Progress area, which was brought on production in August 2015.

As at December 31, 2015, Birchcliff held 28 (27.5 net) sections of land in the Progress area on the Charlie Lake Light Oil Resource Play, compared to 26.5 (25.75 net) sections as at December 31, 2014. In the first quarter of 2015, Birchcliff acquired a new 3-D seismic program in the Progress area to help delineate its Charlie Lake Light Oil Resource Play exploration success. The results of this seismic program are very encouraging and support management's belief that a significant amount of Birchcliff's lands have potential for this play.

Birchcliff is currently developing a full scale development plan for its Progress Charlie Lake Light Oil Resource Play.

Landholdings

Birchcliff's land base primarily consists of large contiguous blocks of high working interest acreage located near facilities owned and/or operated by Birchcliff or near third party infrastructure.

Birchcliff's undeveloped land base as at December 31, 2015 was 426,012.6 (398,412.7 net) acres, with a 94% average working interest.

The following table sets forth Birchcliff's land holdings on the following resource plays as at December 31, 2015.

Resource Play Land Holdings as at December 31, 2015

Resource Play	Working Interest	Gross (acres)	Net (acres)
Montney/Doig Natural Gas Resource Play			
Basal Doig/Upper Montney Interval	94.8%	198,336	187,968
Montney D4 Interval	97.8%	187,776	183,680
Montney D1 Interval	97.0%	203,136	197,120
Montney C Interval	97.0%	203,136	197,120
Charlie Lake Light Oil Resource Play	93.3%	146,880	137,133
Duvernay Resource Play	100.0%	73,120	73,120
Nordegg Resource Play	86.0%	405,440	348,528
Banff/Exshaw Resource Play	98.9%	230,400	227,984

Drilling Program

Birchcliff's 2015 drilling program was focused on its Montney/Doig Natural Gas Resource Play and Charlie Lake Light Oil Resource Play. Birchcliff actively employed the evolving technology utilized by the industry regarding horizontal well drilling and the related multi-stage fracture stimulation technology.

Birchcliff had an active drilling program during 2015 drilling a total of 32 (31.5 net) wells, consisting of 28 (28.0 net) Montney/Doig horizontal natural gas wells in the Pouce Coupe area, 1 (1.0 net) Montney/Doig horizontal natural gas well in the Elmworth area, 1 (1.0 net) Charlie Lake horizontal light oil well in the Progress area, 1.0 (0.5 net) Halfway horizontal light oil well in the Progress area and 1.0 (1.0 net) Belloy vertical well drilled as an acid gas disposal well in the Elmworth area. All of the horizontal wells drilled in 2015 utilized multi-stage fracture stimulation technology.

Facilities

During 2015, the Corporation spent approximately $42.4 million on infrastructure projects. During 2016, the Corporation expects to spend approximately $40 million on infrastructure projects, including the Phase V expansion of the PCS Gas Plant as discussed in further detail below. These investments will help the Corporation to control infrastructure and continue to reduce its per boe operating costs.

Gas Plants and Oil Batteries

As at December 31, 2015, Birchcliff had a 100% working interest in four gas plants (including the PCS Gas Plant) and one oil battery as set forth in the table below.

Facility Description	Area and Location	Birchcliff Operated	WI%
PCS Gas Plant	Pouce Coupe South/03-22-78-12W6M	Yes	100
Gas Plant (suspended)	Pouce Coupe North/07-08-80-12W6M	Yes	100
Gas Plant (shut-in)	Bezanson/01-18-71-03W6M	Yes	100
Oil Battery and Gas Plant	Worsley/08-21-87-09W6M	Yes	100

As at December 31, 2015, Birchcliff also held various working interests in an additional seven gas plants (one of which is operated by Birchcliff) and one oil battery.

The following is a more detailed description of the PCS Gas Plant and the Worsley oil battery and gas plant.

PCS Gas Plant

Birchcliff's 100% owned and operated PCS Gas Plant, which is currently licensed to process up to 180 MMcf per day of natural gas, is located in the heart of the Corporation's Montney/Doig Natural Gas Resource Play in the Pouce Coupe South area. The strategically situated site for the PCS Gas Plant enables the Corporation to control and operate all essential infrastructure from wellhead to sales point. The low per unit operating costs of the PCS Gas Plant and related infrastructure give the Corporation a strong competitive advantage over others paying for third-party natural gas processing. The PCS Gas Plant is a key component in positioning the Corporation as a low-cost finder and producer of natural gas on the Montney/Doig Natural Gas Resource Play.

The PCS Gas Plant is a state-of-the-art facility and meets or exceeds all AER and Alberta Environment requirements. The facility employs energy efficient equipment to optimize performance and keep operating costs low. The PCS Gas Plant uses an amine system to remove sulphur content and refrigeration to meet dew point specification. Acid gas is injected into a high quality reservoir via two wells located at and near the site of the PCS Gas Plant.

On March 20, 2010, Phase I commenced operation with processing capacity of 30 MMcf per day. On November 2, 2010, Phase II of the PCS Gas Plant commenced operation bringing the processing capacity to 60 MMcf per day. On October 2, 2012, Phase III of the PCS Gas Plant commenced operation bringing the licensed processing capacity to 150 MMcf per day. In September 2014, the Corporation completed the Phase IV expansion of the PCS Gas Plant which expanded processing capacity to 180 MMcf per day.

Engineering, procurement and fabrication work is underway for the Phase V expansion of the PCS Gas Plant which will increase processing capacity to 260 MMcf per day from 180 MMcf per day. The 2016 Revised Capital Budget includes approximately $24.8 million of capital for the Phase V expansion of the PCS Gas Plant. Birchcliff currently estimates that an additional $30 million will be required to complete the field construction of the Phase V expansion. Birchcliff currently expects that the Phase V expansion will be completed in 2017, subject to an improvement in commodity prices and general economic conditions. In addition, the design and licensing work is complete for the Phase VI expansion of the PCS Gas Plant which will increase processing capacity to 340 MMcf per day from 260 MMcf per day. Birchcliff currently expects that the Phase VI expansion will be completed in late 2018 or early 2019, depending primarily on commodity prices and general economic conditions.

Worsley Oil Battery and Gas Plant

The 100% owned and operated Worsley oil battery and gas plant are located in the heart of the Worsley Charlie Lake Light Oil Resource Play. Control of infrastructure in the Worsley region allows Birchcliff to effectively manage the operating costs associated with the oil production from this region.

Other Facilities

As at December 31, 2015, the Corporation also had an interest in numerous other facilities, including gas compressor stations and gas satellites.

Production and Sales Revenues

Production

During 2015, the Corporation's annual average production was 38,950 boe per day.

Product Sales Revenues

The only significant products produced and sold by the Corporation are light crude oil, natural gas and NGL. In 2015, virtually all of these products were sold to or through third-party marketing companies on a short-term basis at prices that were a function of current market prices. The Corporation's revenues are substantially dependent upon the prices that it receives for oil, natural gas and NGL and such prices are closely correlated to the price of crude oil and natural gas. See *"Risk Factors – Financial Risks and Risks Relating to Economic Conditions – Commodity Price Volatility and Weakness in the Oil and Gas Industry"* in this Annual Information Form.

None of the Corporation's products are sold to non-arm's length parties.

The following table sets forth the aggregate sale of those products produced by the Corporation during the years ended December 31, 2015 and December 31, 2014.

Product	2015 PNG Sales[(1)]	2014 PNG Sales[(2)]
Natural Gas	$213,494,338	$293,659,781
Light Crude Oil	$72,635,618	$133,431,094
NGL	$30,991,526	$45,638,072

Notes:

(1) During 2015, the Corporation had no financial hedges in place.

(2) During 2014, the Corporation had financial hedges in place. The amounts set forth in the table above for 2014 exclude the effects of financial instruments.

Transportation

The vast majority of the Corporation's crude oil is trucked to the sales point to be transported on the Pembina Peace pipeline to Edmonton. Virtually all of Birchcliff's natural gas and NGL production is delivered through pipelines and the Corporation employs a combination of firm and interruptible receipt pipeline service to deliver its production. The majority of the Corporation's natural gas production is transported on TransCanada's NGTL Pipeline System. See *"Risk Factors – Business and Operational Risks – Gathering and Processing Facilities and Pipeline Systems"* in this Annual Information Form.

Specialized Skill and Knowledge

The Corporation's business requires the application of extremely high levels of technical skill in the areas of geology, geophysics, reservoir engineering, well drilling and completions, well production operations and facilities engineering. Birchcliff has assembled a team of skilled technical experts who provide the technical skills required to succeed in its business. See "*Risk Factors – Other Risks – Reliance on Key Personnel*" in this Annual Information Form.

Competitive Conditions

The oil and natural gas industry is competitive in all its phases. The Corporation competes with numerous other participants in the search for, and the acquisition of, lands, oil and natural gas projects and properties and in the marketing of oil and natural gas. The Corporation's competitors include companies that have more financial resources, staff and facilities than those of the Corporation.

However, management believes that the Corporation has a competitive advantage in its focus area of the Peace River Arch area of Alberta, based upon the infrastructure and land base it controls and the experience it has developed on the resource plays it pursues. See "*Risk Factors – Business and Operational Risks – Competition*" in this Annual Information Form.

Seasonal and Cyclical Factors

The exploration for and development of oil and natural gas is dependent on access to areas where operational activities are to be conducted. Seasonal weather variations, including freeze-up and break-up, can delay such access. See *"Risk Factors – Business and Operational Risks – Seasonality"* in this Annual Information Form.

The Corporation's operational results and financial condition are substantially dependent on the prices its receives for its oil and natural gas production. Crude oil and natural gas prices have fluctuated widely during recent years and are subject to fluctuations in response to changes in supply, demand, market uncertainty and numerous other factors that are beyond the control of the Corporation. See *"Risk Factors – Financial Risks and Risks Relating to Economic Conditions – Commodity Price Volatility and Weakness in the Oil and Gas Industry"* in this Annual Information Form.

Environmental Protection

The oil and natural gas industry is subject to environmental regulation pursuant to local, provincial and federal legislation and regulations. Compliance with such legislation can require significant expenditures and a breach of any such legislation may result in the imposition of fines or other penalties, some of which may be material, as well as the responsibility to remedy environmental problems caused by the Corporation's operations. A serious breach could result in the Corporation being required to suspend operations or enter into an interim compliance measure which may restrict the Corporation's ability to conduct operations. See *"Risk Factors – Environmental and Regulatory Risks"* in this Annual Information Form.

The costs of complying with new or changing environmental legislation or regulations may have a material adverse effect on the Corporation's financial condition or results of operations. Future changes in environmental legislation could occur and result in stricter standards and enforcement, larger fines and liability and increased capital expenditures and operating costs. See *"Risk Factors – Environmental and Regulatory Risks"* in this Annual Information Form.

As at December 31, 2015, the Corporation has not recorded any material costs and liabilities relating to environmental protection legislation or any environmental incidents. As a result of its net ownership interest in oil and natural gas properties and equipment, including well sites, processing facilities and gathering systems, the Corporation incurs decommissioning obligations. The Corporation's decommissioning obligation at December 31, 2015 was $92.5 million, calculated on a discounted fair value basis using a risk-free rate of 2.26% and an inflation rate of 2.0%. Additional information on the Corporation's decommissioning obligations is available in the Corporation's audited annual financial statements for the year ended December 31, 2015.

Social and Environmental Policies

Health, Safety and Environmental Programs

The Corporation has an active program to monitor and comply with health, safety and environmental laws, rules and regulations applicable to its operations. Birchcliff is committed to constantly evolving and improving its health, safety and environmental management program and conducting its activities in a manner that safeguards its employees, contractors, representatives, the environment and the public at large.

Birchcliff's corporate policies require operational activities to be conducted in a manner which meets or exceeds regulatory requirements and industry standards to safeguard the environment and protect employees, contractors and the public at large. All employees receive pertinent health, safety and environmental training for their role. The Corporation conducts operational audits and assessments to identify risks and takes steps to reduce or prevent incidents. Birchcliff develops emergency response plans in conjunction with local authorities, emergency services and the communities in which it operates in order to be prepared to effectively respond to an environmental incident should it arise. Once such plans are in place, the Corporation rigorously conducts exercises and training for its staff.

The Corporation participates in Alberta's Certificate of Recognition ("**COR**") Safety Program and has received and maintained a COR certification since 2011. A COR certification evidences that the employer's health and safety management system has been evaluated by a certified auditor and meets provincial standards, which standards are established by Occupational Health and Safety (Alberta). The COR Health and Safety Auditing and the COR Safety Program requires a commitment to continuous improvement in the environment, health and safety management practices, including sound planning and implementation. The program is audited externally every 3 years and internally every other year.

Birchcliff works hard to maintain the safety and integrity of its facilities and infrastructure assets. Birchcliff designed and follows a pressure equipment integrity management program and a pipeline operating and maintenance program.

Regulatory requirements relating to the integrity of Birchcliff's pressure vessels is the responsibility of the Corporation's Alberta Boilers Safety Association ("**ABSA**") Chief Inspector, while the integrity of all other field assets is the responsibility of Birchcliff's field operations personnel. In 2015, Birchcliff hired a full-time Asset Integrity Coordinator whose responsibility is to assist Birchcliff's ABSA Chief Inspector, as required, and to act as a technical advisor to Birchcliff's field operations personnel on issues relating to the integrity of its facilities and infrastructure and related compliance matters. The main focus of this role is to perform regular inspections, conduct annual risk assessments and proactively monitor the integrity and preventative maintenance operations of all Birchcliff's operated pipelines.

As part of its fundamental values, the Corporation recognizes the importance of its responsibility for environmental stewardship. The Corporation endeavors to maintain excellence in environmental reporting and response and to take proactive steps to eliminate or reduce its environmental impact. As an organization which strives for continuous improvement, Birchcliff continues to look for and develop new technology, systems and processes that will help improve efficiency, reduce its environmental footprint and create a safer work environment.

Environmental assessments are undertaken for new projects or when acquiring new properties or facilities in order to identify, assess and minimize environmental risks and operational exposures. Birchcliff conducts audits of operations to confirm compliance with internal standards and to stimulate improvement in practices where needed. Documentation is maintained to support internal accountability and measure operational performance against recognized industry indicators to assist in achieving the objectives of the described policies and programs.

See "*Risk Factors – Business and Operational Risks – Health, Safety and Environment*" in this Annual Information Form.

Community Programs

Fostering a strong relationship with the community and its stakeholders is as integral to the success of the Corporation's projects as obtaining the required regulatory approvals. The Corporation believes cooperative, sincere and responsive consultation efforts with stakeholders in the areas in which Birchcliff operates creates a solid foundation for its business. Birchcliff has an experienced team working with local stakeholders to learn their values and priorities and to resolve any issues or concerns that arise in the course of its field operations.

Birchcliff recognizes the role that communities play in its success and looks for opportunities to "give back". The Corporation is a staunch supporter of the community and the business and educational initiatives of the First Nations who live in areas in which Birchcliff operates. Every year, the Corporation participates in a number of community support endeavours in the areas surrounding its field operations and in Calgary.

In 2015, the Corporation contributed to a number of local community initiatives that elevate and enhance quality of life at the local level, including minor hockey and other amateur sports, local schools, agricultural societies and fire departments.

STARS Air Ambulance is an important partner in trauma care for the Grande Prairie region of Alberta. To date, Birchcliff has raised more than $850,000 to support STARS Air Ambulance in the Grande Prairie area. Each year, the Corporation raises funds for the United Way and the YMCA. Birchcliff makes an annual contribution to Home Front Calgary, a community-justice response team dedicated to helping families experiencing domestic violence. The Corporation supports the Children's Hospital Foundation and Big Brothers, Big Sisters. Through Birchcliff's support of Momentum, Calgarians living in poverty learn how to achieve a sustainable livelihood. The Corporation donates to the OneSight program and supports the Canadian Cancer Society daffodil campaign. The Corporation volunteers with Feed the Hungry, providing healthy meals in an atmosphere of dignity and respect. During the holiday season, Birchcliff employees "adopt" a number of families in need and donate gifts, food and decorations to help make the holidays special. The Corporation also fill backpacks with living essentials and gifts for the Mustard Seed as part of their Christmas campaign.

Through these activities and numerous others, Birchcliff creates and maintains long-term, positive partnerships and relationships, while promoting employee engagement in the communities where it operates.

Employees

The following table sets forth Birchcliff's employees as at December 31, 2015.

	Employees
Head Office Employees	122
Field Employees	40

In addition, the Corporation hires skilled contractors to perform drilling operations, well completions and other field service operations.

See "*Risk Factors – Other Risks – Reliance on Key Personnel*" in this Annual Information Form.

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

The statement of reserves data and other oil and gas information set forth below is dated March 16, 2016. The effective date of the reserves and future net revenue information provided is December 31, 2015, unless otherwise indicated. The preparation date in respect of the disclosure contained herein is March 14, 2016.

Supplemental disclosure of the Corporation's contingent resources data and prospective resources data has been included as Appendix A to this Annual Information Form. The Report on Reserves Data, Contingent Resources Data and Prospective Resources Data by Independent Qualified Reserves Evaluator or Auditor in Form 51-101F2 and the Report of Management and Directors on Oil and Gas Disclosure in Form 51-101F3 are attached to this Annual Information Form as Appendices B and C, respectively.

Disclosure of Reserves Data

The reserves data set forth below is based upon the 2015 Reserves Evaluation prepared by Deloitte. The reserves data summarizes Birchcliff's light crude oil and medium crude oil, conventional natural gas, shale gas and NGL reserves and the net present value of future net revenue attributable to such reserves as evaluated in the 2015 Reserves Evaluation based on the Deloitte Price Forecast. All of the Corporation's reserves are in Canada, specifically in the Peace River Arch area in the Province of Alberta. As the tables below summarize the data contained in the 2015 Reserves Evaluation, they may contain slightly different numbers than the 2015 Reserves Evaluation due to rounding. Also due to rounding, certain columns may not add exactly.

Deloitte has confirmed to the Reserves Evaluation Committee of the Board that the 2015 Reserves Evaluation was prepared in accordance with the standards contained in the COGE Handbook and NI 51-101. In the course of preparing the 2015 Reserves Evaluation, Birchcliff provided Deloitte with basic information which included land, well and accounting (product prices and operating costs) information, reservoir and geological studies, estimates of on-stream dates for certain properties, contract information, budget forecasts and financial data. Other engineering, geological or economic data required to conduct the evaluation and upon which the 2015 Reserves Evaluation is based, were obtained from public records, other operators and from Deloitte's non-confidential files. The extent and character of ownership and accuracy of all factual data supplied to Deloitte was accepted by Deloitte as presented. A field inspection and environmental/safety assessment of the properties that were the subject of the 2015 Reserves Evaluation was not conducted.

The net present value of future net revenue attributable to the Corporation's reserves is based on the Deloitte Price Forecast and is determined before provision for interest, debt servicing and general and administrative expense and after the deduction of royalties, operating costs, development costs and abandonment and reclamation costs. Abandonment and reclamation costs have been estimated by Deloitte in the 2015 Reserve Report, are attributed to all existing and future wells that were assigned reserves in the 2015 Reserves Evaluation and do not include abandonment and reclamation costs for wells and facilities to which no reserves were assigned.

The after-tax net present value of the Corporation's oil and natural gas properties reflects the income tax burden on the properties on a stand-alone basis and takes into account the Corporation's existing tax pools. It does not consider the business-entity-level tax situation or tax planning. It does not provide an estimate of the value at the level of the business entity, which may be significantly different. The Corporation's audited annual financial statements and related management's discussion and analysis for the year ended December 31, 2015 should be consulted for information at the level of the business entity.

Well abandonment and reclamation costs used by Deloitte were not independently evaluated and were assumed to be equal to the average costs for the Corporation's regional reclamation cost area set forth in Directive 11 from the Alberta Energy Regulator.

There are numerous uncertainties inherent in estimating quantities of oil, natural gas and NGL reserves and the future cash flows attributed to such reserves, including many factors beyond the control of the Corporation. The reserves and associated cash flow information set forth in this Annual Information Form are estimates only. In general, estimates of economically recoverable oil, natural gas and NGL reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, initial production rates, production decline rates, ultimate reserve recovery, the timing and amount of capital expenditures, the success of future development activities, future commodity prices, marketability of oil, natural gas and NGL, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially from actual results. For those reasons, estimates of the economically recoverable oil, natural gas and NGL reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves prepared by different engineers, or by the same engineer at different times, may vary substantially. The Corporation's actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates thereof and such variations could be material.

It should not be assumed that the undiscounted or discounted net present value of future net revenue attributable to the Corporation's reserves estimated by Deloitte represent the fair market value of those reserves. There is no assurance that the forecast prices and costs assumptions will be attained and variances could be material. The recovery and reserves estimates of Birchcliff's oil, natural gas and NGL reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual oil, natural gas and NGL reserves may be greater than or less than the estimates provided herein and variances could be material.

Estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.

NI 51-101 requires a reporting issuer to disclose its reserves in accordance with the product types contained in NI 51-101, which product types include light crude oil and medium crude oil (combined), conventional natural gas, shale gas and NGL. "Shale gas" as defined in NI 51-101 means natural gas: (i) contained in dense organic-rich rocks, including low-permeability shales, siltstones and carbonates, in which the natural gas is primarily adsorbed on the kerogen or clay minerals; and (ii) that usually requires the use of hydraulic fracturing to achieve economic production rates. With respect to Birchcliff's natural gas reserves attributable to its Montney/Doig Natural Gas Resource Play, such reserves would most closely fit within the category of shale gas as opposed to conventional natural

gas; however, the primary storage mechanism is gas stored in the pore space with contributions from gas adsorbed to kerogen, clay minerals and bitumen. Birchcliff considers that its natural gas reserves attributable to the Montney/Doig Natural Gas Resource Play to be low permeability gas resources or "tight gas" (as such term is defined in the COGE Handbook), a generic term that includes "basin-centred", "deep gas" and "shale gas". Although Montney/Doig reservoirs usually consist of low permeability sandstones, siltstones, or shales, they may also contain carbonates. While a small amount of gas may also be present in natural fractures, extensive hydraulic fracturing is invariably required to produce the "tight gas". The trapping mechanisms may be the same as for conventional reservoirs, adsorption on kerogen or clays, or relative permeability effects. "Shale gas" is the NI 51-101 product type that most closely matches the natural gas from Birchcliff's Montney/Doig Natural Gas Resource Play.

The information relating to the Corporation's oil, natural gas and NGL reserves contains forward-looking information, including information relating to future net revenues, forecast capital expenditures, future development plans and costs related thereto, forecast operating costs, anticipated production and abandonment and reclamation costs. See *"Advisories – Forward-Looking Information"* in this Annual Information Form.

For additional information, please see *"Presentation of Oil and Gas Reserves and Resources", "Risk Factors – Business and Operational Risks – Uncertainty of Reserves and Resource Estimates"* and *"Advisories"* in this Annual Information Form.

Reserves Summary

The following table sets forth the Corporation's light crude oil and medium crude oil, conventional natural gas, shale gas and NGL reserves as at December 31, 2015, using the Deloitte Price Forecast.

Summary of Reserves as at December 31, 2015
(Forecast Prices and Costs)

	Light Crude Oil and Medium Crude Oil *(Mbbls)*		Conventional Natural Gas *(MMcf)*		Shale Gas *(MMcf)*		NGL *(Mbbls)*		Total Boe *(Mboe)*	
Reserves Category	***Gross***	***Net***	***Gross***	***Net***	***Gross***	***Net***	***Gross***	***Net***	***Gross***	***Net***
Proved										
Developed Producing	5,785.0	5,184.5	26,997.6	24,656.2	524,136.5	489,273.0	4,453.4	3,090.3	102,094.1	93,929.6
Developed Non-Producing	4,070.0	3,688.6	8,652.9	7,764.2	2,687.5	2,462.3	1,743.1	1,561.5	7,703.1	6,954.5
Undeveloped	8,679.1	7,655.4	25,688.6	23,021.7	1,310,298.4	1,218,522.1	10,104.8	7,745.9	241,448.3	222,325.2
Total Proved	18,534.0	16,528.4	61,339.1	55,442.1	1,837,122.4	1,710,257.4	16,301.2	12,397.6	351,245.5	323,209.3
Probable	17,468.1	14,741.6	65,901.1	59,293.6	1,092,745.9	1,007,496.8	11,117.5	7,730.2	221,693.5	200,270.2
Total Proved Plus Probable	36,002.1	31,270.0	127,240.2	114,735.7	2,929,868.3	2,717,754.2	27,418.8	20,127.9	572,939.0	523,479.5

Net Present Value of Future Net Revenue

The following table sets forth the net present value of future net revenue attributable to the Corporation's reserves as at December 31, 2015, using the Deloitte Price Forecast, before and after deducting future income tax expenses and calculated at various discount rates.

Summary of Net Present Value of Future Net Revenue as at December 31, 2015
(Forecast Prices and Costs)

	Net Present Value of Future Net Revenue Before Income Taxes Discounted At (%/year)						
Reserves Category	**0** ***(MM$)***	**5** ***(MM$)***	**8** ***(MM$)***	**10** ***(MM$)***	**15** ***(MM$)***	**20** ***(MM$)***	**Unit Value Discounted at 10%/year** ***($/boe)***
Proved							
Developed Producing	2,099.5	1,486.5	1,254.6	1,134.6	913.9	765.4	12.08
Developed Non-Producing	434.1	230.4	169.2	140.5	93.2	65.5	20.21
Undeveloped	4,575.0	2,399.3	1,669.0	1,316.1	722.1	372.7	5.92
Total Proved	7,108.6	4,116.2	3,092.8	2,591.2	1,729.2	1,203.6	8.02
Probable	6,097.7	2,619.1	1,682.3	1,276.2	668.5	361.8	6.37
Total Proved Plus Probable	13,206.3	6,735.3	4,775.2	3,867.4	2,397.7	1,565.3	7.39

	Net Present Value of Future Net Revenue After Income Taxes Discounted At (%/year)(1)					
Reserves Category	**0** ***(MM$)***	**5** ***(MM$)***	**8** ***(MM$)***	**10** ***(MM$)***	**15** ***(MM$)***	**20** ***(MM$)***
Proved						
Developed Producing	1,939.5	1,407.1	1,200.6	1,092.4	890.2	751.5
Developed Non-Producing	331.3	176.4	130.7	109.3	74.0	53.2
Undeveloped	3,431.2	1,759.4	1,197.2	925.3	468.0	199.2
Total Proved	5,702.0	3,343.0	2,528.5	2,127.0	1,432.0	1,004.0
Probable	4,572.3	1,934.1	1,223.1	915.2	456.2	227.0
Total Proved Plus Probable	10,274.4	5,277.1	3,751.6	3,042.2	1,888.3	1,230.8

Note:

(1) The after-tax net present value of the Corporation's oil and natural gas properties reflects the income tax burden on the properties on a stand-alone basis and takes into account the Corporation's existing tax pools. It does not consider the business-entity-level tax situation or tax planning. It does not provide an estimate of the value at the level of the business entity, which may be significantly different. The Corporation's audited annual financial statements and related management's discussion and analysis for the year ended December 31, 2015 should be consulted for information at the level of the business entity.

Elements of Future Net Revenue

The following table sets forth the various elements of the Corporation's future net revenue attributable to the Corporation's reserves as estimated by Deloitte as at December 31, 2015, calculated using the Deloitte Price Forecast and without discount.

Elements of Future Net Revenue (Undiscounted) as at December 31, 2015
(Forecast Prices and Costs)

Reserves Category	Revenue *(MM$)*	Royalties *(MM$)*	Operating Costs *(MM$)*	Develop-ment Costs *(MM$)*	Abandon-ment and Reclamation Costs *(MM$)*	Future Net Revenue Before Future Income Tax Expenses *(MM$)*	Future Income Tax Expenses *(MM$)*	Future Net Revenue After Future Income Tax Expenses *(MM$)*
Total Proved	12,524.5	1,156.7	2,318.7	1,811.1	129.4	7,108.6	1,406.5	5,702.0
Total Proved Plus Probable	23,226.3	2,366.1	4,358.3	3,091.1	204.4	13,206.3	2,931.9	10,274.4

Net Present Value of Future Net Revenue by Product Type

The following table sets forth by product type the future net revenue associated with the Corporation's reserves as at December 31, 2015, using the Deloitte Price Forecast, before deducting future income tax expenses and calculated using a 10% discount rate.

Net Present Value of Future Net Revenue by Product Type as at December 31, 2015[(1)]
(Forecast Prices and Costs)

Reserves Category	Product Type	Future Net Revenue Before Income Taxes (Discounted at 10%/year) (M$)	Unit Value ($/boe)
Total Proved	Light Crude Oil and Medium Crude Oil (including solution gas and other by-products)	449,669.0	18.01
	Conventional Natural Gas (including by-products but excluding solution gas and by-products from oil wells)	2,360.1	0.86
	Shale Gas (including by-products)	2,139,204.3	7.24
	Total	2,591,233.4	8.02
Total Proved Plus Probable	Light Crude Oil and Medium Crude Oil (including solution gas and other by-products)	750,304.8	15.66
	Conventional Natural Gas (including by-products but excluding solution gas and by-products from oil wells)	12,055.8	2.48
	Shale Gas (including by-products)	3,105,077.5	6.60
	Total	3,867,438.1	7.39

Note:

(1) Unit amounts are derived using net reserves volumes.

Pricing Assumptions

Forecast Prices Used in Estimates

The following table sets forth the forecast price assumptions used by Deloitte for the 2015 Reserves Evaluation as contained in the Deloitte Price Forecast. The pricing and cost assumptions used were determined by Deloitte based on information available from numerous governmental agencies, industry publications, oil refineries, natural gas marketers and industry trends. These long-term price forecasts are subject to the many uncertainties that affect long-term future forecasts.

Deloitte Price Forecast

	Crude Oil		Natural Gas	NGL					
Year	WTI at Cushing Oklahoma *($US/bbl)*	Edmonton City Gate *($CDN/bbl)*	Natural Gas at AECO *($CDN/Mcf)*	Edmonton Ethane *($CDN/bbl)*	Edmonton Propane *($CDN/bbl)*	Edmonton Butane *($CDN/bbl)*	Edmonton Pentanes + Condensate *($CDN/bbl)*	Currency Exchange Rate *($CDN/$US)*	Inflation Rate *(%)*
2016	42.00	51.35	2.45	6.75	5.15	20.55	51.35	0.740	0.0
2017	48.45	57.65	2.85	7.85	11.55	28.80	57.65	0.770	2.0
2018	57.20	66.35	3.10	8.60	19.90	39.80	66.35	0.800	2.0
2019	66.35	77.65	3.45	9.50	23.30	46.60	77.65	0.800	2.0
2020	75.75	89.30	3.75	10.30	26.80	53.60	89.30	0.800	2.0
2021	82.80	98.00	4.15	11.35	29.40	58.80	98.00	0.800	2.0
2022	90.10	107.00	4.40	12.10	32.10	64.20	107.00	0.800	2.0
2023	91.90	109.15	4.65	12.80	32.75	65.50	109.15	0.800	2.0
2024	93.75	111.30	5.00	13.70	33.40	66.80	111.30	0.800	2.0
2025	95.60	113.55	5.15	14.15	34.05	68.10	113.55	0.800	2.0
2026	97.50	115.80	5.50	15.10	34.75	69.50	115.80	0.800	2.0
2027	99.45	118.10	5.80	15.90	35.45	70.85	118.10	0.800	2.0
2028	101.45	120.50	5.90	16.25	36.15	72.30	120.50	0.800	2.0
2029	103.50	122.90	6.00	16.55	36.85	73.75	122.90	0.800	2.0
2030	105.55	125.35	6.15	16.90	37.60	75.20	125.35	0.800	2.0
2031	107.65	127.85	6.25	17.25	38.35	76.70	127.85	0.800	2.0
2032	109.80	130.40	6.40	17.55	39.10	78.25	130.40	0.800	2.0
2033	112.00	133.00	6.50	17.90	39.90	79.80	133.00	0.800	2.0
2034	114.25	135.70	6.65	18.30	40.70	81.40	135.70	0.800	2.0
2035	116.55	138.40	6.75	18.65	41.50	83.05	138.40	0.800	2.0
Thereafter				Escalate at 2% per year					

Actual Weighted Average Commodity Prices

The actual weighted average commodity prices received by the Corporation in 2015 are as follows:

- Light Crude Oil and Medium Crude Oil Combined: $53.68 per bbl
- Shale Gas: $2.90 per Mcf (includes conventional natural gas, which represented less than 1% of the Corporation's total corporate natural gas production during 2015)
- NGL: $50.76 per bbl

Reconciliation of Changes in Reserves

The following tables set forth a reconciliation of the Corporation's gross reserves as at December 31, 2015 set forth in the 2015 Reserves Evaluation, using the Deloitte Price Forecast, to the Corporation's gross reserves as at December 31, 2014 set forth in the 2014 Reserves Evaluation, using the Deloitte price forecast as at December 31, 2014.

Due to changes in NI 51-101 product type definitions effective July 1, 2015, 1,446,743.8 MMcf of proved reserves, 878,330.1 MMcf of probable reserves and 2,325,073.9 MMcf of proved plus probable reserves were moved from the December 31, 2014 Canadian conventional natural gas opening volumes to the shale gas opening volumes.

Reconciliation of Gross Reserves from December 31, 2014 to December 31, 2015
(Forecast Prices and Costs)

Factors	Light Crude Oil and Medium Crude Oil *(Mbbls)*	Conventional Natural Gas *(MMcf)*	Shale Gas *(MMcf)*	NGL *(Mbbls)*	Oil Equivalent *(Mboe)*
GROSS TOTAL PROVED					
Opening balance December 31, 2014	**18,183.7**	**61,257.0**	**1,446,743.8**	**12,797.7**	**282,314.9**
Discoveries	0.0	0.0	0.0	0.0	0.0
Extensions(1) & Improved Recovery	959.8	9,911.9	332,701.0	2,523.7	60,585.7
Technical Revisions(2)	840.3	(503.3)	139,590.5	1,892.3	25,913.8
Acquisitions	0.0	0.0	0.0	0.0	0.0
Dispositions	0.0	(744.0)	0.0	(6.9)	(130.9)
Economic Factors(3)	(84.7)	(5,053.3)	(11,084.5)	(272.4)	(3,046.7)
Production(4)	(1,365.1)	(5,773.6)	(68,584.1)	(633.2)	(14,314.9)
Closing balance December 31, 2015	**18,534.0**	**59,094.7**	**1,839,366.7**	**16,301.2**	**351,245.4**
GROSS TOTAL PROBABLE					
Opening balance December 31, 2014	**17,765.4**	**58,162.9**	**878,330.1**	**8,875.5**	**182,723.1**
Discoveries	0.0	0.0	0.0	0.0	0.0
Extensions(1) & Improved Recovery	632.0	10,281.2	188,301.7	2,378.8	36,108.0
Technical Revisions(2)	(919.6)	(1,662.1)	60,629.8	464.9	9,373.3
Acquisitions	0.0	0.0	0.0	0.0	0.0
Dispositions	(45.0)	(704.4)	(12,103.6)	(108.2)	(2,287.9)
Economic Factors(3)	35.3	(1,180.6)	(21,408.0)	(493.5)	(4,223.0)
Production(4)	0.0	0.0	0.0	0.0	0.0
Closing balance December 31, 2015	**17,468.1**	**64,897.0**	**1,093,750.0**	**11,117.5**	**221,693.4**
GROSS TOTAL PROVED PLUS PROBABLE					
Opening balance December 31, 2014	**35,949.1**	**119,419.9**	**2,325,073.9**	**21,673.2**	**465,037.9**
Discoveries	0.0	0.0	0.0	0.0	0.0
Extensions(1) & Improved Recovery	1,591.8	20,193.1	521,002.7	4,902.5	96,693.6
Technical Revisions(2)	(79.3)	(2,165.4)	200,220.3	2,357.2	35,287.1
Acquisitions	0.0	0.0	0.0	0.0	0.0
Dispositions	(45.0)	(1,448.4)	(12,103.6)	(115.1)	(2,418.8)
Economic factors(3)	(49.4)	(6,233.9)	(32,492.5)	(765.9)	7,269.7
Production(4)	(1,365.1)	(5,773.6)	(68,584.1)	(633.2)	(14,391.3)
Closing balance December 31, 2015	**36,002.1**	**123,991.7**	**2,933,116.7**	**27,418.7**	**572,938.9**

Notes:

(1) The majority of conventional natural gas, shale gas and NGL reserves changes comprising *"Extensions"* were the result of drilling activities on the Montney/Doig Natural Gas Resource Play. Wells were drilled extending the resource play beyond lands to which reserves had previously been attributed. The majority of light crude oil and medium crude oil reserves changes comprising *"Extensions"* were the result of drilling activity in the Charlie Lake Light Oil Resource Play in the Progress area. As a result of these successful oil and gas wells, reserves were attributed to future well locations proximal to these wells.

(2) The majority of the *"Technical Revisions"* in the proved and proved plus probable categories are a result of Deloitte's assignment of a new Montney/Doig type curve to the future locations in that area within Pouce Coupe South, which is based on the increased performance of the offsetting Montney/Doig wells.

(3) The change in reserves attributed to *"Economic Factors"* results from the Deloitte Price Forecast used in the 2015 Reserves Evaluation being lower than Deloitte's price forecasts used in the 2014 Reserves Evaluation. This reduction in price resulted in the increase of some wells' economic limits and thereby reduced reserves or made a future oil or shale gas location uneconomic to develop.

(4) Represents Deloitte's estimate of actual production for the year ended December 31, 2015 before year-end results were available.

Additional Information Relating to Reserves Data

Undeveloped Reserves

Undeveloped reserves are attributed by Deloitte in accordance with standards and procedures contained in the COGE Handbook. Proved undeveloped reserves are those reserves that can be estimated with a high degree of certainty and are expected to be recovered from known accumulations where a significant expenditure is required to render them capable of production. Probable undeveloped reserves are those reserves that are less certain to be recovered than proved reserves and are expected to be recovered from known accumulations where a significant expenditure is required to render them capable of production. Proved and probable undeveloped reserves have been assigned in accordance with engineering and geological practices as defined under NI 51-101.

The following table sets forth the volumes of each of the proved undeveloped reserves and the probable undeveloped reserves from the applicable reserves evaluation for such year for each product type that were first attributed as reserves in each of the most recent three financial years.

Undeveloped Reserves

	Proved Undeveloped Reserves				Probable Undeveloped Reserves			
Year of first attribution	**Light Crude Oil and Medium Crude Oil *(Mbbls)***	**Conventional Natural Gas *(MMcf)***	**Shale Gas *(MMcf)***	**NGL *(Mbbls)***	**Light Crude Oil and Medium Crude Oil *(Mbbls)***	**Conventional Natural Gas *(MMcf)***	**Shale Gas *(MMcf)***	**NGL *(Mbbls)***
2015	1,082	2,677	242,811	1,884	613	4,660	283,730	2,949
2014	640	1,214	131,384	1,351	1,612	3,897	125,596	2,008
2013	1,029	1,514	152,687	925	2,790	4,464	127,556	1,285

The Corporation has a large inventory of development opportunities in its portfolio and its capital spending activities are prioritized to optimize development plans, achieve strategic goals and maximize shareholder value.

There are 391 (379.8 net) potential future horizontal drilling locations to which the 2015 Reserves Evaluation has attributed proved undeveloped reserves.

Approximately 92% of the proved undeveloped reserves are attributed to the Montney/Doig Natural Gas Resource Play and the 2015 Reserves Evaluation has attributed proved undeveloped reserves to each potential future horizontal drilling location that is proximal to an existing well to which Deloitte has attributed proved developed reserves. Deloitte has estimated such proved undeveloped reserves using forecast production rates that are based on a statistical analysis of production rates of existing wells operated by the Corporation or others on the Montney/Doig Natural Gas Resource Play in the regional area.

There are 331 (320.3 net) potential future horizontal drilling locations in the Montney/Doig Natural Gas Resource Play to which the 2015 Reserves Evaluation has attributed proved undeveloped reserves. In the 2015 Reserves Evaluation, Deloitte forecast that 26 net wells and 44 net wells would be drilled in 2016 and 2017, respectively. The Corporation's 2016 Revised Capital Budget contemplates the drilling of 12 (12.0 net) Montney/Doig horizontal natural gas wells during 2016 and Birchcliff anticipates that drilling activities in 2016 will utilize existing and expansion capacity available at the PCS Gas Plant totalling 180 MMcf per day, as well as new capacity as it becomes available from third parties. Over the next two years, the Corporation expects that it will continue to develop its proved undeveloped reserves on the Montney/Doig Natural Gas Resource Play as processing capacity at the PCS Gas Plant is expanded to 260 MMcf per day, which is anticipated to be completed in 2017, and new capacity becomes available from third party plants.

Approximately 3.7% of the proved undeveloped reserves are attributed to the Corporation's Worsley Charlie Lake Light Oil Resource Play and of those, approximately 46% are based on Deloitte's forecast of increased recoveries from the waterflood enhanced recovery scheme that has been underway for a number of years and Deloitte's forecast areal expansion of the waterflood. During 2016, the Corporation anticipates that it will develop a portion of these undeveloped reserves by the conversion of existing wells to water injection wells.

The balance of the proved undeveloped reserves attributed by Deloitte to the Worsley Charlie Lake Light Oil Resource Play relate in part to 52 (52.0 net) potential future drilling locations. In the 2015 Reserves Evaluation, Deloitte forecast that approximately 11 (11.0 net) of these potential future drilling locations would be drilled in 2017 and the balance of these potential future drilling locations would be drilled thereafter, in each case to the extent that their production could be accommodated at the Corporation's Worsley facilities.

With respect to the probable undeveloped reserves, on both the Montney/Doig Natural Gas Resource Play and the Worsley Charlie Lake Light Oil Resource Play, the Corporation's development plans are largely dependent on the development of the proved undeveloped reserves discussed above. The development of the probable undeveloped reserves is planned to occur during the ensuing 8 years, on a schedule consistent with the Corporation's access to required processing capacity.

The pace of development of the Corporation's proved and probable undeveloped reserves is influenced by many factors, including the outcomes of the yearly drilling and reservoir evaluations, the price for oil and natural gas, and a variety of economic factors and conditions. There are a number of factors that could result in delayed or cancelled development, including the following: (i) changing economic conditions (due to pricing, operating and capital expenditure fluctuations); (ii) changing technical conditions (including production anomalies, such as water breakthrough or accelerated depletion); (iii) multi-zone developments (for instance, a prospective formation completion may be delayed until the initial completion is no longer economic); (iv) a larger development program may need to be spread out over several years to optimize capital allocation and facility utilization; and (v) surface access issues (including those relating to land owners, weather conditions and regulatory approvals).

Significant Factors or Uncertainties Affecting Reserves Data

The process of estimating reserves is inherently complex. It requires significant judgments and decisions based on available geological, geophysical, engineering and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting oil and natural gas prices and costs change. The reserves estimates contained in the Annual Information Form are based on current production forecasts, prices and economic conditions.

As circumstances change and additional data becomes available, reserve estimates also change. Estimates are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required due to changes in well performance, prices, economic conditions and governmental restrictions.

Although every reasonable effort is made to ensure that reserve estimates are accurate, reserve estimation is an inferential science. As a result, the subjective decisions, new geological or production information and a changing environment may impact these estimates. Revisions to reserve estimates can arise from changes in year-end oil and natural gas prices and reservoir performance. Such revisions can be either positive or negative.

Changes in future commodity prices relative to the forecasts described above under *''Pricing Assumptions''* could have a negative impact on the Corporation's reserves, and in particular on the development of undeveloped reserves, unless future development costs are adjusted in parallel. The Corporation has a significant amount of proved and probable undeveloped reserves. At the forecast prices and costs used in the 2015 Reserves Evaluation, these development activities are expected to be economic. However, should oil and natural gas prices decrease materially, these activities may need to be deferred to ensuing years to remain economic. Other than the foregoing and the factors disclosed or described herein, the Corporation does not anticipate any other significant economic factors or other significant uncertainties which may affect any particular components of its reserves data.

See also *"Risk Factors – Business and Operational Risks – Uncertainty of Reserves and Resource Estimates"* in this Annual Information Form.

Abandonment and Reclamation Costs

In connection with its operations, the Corporation will incur abandonment and reclamation costs for surface leases, wells, facilities and pipelines. The Corporation budgets for and recognizes as a liability the estimated present value of the future decommissioning liabilities associated with its oil and natural gas properties and equipment, including wells sites, processing facilities and gathering systems (see Note 9 – *Decommissioning Obligations* of the Corporation's audited annual financial statements for the year ended December 31, 2015). There are no unusually significant abandonment and reclamation costs associated with its properties to which reserves have been attributed.

Future Development Costs

The following table sets forth the future development costs that have been deducted in the estimation of future net revenue attributable to the Corporation's reserves estimated by Deloitte in the 2015 Reserves Evaluation using the Deloitte Price Forecast and calculated without discount.

Future Development Costs
(Forecast Prices and Costs)

	Proved *(MM$)*	**Proved Plus Probable** *(MM$)*
2016	196.2	197.9
2017	285.8	320.7
2018	376.5	474.6
2019	296.0	585.3
2020	353.6	481.4
Thereafter	303.1	1,031.2
Total undiscounted	1,811.1	3,091.1

The Corporation expects to be able to fund the development costs required in the future primarily from working capital, internally generated cash flow, existing credit facilities and access to debt. Interest and other costs of external funding are not included in the future net revenue estimates. The Corporation does not expect any inordinate costs to be associated with such funding sources.

There can be no guarantee that funds will be available or that the Corporation will allocate funding to develop all of the reserves attributed in the 2015 Reserves Evaluation. Failure to develop those reserves would have a negative impact on future production and cash flow estimated by Deloitte.

Other Oil and Gas Information

Oil and Gas Properties and Wells

The Corporation's important properties and facilities are described under the heading *"Description of the Business".*

The following table sets forth the Corporation's producing and non-producing oil and natural gas wells as at December 31, 2015, all of which are in Alberta.

Producing and Non-Producing Wells as at December 31, 2015[1]

	Oil Wells				Natural Gas Wells			
	Producing		Non-producing		Producing		Non-producing	
	Gross	*Net*	*Gross*	*Net*	*Gross*	*Net*	*Gross*	*Net*
Alberta	231	195.6	117	89.4	223	206.6	150	102.2

Note:

(1) Does not include water injection wells, service wells, capped wells and wells that have not been categorized as either oil wells or natural gas wells.

Properties with No Attributed Reserves

As at December 31, 2015, the Corporation held 426,012.6 (398,412.7 net) acres of undeveloped land. The Corporation has 97,758.1 (97,758.1 net) acres where the rights to explore, develop and exploit are expected to expire prior to the end of 2016. The Corporation expects that the majority of this acreage will expire; however, such expiries will not materially affect the reserves attributable to Birchcliff's lands.

Significant Factors or Uncertainties Relevant to Properties with No Attributed Reserves

There are several economic factors and significant uncertainties that affect the anticipated development of the Corporation's properties with no attributed reserves. The Corporation will be required to make substantial capital expenditures in order to prove, exploit, develop and produce oil and natural gas from these properties in the future. If the Corporation's cash flow from operations is not sufficient to satisfy its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or, if available, that the terms will be acceptable to the Corporation. Failure to obtain such financing on a timely basis could cause the Corporation to forfeit its interest in certain properties, miss certain opportunities and reduce its development. An inability of the Corporation to access sufficient capital for its exploration and development purposes could have a material adverse effect on the Corporation's ability to execute its business strategy to develop its prospects.

The significant economic factors that affect the Corporation's future development of its lands to which no reserves have been attributed are:

(i) future commodity prices for crude oil and natural gas (and the Corporation's outlook relating to such prices);

(ii) the future capital costs of drilling, completing, tying in and equipping the wells necessary to develop such lands at the relevant times;

(iii) the future costs of operating wells at the relevant times; and

(iv) the levels of royalties applicable to productions from such lands.

The significant uncertainties that affect the Corporation's development of its lands to which no reserves have been attributed are:

(i) the ability of the Corporation to obtain the capital necessary to fund the development of such lands at the relevant times;

(ii) the future drilling and completion results the Corporation achieves in its development activities (e.g. with respect to the development of particular intervals or geographic areas, the uncertainty would be whether the initial drilling completion results are sufficient to justify the development of such interval or geographic area);

(iii) drilling and completion results achieved by others on lands in proximity to the Corporation's lands;

(iv) transportation and processing infrastructure becoming available in a timeline consistent with the Corporation's development plans;

(v) the availability of regulatory approvals for development of the lands and the necessary infrastructure; and

(vi) governmental actions and future changes to applicable regulatory or royalty regimes that affect timing or economics of proposed development activities.

All of these uncertainties have the potential to delay the development of such lands. On the other hand, uncertainty as to the timing and nature of the evolution or development of better exploration, drilling, completion and production technologies have the potential to accelerate development activities and enhance the economics relating to the development of such lands.

There are no unusually significant abandonment and reclamation costs associated with its properties to which no reserves have been attributed.

For a description of the Corporation's contingent and prospective resources, including a discussion of the development plans for the Corporation's development pending contingent resource projects and the contingencies which prevent the Corporation's contingent resources from being classified as reserves, see Appendix A to this Annual Information Form. See also "*Risk Factors*" in this Annual Information Form.

Forward Contracts

As at December 31, 2015, the Corporation had no financial derivatives in place and the Corporation was not otherwise a party to or otherwise bound by any agreement under which it may be precluded from fully realizing, or may be protected from the full effect of, future market prices for oil or gas.

Tax Horizon

The Corporation was not required to pay any cash income taxes for the year ended December 31, 2015. The Corporation estimates that based on current expenditure plans and the current price environment, no income taxes will become payable on the Corporation's income during 2016. If the Corporation continues to expend capital beyond its internally generated funds flow, it is likely that the Corporation will not become taxable within the next five years as long as such expenditures continue and commodity prices remain consistent with today's environment.

Costs Incurred

The following table sets forth the Corporation's property acquisition costs for proved properties and unproved properties, exploration costs and development costs for the year ended December 31, 2015.

2015 Acquisition, Exploration and Development Costs

Acquisition Costs			
Proved Properties *(MM$)*	**Unproved Properties *(MM$)***	**Exploration Costs *(MM$)***	**Development Costs *(MM$)***
-	-	25.1	231.9

Exploration and Development Activities

The following table sets forth a summary of the exploratory and development wells that were completed by the Corporation during the year ended December 31, 2015.

2015 Exploration and Development Activities

	Exploratory Wells		Development Wells		Total	
	Gross	***Net***	***Gross***	***Net***	***Gross***	***Net***
Oil Wells	-	-	2.0	1.5	2.0	1.5
Natural Gas Wells	-	-	29.0	29.0	29.0	29.0
Service Wells	1.0	1.0	-	-	1.0	1.0
Stratigraphic Test Wells	-	-	-	-	-	-
Dry Holes	-	-	-	-	-	-
Total	1.0	1.0	31.0	30.5	32.0	31.5

The Corporation's most important current and likely exploration and development activities for 2016 will focus on the drilling of wells on the Montney/Doig Natural Gas Resource Play and the funding of key infrastructure required for future growth, including the PCS Gas Plant. The 2016 Revised Capital Budget contemplates the drilling of 13 (13.0 net) wells, which includes the drilling of 12 (12.0 net) horizontal natural gas wells on the Montney/Doig Natural Gas Resource Play.

Birchcliff will monitor economic conditions and commodity prices and, where deemed prudent, will adjust the 2016 Revised Capital Budget to respond to changes in commodity prices and other material changes in the assumptions underlying the 2016 Revised Capital Budget. Actual spending may vary due to a variety of factors, including commodity prices, economic conditions, results of operations and costs of labour, services and material.

Production Estimates

The following table sets forth Deloitte's forecast volumes of the Corporation's production from gross proved reserves and gross probable reserves as estimated in the 2015 Reserves Evaluation for the year ending December 31, 2016.

2016 Production Volume Estimates

	Light Crude Oil and Medium Crude Oil *(Mbbls)*	**Conventional Natural Gas *(MMcf)***	**Shale Gas *(MMcf)***	**NGL *(Mbbls)***	**Oil Equivalent *(Mboe)***
Gross Proved	1,178.8	5,200.0	79,300.0	711.9	15,974.0
Gross Probable	73.5	600.0	300.0	8.1	231.6

The estimated production volumes for the field that accounts for more than 20% of Deloitte's total forecast production for the year ending December 31, 2016 is set forth below.

2016 Production Volume Estimates for Important Field

Field Name	**Gross Proved Reserves *(Mboe)***	**Gross Probable Reserves *(Mboe)***
Pouce Coupe South	13,269.6	77.4

Production History

2015 Average Daily Production by Product Type

The following table sets forth, by product type, the Corporation's average gross daily production volumes, quarterly and for the year ended December 31, 2015.

2015 Quarterly Production History

	Three months ended				Year ended
Product Type	**March 31, 2015**	**June 30, 2015**	**September 30, 2015**	**December 31, 2015**	**December 31, 2015**
Light Crude Oil and Medium Crude Oil *(bbls/d)*	4,017	3,736	3,554	3,530	3,707
Shale Gas *(Mcf/d)*	195,935	198,714	199,746	211,127	201,418
NGL *(bbls/d)*	1,743	1,634	1,588	1,727	1,673
Total *(boe/d)*	38,416	38,489	38,433	40,445	38,950

2015 Annual Production by Product Type

The following table sets forth the Corporation's annual production volumes for the year ended December 31, 2015 by product type, for each of the fields comprising more than 10% of the Corporation's total production.

2015 Production Volumes

	Light Crude Oil and Medium Crude Oil ***(bbls)***	**Shale Gas** ***(Mcf)***[(1)]	**NGL** ***(bbls)***	**Oil Equivalent** ***(boe)***
Worsley	984,650	2,993,886	38,569	1,522,201
Pouce Coupe South	133,123	64,355,866	509,750	11,368,851
Total Annual Production Volumes	1,117,773	67,349,752	548,319	12,891,052

Note:

(1) Conventional natural gas volumes have been included in the shale gas volumes as conventional natural gas volumes represented less than 1% of the Corporation's total corporate natural gas production in 2015 and are therefore not considered material.

2015 Price Received, Royalties Paid, Production Costs and Netbacks

The following table sets forth, by product type, the prices received, royalties paid, production costs incurred, transportation and marketing costs incurred and the resulting netback (with and without royalty income) on a per unit of volume basis, quarterly and for the year ended December 31, 2015.

2015 Quarterly Price, Royalty, Production Cost and Netback History

	Three months ended				Year ended
	March 31, 2015	**June 30, 2015**	**September 30, 2015**	**December 31, 2015**	**December 31, 2015**
Light Crude Oil and Medium Crude Oil *($/bbl)*					
Price Received	47.66	64.93	52.91	49.36	53.68
Royalties Paid	(4.49)	(3.97)	(5.21)	(5.08)	(4.67)
Production Costs	(12.78)	(14.51)	(12.56)	(13.19)	(13.27)
Transportation and Marketing	(7.87)	(7.27)	(8.05)	(7.87)	(7.77)
Netback	22.52	39.18	27.09	23.22	27.97
Royalty Income	0.01	0.10	0.13	0.03	0.07
Netback Including Royalty Income	22.53	39.28	27.22	23.25	28.04
Shale Gas *($/Mcf)* (1)					
Price Received	2.98	2.86	3.12	2.67	2.90
Royalties Paid	(0.03)	0.01	(0.04)	(0.06)	(0.03)
Production Costs	(0.70)	(0.57)	(0.59)	(0.55)	(0.60)
Transportation and Marketing	(0.33)	(0.32)	(0.31)	(0.30)	(0.31)
Netback	1.92	1.97	2.18	1.77	1.96
Royalty Income	0.00	0.00	0.00	0.00	0.00
Netback Including Royalty Income	1.92	1.97	2.18	1.77	1.96
NGL *($/bbl)*					
Price Received	46.45	59.57	49.42	47.98	50.76
Royalties Paid	(4.50)	(5.93)	(4.18)	(4.79)	(4.85)
Production Costs	(4.40)	(3.69)	(3.69)	(3.43)	(3.79)
Transportation and Marketing	(2.07)	(2.03)	(1.96)	(1.86)	(1.98)
Netback	35.48	47.92	39.59	37.90	40.14
Royalty Income	0.02	0.04	0.04	0.02	0.03
Netback Including Royalty Income	35.50	47.96	39.63	37.92	40.17

Note:

(1) Conventional natural gas volumes have been included in the shale gas volumes as conventional natural gas volumes represented less than 1% of the Corporation's total corporate natural gas production in 2015 and are therefore not considered material.

RISK FACTORS

The Corporation's operations are exposed to a number of risks, some that impact the oil and natural gas industry as a whole and others that are unique to the Corporation. The impact of any risk or a combination of risks may adversely affect the Corporation's business, financial condition, results of operations, prospects, cash flow and reputation, which may reduce or restrict the Corporation's ability to pay Preferred Share dividends and may materially affect the market price of the Corporation's securities. The Corporation's approach to risk management includes an annual review of principal and emerging risks, an analysis of the severity and likelihood of each risk and an evaluation of the effectiveness of current mitigation procedures.

Investors should carefully consider the risk factors set out below and consider all other information contained herein and in the Corporation's other public filings before making an investment decision. The risks set out below are not an exhaustive list and should not be taken as a complete summary or description of all the risks associated with the Corporation's business and the oil and natural gas business generally.

Financial Risks and Risks Relating to Economic Conditions

Commodity Price Volatility and Weakness in the Oil and Gas Industry

The Corporation's revenues, operating results and financial condition are substantially dependent upon the prices that it receives for oil, natural gas and NGL and the prices that it receives for such products is closely correlated to the price of crude oil and natural gas. Historically, crude oil and natural gas markets have been volatile and are likely to continue to be volatile in the future. Crude oil and natural gas prices have fluctuated widely during recent years and are subject to fluctuations in response to changes in supply, demand, market uncertainty and other factors that are beyond the Corporation's control. These factors include, but are not limited to:

- global energy policy, including (without limitation) the ability of OPEC to set and maintain production levels and influence prices for crude oil;
- political instability and hostilities;
- domestic and foreign supplies of crude oil;
- the overall level of energy demand;
- weather conditions;
- government regulations;
- taxes;
- currency exchange rates;
- the availability of refining capacity and transportation infrastructure;
- the effect of worldwide environmental and/or energy conservation measures;
- the price and availability of alternative energy supplies; and
- the overall economic environment.

Through the latter half of 2014 and into 2016, the price for crude oil has declined significantly. In addition, recent prices for natural gas have declined substantially from 2015 levels. Recent market events and conditions, including global excess oil and natural gas supply, recent actions taken by OPEC, slowing growth in China and other emerging economies, market volatility and disruptions in Asia, and sovereign debt levels in various countries, have caused significant weakness and volatility in commodity prices. These events and conditions have caused a significant decrease in the valuation of oil and natural gas companies and a decrease in confidence in the oil and natural gas industry. These difficulties have been exacerbated in Canada by the recent changes in government at a federal level and, in case of Alberta, the provincial level and the resultant uncertainty surrounding regulatory, tax and royalty changes that may be implemented by the new governments. In addition, the inability to get the necessary approvals to build pipelines and other facilities to provide better access to markets for the oil and natural gas industry in western Canada has led to additional uncertainty and reduced confidence in the oil and natural gas industry in western Canada.

Any prolonged period of low crude oil or natural gas prices could result in a decision by the Corporation to suspend or slow exploration and development activities, the construction or expansion of new or existing facilities or reduce production levels. Any such actions could have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects and ultimately on the market price of the Corporation's securities, the Corporation's ability to pay dividends on the Series A Preferred Shares and Series C Preferred Shares and on the value of the Corporation's reserves.

Volatility in oil and natural gas prices makes it difficult to estimate the value of producing properties for acquisitions and often causes disruption in the market for oil and natural gas producing properties, as buyers and sellers may have difficultly agreeing on the value of such properties. Price volatility also makes it difficult to budget for and project the return on acquisitions and development and exploitation projects.

The Corporation's financial performance also depends on revenues from the sale of commodities which differ in quality and location from underlying commodity prices quoted on financial exchanges. Of particular importance are the price differentials between the Corporation's light/medium oil and natural gas and quoted market prices. Not only are these discounts influenced by regional supply and demand factors, they are also influenced by other factors such as transportation costs, capacity and interruptions and the quality of the oil and natural gas produced, all of which are beyond the Corporation's control.

The Corporation's reserves as at December 31, 2015 are estimated using forecast prices and costs. These prices are substantially above current crude oil and natural gas prices. If crude oil and natural gas prices stay at current levels, the Corporation's reserves may be substantially reduced as economic limits of developed reserves are reached earlier and undeveloped reserves become uneconomic at such prices. Even if some reserves remain economic at lower price levels, sustained low prices may compel the Corporation to re-evaluate its development plans and reduce or eliminate various projects with marginal economics. In addition, lower commodity prices have restricted, and are anticipated to continue to restrict, the Corporation's cash flow. The Corporation's capital expenditure plans are impacted by the Corporation's cash flow. If commodity prices continue to deteriorate and the Corporation reduces its capital expenditures, the Corporation may not be able to replace its production with additional reserves and both its production and reserves could be reduced on a year-over-year basis.

Birchcliff conducts an assessment of the carrying value of its assets to the extent required by International Financial Reporting Standards. If forecasted oil or natural gas prices decline, the carrying value of the Corporation's assets could be subject to downward revision, and the Corporation's earnings could be adversely affected by any reduction in such carrying value.

Additional Funding Requirements and Access to Credit Markets

Due to the nature of the Corporation's business, it is necessary from time to time for the Corporation to access other sources of capital beyond its internally generated cash flow in order to fund its acquisition, exploration and development activities. As part of this strategy, the Corporation obtains some of this necessary capital by incurring debt; therefore, the Corporation is dependent to a certain extent on continued availability of the credit markets. The continued availability of the credit markets for the Corporation is primarily dependent on the state of the economy and the health of the banking industry in Canada and the United States. There is a risk that if the economy and banking industry experienced unexpected or prolonged deterioration, the Corporation's access to credit markets may contract or disappear altogether. The Corporation tries to mitigate this risk by dealing with reputable lenders and tries to structure its lending agreements to give it the most flexibility possible should these situations arise. However, situations that give rise to credit markets tightening or disappearing are largely beyond the Corporation's control.

Due to the conditions in the oil and natural gas industry and/or global economic volatility, the Corporation may from time to time have restricted access to capital and increased borrowing costs. The current conditions in the oil and natural gas industry have negatively impacted the ability of oil and natural gas companies to access additional financing. Failure to obtain such financing on a timely basis could cause the Corporation to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations. Continued depressed oil and natural gas prices have caused decreases, and may cause further decreases, in the Corporation's revenues from its reserves, which may affect its ability to expend the necessary capital to replace its reserves or to maintain its production. To the extent that external sources of capital become limited, unavailable or available on onerous terms, the Corporation's ability to make capital investments and maintain existing assets may be impaired, and its assets, liabilities, business, financial condition and results of operations may be affected materially and adversely as a result. In addition, the future development of the Corporation's petroleum properties may require additional financing and there are no assurances that such financing will be available or, if available, will be available upon acceptable terms. Failure to obtain any financing necessary for the Corporation's capital expenditure plans may result in a delay in development or production on the Corporation's properties.

The Corporation is also dependent, to a certain extent, on continued access to equity capital markets. The Common Shares are listed on the TSX and management maintains an active investor relations program. In addition to the other factors outlined herein, continued access to capital is dependent on the Corporation's ability to continue to perform at a level that meets market expectations.

Issuance of Debt

From time to time, the Corporation may enter into transactions to acquire assets or shares of other organizations. These transactions may be financed in whole or in part with debt, which may increase the Corporation's debt levels above industry standards for oil and natural gas companies of similar size. Depending on future exploration and development plans, the Corporation may require additional debt financing that may not be available or, if available, may not be available on favourable terms. Neither the Corporation's articles nor its by-laws limit the amount of indebtedness that the Corporation may incur. The level of the Corporation's indebtedness from time to time could impair the Corporation's ability to obtain additional financing on a timely basis to take advantage of business opportunities that may arise.

Credit Facilities

The amount authorized under the Credit Facilities is dependent on the borrowing base determined by the Corporation's lenders. As at December 31, 2015, the borrowing base limit under the Credit Facilities is $800 million and long-term bank debt is $622.1 million. The Credit Facilities are subject to a semi-annual review of the borrowing base limit by Birchcliff's syndicate of lenders, which limit is directly impacted by the value of Birchcliff's oil and natural gas reserves. The Corporation's lenders use the Corporation's reserves, commodity prices, applicable discount rate and other factors to determine the Corporation's borrowing base. A material decline in commodity prices could result in a reduction in the Corporation's borrowing base, thereby reducing the funds available to the Corporation under the Credit Facilities. As the borrowing base is determined based on the lender's interpretation of the Corporation's reserves and future commodity prices, there can be no assurance as to the amount of the borrowing base determined at each review. In addition, the lenders are able to request one additional borrowing base redetermination in between scheduled redeterminations and the borrowing base may be reduced in connection with asset dispositions. If, at the time of a borrowing base redetermination, the outstanding borrowings under the Credit Facilities were to exceed the borrowing base as a result of any such recalculation, the Corporation would be required to eliminate this excess. If the Corporation is forced to repay a portion of its indebtedness under the Credit Facilities, it may not have sufficient funds to make such repayments. If it does not have sufficient funds and is otherwise unable to negotiate renewals of its borrowings or arrange new financing, it may have to sell significant assets. Any such sale could have a material adverse effect on the Corporation's business and financial results.

The maturity date of the Credit Facilities is May 11, 2018. The Corporation may each year, at its option, request an extension to the maturity date of the Syndicated Credit Facility and the Working Capital Facility, or either of them, for an additional period of up to three years from May 11 of the year in which the extension request is made. In the event that either of the Credit Facilities is not extended before the maturity date, all outstanding indebtedness under such Credit Facility will be repayable at the maturity date. There is also a risk that the Credit Facilities will not be renewed for the same principal amount or on the same terms. Any of these events could adversely affect the Corporation's ability to fund its ongoing operations and to pay dividends on the Series A Preferred Shares and Series C Preferred Shares.

The Corporation is required to comply with covenants under the Credit Facilities. In the event that the Corporation does not comply with these covenants, the Corporation's access to capital could be restricted or repayment could be required. Events beyond the Corporation's control may contribute to the failure of the Corporation to comply with such covenants. A failure to comply with covenants could result in default under the Credit Facilities, which could result in the Corporation being required to repay amounts owing thereunder. Even if the Corporation is able to obtain new financing, it may not be on commercially reasonable terms or terms that are acceptable to the Corporation. If the Corporation is unable to repay amounts owing under the Credit Facilities, the lenders under the Credit Facilities could proceed to foreclose or otherwise realize upon the collateral granted to them to secure the indebtedness. The acceleration of the Corporation's indebtedness under one agreement may permit acceleration of indebtedness under other agreements that contain cross default or cross-acceleration provisions. In addition, the Credit Facilities impose certain restrictions on the Corporation, including, but not limited to, restrictions on the payment of dividends, incurring of additional indebtedness, dispositions of properties and the entering into of amalgamations, mergers, plans of arrangements, reorganizations or consolidations with any person.

Dividends

Dividends on the Corporation's Series A Preferred Shares and Series C Preferred Shares are payable at the discretion of the Board. The Corporation may not declare or pay a dividend if there are reasonable grounds for believing that: (i) the Corporation is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realizable value of the Corporation's assets would thereby be less than the aggregate of its liabilities and stated capital of its outstanding shares. Additionally, pursuant to the Credit Facilities, Birchcliff is not permitted to make any distribution (which includes dividends) at any time when an event of default exists or would reasonably be expected to exist upon making such distribution, unless such event of default arose subsequent to the ordinary course declaration of the applicable distribution.

The Corporation has never paid any dividends on its Common Shares or made distributions to holders of Common Shares. Any decision to declare and pay dividends will be made at the discretion of the Board and will depend on, among other things, the cash flow, results of operations and financial condition of the Corporation, current and future capital requirements, working capital requirements, commodity prices and the Corporation's outlook for commodity prices, contractual restrictions, financing agreement covenants, liquidity and solvency tests imposed by corporate law and other factors that the Board may deem relevant.

See *"Dividend and Distribution Policy"* in this Annual Information Form.

Hedging

From time to time, the Corporation may enter into agreements to receive fixed prices on its oil and natural gas production to offset the risk of revenue losses if commodity prices decline. However, to the extent that the Corporation engages in price risk management activities to protect it from commodity price declines, the Corporation may also be prevented from realizing the full benefits of price increases above the levels of the derivative instruments used to manage price risk. In addition, the Corporation's hedging arrangements may expose it to the risk of financial loss in certain circumstances, including instances in which:

- production falls short of the hedged volumes or prices fall significantly lower than projected;
- there is a widening of price-basis differentials between delivery points for production and the delivery point assumed in the hedge arrangement;
- the counterparties to the hedging arrangements or other price risk management contracts fail to perform under those arrangements; or
- a sudden unexpected event materially impacts oil and natural gas prices.

Similarly, from time to time the Corporation may enter into agreements to fix the exchange rate of Canadian to United States dollars in order to offset the risk of revenue losses if the Canadian dollar increases in value compared to the United States dollar. However, if the Canadian dollar declines in value compared to the United States dollar, the Corporation will not benefit from the fluctuating exchange rate.

During the year ended December 31, 2015, the Corporation had no financial derivatives in place.

Counterparty Credit Risk

The Corporation may be exposed to third-party credit risk through its contractual arrangements with its current or future joint venture partners, marketers of its petroleum and natural gas production and other parties. In addition, the Corporation may be exposed to third party credit risk from operators of properties in which the Corporation has a working or royalty interest. In the event such entities fail to meet their contractual obligations to the Corporation, such failures may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. In addition, poor credit conditions in the industry and of joint venture partners may affect a joint venture partner's willingness to participate in the Corporation's ongoing capital program, potentially delaying the program and the results of such program until the Corporation finds a suitable alternative partner. To the extent that any of such third parties go bankrupt, become insolvent or make a proposal or institute any proceedings relating to bankruptcy or insolvency, it could result in the Corporation being unable to collect all or portion of any money owing from such parties. Any of these factors could materially adversely affect the Corporation's financial and operational results.

Variations in Foreign Exchange Rates and Interest Rates

World oil and natural gas prices are quoted in United States dollars. The Canadian/United States dollar exchange rate, which fluctuates over time, consequently affects the price received by Canadian producers of oil and natural gas. Material increases in the value of the Canadian dollar relative to the United States dollar may negatively affect the Corporation's production revenues. Future Canadian/United States exchange rates could also impact the future value of the Corporation's reserves as determined by independent evaluators. Although a low value of the Canadian dollar relative to the United States dollar may positively affect the price the Corporation receives for its oil and natural gas production, it could also result in an increase in the price for certain goods used for the Corporation's operations, which may have a negative impact on the Corporation's financial results.

To the extent that the Corporation engages in risk management activities related to foreign exchange rates, there is a credit risk associated with counterparties with which the Corporation may contract. The Corporation has not hedged any of its foreign exchange risk at the date hereof. See *"– Hedging"* in this Annual Information Form.

An increase in interest rates could result in a significant increase in the amount the Corporation pays to service debt, resulting in a reduced amount available to fund its exploration and development activities, and if applicable, the cash available for dividends and could negatively impact the market price of the Corporation's securities.

Business and Operational Risks

Exploration, Development and Production

Oil and natural gas operations involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long-term commercial success of the Corporation depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. Without the continual addition of new reserves, any existing reserves the Corporation may have at any particular time and the production therefrom, will decline over time as such existing reserves are exploited. A future increase in the Corporation's reserves will depend on both the ability of the Corporation to explore and develop its existing properties and its ability to select and acquire suitable producing properties or prospects. There is no assurance that the Corporation will be able continue to find satisfactory properties to acquire or participate in. Moreover, management of the Corporation may determine that current markets, terms of acquisition, participation or pricing conditions make potential acquisitions or participations uneconomic. There is also no assurance that the Corporation will discover or acquire further commercial quantities of oil and natural gas. In addition, the success of the Corporation's business is highly dependent on its ability to acquire or discover new reserves in a cost efficient manner as substantially all of the Corporation's cash flow is derived from the sale of the petroleum and natural gas reserves that it accumulates and develops. In order to remain financially viable, the Corporation must be able to replace reserves over time at a lesser cost on a per unit basis than its cash flow on a per unit basis.

The Corporation remains subject to the risk that the production rate of a significant well may decrease in an unpredictable and uncontrollable manner, which could result in a decrease in the Corporation's overall production and associated cash flows. The Corporation mitigates this risk by having a large number of wells on production, reducing the ability of any one well to materially affect overall production and associated cash flow.

Future oil and natural gas exploration may involve unprofitable efforts from dry wells as well as from wells that are productive but do not produce sufficient petroleum substances to return a profit after drilling, completing (including hydraulic fracturing), operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs.

Drilling hazards, environmental damage and various field operating conditions could greatly increase the cost of operations and adversely affect the production from successful wells. Field operating conditions include, but are not limited to, delays in obtaining governmental approvals or consents, and shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. While diligent well supervision and effective maintenance operations can contribute to maximizing production rates over time, it is not possible to eliminate production delays and declines from normal field operating conditions, which can negatively affect revenue and cash flow levels to varying degrees.

Oil and natural gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including, but not limited to, fire, explosion, blowouts, cratering, sour gas releases, spills and other environmental hazards. These typical risks and hazards could result in substantial damage to oil and natural gas wells, production facilities, other property, the environment and personal injury. Particularly, the Corporation may explore for and produce sour natural gas in certain areas. An unintentional leak of sour natural gas could result in personal injury, loss of life or damage to property and may necessitate an evacuation of populated areas, all of which could result in liability to the Corporation.

Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations. Losses resulting from the occurrence of any of these risks may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

As is standard industry practice, the Corporation is not fully insured against all risks, nor are all risks insurable. Although the Corporation maintains liability insurance in an amount that it considers consistent with industry practice, liabilities associated with certain risks could exceed policy limits or not be covered. In either event, the Corporation could incur significant costs. See *"– Other Risks – Insurance"* in this Annual Information Form.

Project Risks

The Corporation manages a variety of small and large projects in the conduct of its business. Project delays may delay expected revenues from operations. Significant project cost over-runs could make a project uneconomic. The Corporation's ability to execute projects and market oil and natural gas depends upon numerous factors beyond the Corporation's control, including:

- the availability of processing capacity;
- the availability and proximity of pipeline capacity;
- the availability of storage capacity;
- the availability of, and the ability to acquire, water supplies needed for drilling and hydraulic fracturing, or the Corporation's ability to dispose of water used or removed from strata at a reasonable cost and in accordance with applicable environmental regulations;
- the supply of and demand for oil and natural gas;
- the availability of alternative fuel sources;
- the effects of inclement weather;
- the availability of drilling and related equipment;
- unexpected cost increases;
- accidental events;
- currency fluctuations;
- regulatory changes;
- the availability and productivity of skilled labour; and
- the regulation of the oil and natural gas industry by various levels of government and governmental agencies.

Because of these factors, the Corporation could be unable to execute projects on time, on budget, or at all, and may be unable to effectively market the oil and natural gas that it produces.

Gathering and Processing Facilities and Pipeline Systems

The Corporation delivers its products through gathering and processing facilities and pipeline systems, some of which it does not own. The amount of oil and natural gas that the Corporation can produce and sell is subject to the accessibility, availability, proximity and capacity of these gathering and processing facilities and pipeline systems. The lack of availability of capacity in any of the gathering and processing facilities and pipeline systems could result in the Corporation's inability to realize the full economic potential of its production or in a reduction of the price offered for the Corporation's production. Although pipeline expansions are ongoing, the lack of firm pipeline capacity continues to affect the oil and natural gas industry and limit the ability to produce and market oil and natural gas production. In addition, the pro-rationing of capacity on inter-provincial pipeline systems continues to affect the ability to export oil and natural gas. Unexpected shut downs or curtailment of capacity of pipelines for maintenance or integrity work or because of actions taken by regulators could also affect the

Corporations production, operations and financial results. Any significant change in market factors or other conditions affecting these infrastructure systems and facilities, as well as any delays in constructing new infrastructure systems and facilities could harm the Corporation's business and, in turn, the Corporation's financial condition, results of operations and cash flows. The federal government has signaled that it plans to review the National Energy Board approval process for large projects. This may cause the timeframe for project approvals to increase for current and future applications.

The majority of the Corporation's production passes through Birchcliff owned or third party infrastructure prior to it being ready for transfer at designated commodity sales points. There is a risk that should this infrastructure fail and cause a significant portion of the Corporation's production to be shut-in and be unable to be sold, this could have a material adverse effect on the Corporation's available cash flow. With respect to facilities owned by third parties and over which the Corporation has no control, these facilities may discontinue or decrease operations either as a result of normal servicing requirements or as a result of unexpected events. A discontinuation or decrease of operations could have a material adverse effect on the Corporation's ability to process its production and deliver the same for sale.

Hydraulic Fracturing

Hydraulic fracturing is the process of pumping a fluid or a gas under pressure down a well, which causes the surrounding rock to crack or fracture. The fluid, typically consisting of water, sand, chemicals and other additives, flows into the cracks where the sand remains to keep the cracks open and allow natural gas or liquids to be recovered. Fracturing fluids are produced back to the surface through the wellbore and are stored for reuse or future disposal in accordance with applicable regulations, which may include injection into underground wells.

While hydraulic fracturing has been in use and improved upon for many years, there has been increased focus on environmental aspects of hydraulic fracturing practices in recent years. In the United States, the process is regulated by state and local governments, but the United States Environmental Protection Agency is considering undertaking a broad study as it pertains to the national *Clean Water Act* (United States). Any U.S. rules on hydraulic fracturing could influence other jurisdictions' regulations and force oil and natural gas companies, including the Corporation, to cease using the process or to add pollution control technology to their operations. Increased regulation and attention given to the hydraulic fracturing process could lead to greater opposition, including litigation, to oil and natural gas production activities using hydraulic fracturing techniques. Additional legislation or regulation could also lead to operational delays or increased operating costs in the production of oil, natural gas and NGL or could make it more difficult to perform hydraulic fracturing. The adoption of additional federal, provincial or local laws or the implementation of regulations regarding hydraulic fracturing could potentially cause a decrease in the completion of new oil and natural gas wells, increased compliance costs and time, which could adversely affect the Corporation's financial position, results of operations and cash flows.

Effective December 2012, AER rules require that licensees comply with enhanced requirements to report amounts and sources of water and chemicals used in every hydraulic fracturing job. The AER requires that any hydraulic fracturing fluids used above the base of groundwater protection be non-toxic and that the operator reveal the contents of the fluids to the AER upon request. The AER also requires that the type and volume of all additives used in fracturing fluids be recorded in the daily record of operations for any well and such information must be submitted to the AER.

Uncertainty of Reserves and Resource Estimates

There are numerous uncertainties inherent in estimating quantities of oil, natural gas and NGL reserves and the future cash flows attributed to such reserves, including many factors beyond the control of the Corporation. The reserves and associated cash flow information set forth in this Annual Information Form are estimates only. In general, estimates of economically recoverable oil, natural gas and NGL reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, initial production rates, production decline rates, ultimate reserve recovery, the timing and amount of capital expenditures, the success of future development activities, future commodity prices, marketability of oil, natural gas and NGL, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially from actual results. For those reasons, estimates of the economically recoverable oil, natural gas and NGL reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves prepared by different engineers, or by the same engineer at different times, may vary substantially. The Corporation's actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates thereof and such variations could be material.

Estimates with respect to reserves that may be developed and produced in the future are often based upon volumetric calculations and upon analogy to similar types of reserves rather than actual production history. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history will result in variations in the estimated reserves, which may be substantial.

In accordance with applicable securities laws in Canada, the Corporation's independent qualified reserves evaluator has used forecast prices and costs in estimating the reserves and future net cash flows as summarized herein. Actual future net cash flows also will be affected by other factors such as actual production levels, supply and demand for oil and natural gas, curtailments or increases in consumption by oil and natural gas purchasers, changes in governmental regulations or taxation and the impact of inflation on costs.

Actual production and cash flows derived from the Corporation's reserves will vary from the estimates contained in the 2015 Reserves Evaluation and such variations could be material. The 2015 Reserves Evaluation is based in part on the expected success of activities the Corporation intends to undertake in future years. The reserves and estimated cash flows to be derived therefrom and contained in the 2015 Reserves Evaluation may be reduced to the extent that such activities do not achieve the expected level of success.

This Annual Information Form contains estimates of the volumes of the Corporation's contingent resources and prospective resources, as well as the net present value of the future net revenue associated with the best estimate of development pending contingent resources. The same uncertainties inherent in estimating quantities of reserves apply to estimating quantities of contingent resources. The uncertainty in estimating prospective resources is even greater. Actual results may vary significantly from these estimates and such variances could be material. In addition, there are contingencies that prevent contingent resources from being classified as reserves. With respect to the Corporation's contingent resources, there is uncertainty that it will be commercially viable to produce any portion of the resources. With respect to the Corporation's prospective resources, there is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.

Costs and Availability of Equipment and Services

Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to the Corporation and may delay exploration and development activities. During times of high commodity prices for oil and natural gas, there is a risk of substantially increased cost of operation, which impacts both the amount of capital required to perform operations and the netback the Corporation achieves from its production sales. Although the Corporation strives for continuous improvement in its planning, operations and procurement of materials, unexpected changes in the market for such equipment and services could negatively affect the Corporation's business, financial condition, results of operations and prospects.

Potential Future Drilling Locations

The Corporation's identified potential future drilling locations represent a significant part of the Corporation's growth strategy. The Corporation's ability to drill and develop these locations depends on a number of uncertainties and factors, including, but not limited to, the availability of capital, equipment and personnel, oil and natural gas prices, capital and operating costs, inclement weather, seasonal restrictions, drilling results, additional geological, geophysical and reservoir information that is obtained production rate recovery, gathering system and transportation constraints, net price received for commodities produced, regulatory approvals, regulatory changes. As a result of these uncertainties, there can be no assurance that the potential future drilling locations the Corporation has identified will ever be drilled or if the Corporation will be able to produce oil, NGL or natural gas from these or any other potential future drilling locations. As such, the Corporation's actual drilling activities may materially differ from those presently identified, which could adversely affect the Corporation's business.

Operational Dependence

Other companies operate some of the assets in which the Corporation has an interest. The Corporation has limited ability to exercise influence over the operation of those assets or their associated costs, which could adversely affect the Corporation's business, financial condition, results of operations and prospects. The Corporation's return on assets operated by others depends upon a number of factors that may be outside of the Corporation's control, including, but not limited to, the timing and amount of capital expenditures, the operator's expertise and financial resources, the approval of other participants, the selection of technology and risk management practices.

In addition, due to the current low and volatile commodity prices, many companies, including companies that may operate some of the assets in which the Corporation has an interest, may be in financial difficulty, which could impact their ability to fund and pursue capital expenditures, carry out their operations in a safe and effective manner and satisfy regulatory requirements with respect to abandonment and reclamation obligations. If companies that operate some of the assets in which the Corporation has an interest fail to satisfy regulatory requirements with respect to abandonment and reclamation obligations, the Corporation may be required to satisfy such obligations and to seek recourse from such companies. To the extent that any of such companies go bankrupt, become insolvent or make a proposal or institute any proceedings relating to bankruptcy or insolvency, it could result in such assets being shut-in, the Corporation potentially becoming subject to additional liabilities relating to such assets and the Corporation having difficulty collecting revenue due from such operators. Any of these factors could materially adversely affect the Corporation's financial and operational results.

Cost of New Technologies

The oil and natural gas industry is characterized by rapid and significant technological advancements and introductions of new products and services utilizing new technologies. Other oil and natural gas companies may have greater financial, technical and personnel resources that allow them to enjoy technological advantages and may in the future allow them to implement new technologies before the Corporation. There can be no assurance that the Corporation will be able to respond to such competitive pressures and implement such technologies on a timely basis or at an acceptable cost. One or more of the technologies currently utilized by the Corporation or implemented in the future may become obsolete. In such case, the Corporation's business, financial condition, results of operations and prospects could be affected adversely and materially. If the Corporation is unable to utilize the most advanced commercially available technology, its business, financial condition, results of operations and prospects could also be adversely affected in a material way.

Alternatives to and Changing Demand for Petroleum Products

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas and technological advances in fuel economy and energy generation devices could reduce the demand for oil, natural gas and other liquid hydrocarbons. The Corporation cannot predict the impact of changing demand for oil and natural gas products, and any major changes may have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Health, Safety and Environment

Health, safety and environmental risks influence the workforce, operating costs and the establishment of regulatory standards. These risks include, but are not limited to, encountering unexpected formations or pressures; premature declines of reservoirs; blow-outs; equipment failures; human error or wilful misconduct by field workers; other accidents such as, cratering, sour gas releases, uncontrollable flows of oil, natural gas or well fluid spills; adverse weather conditions, pollution, fires and other environmental risks. The Corporation provides staff with the training and resources they need to complete work safely and effectively; incorporates hazard assessment and risk management as an integral part of everyday operations; monitors performance to ensure its operations comply with legal obligations and internal standards; and identifies and manages environmental liabilities associated with its existing asset base. The Corporation has a site inspection program and a corrosion risk management program designed to ensure compliance with environmental laws and regulations. The Corporation carries insurance to cover a portion of property losses, liability to third parties and business interruption resulting from unusual events.

The Corporation is subject to the risk that the unexpected failure of its equipment used in drilling, completing or producing wells or in transporting production could result in release of fluid substances that pollute or contaminate lands at or near its facilities, which could result in significant liability to the Corporation for costs of clean up, remediation and reclamation of contaminated lands. The Corporation conducts its operations with due regard for the potential impact on the environment. This includes hiring skilled personnel, providing adequate training to all staff involved with operations, and by retaining expert advice and assistance to deal with environmental remediation and reclamation work where such expertise is needed.

Seasonality

The level of activity in the Canadian oil and natural gas industry is influenced by seasonal weather patterns. A mild winter or wet spring may result in limited access and, as a result, reduced operations or a cessation of operations. Consequently, municipalities and provincial transportation departments enforce road bans that restrict the movement of rigs and other heavy equipment, thereby reducing activity levels. Also, certain oil and gas producing areas are located in areas that are inaccessible other than during the winter months because the ground surrounding the sites in these areas consists of swampy terrain. Seasonal factors and unexpected weather patterns may lead to declines in exploration and production activity and corresponding declines in the demand for the goods and services of the Corporation.

Expiration of Licences and Leases

The Corporation's properties are held in the form of licences and leases and working interests in licences or leases held by others. If the Corporation or the holder of the licence or lease fails to meet specific requirements of a licence or lease, the licence or lease may terminate or expire. There can be no assurance that any of the obligations required to maintain each licence or lease will be met. The termination or expiration of licences or leases may have a material adverse effect on the business, financial condition, results of operations and prospects of the Corporation. To mitigate this risk, the Corporation carefully monitors its undeveloped land position and plans operations in order to keep key licences and leases from terminating or expiring.

Competition

The oil and natural gas industry is highly competitive, particularly as it pertains to the exploration for and development of new sources of oil and natural gas reserves. The industry also competes with other industries in supplying non-petroleum energy products. The Corporation actively competes for land, production and reserves acquisitions, exploration leases, licences and concessions and skilled technical and operating personnel with a substantial number of other oil and natural gas companies, many of which have greater financial resources, staff and facilities than the Corporation. Competitive factors in the distribution and marketing of oil and natural gas include price, methods, and reliability of delivery and storage. Competition may also be presented by alternate fuel sources.

All Assets in One Area

All of the Corporation's producing properties are geographically concentrated in the Peace River Arch area of Alberta. As a result of this concentration, the Corporation may be disproportionately exposed to the impact of delays or interruptions of production from that area caused by significant governmental regulation in Alberta, transportation capacity constraints, curtailment of production, natural disasters, availability of equipment, facilities or services, adverse weather conditions or other events which impact that area. Due to the concentrated nature of the Corporation's portfolio of properties, a number of the Corporation's properties could experience any of the same conditions at the same time, resulting in a relatively greater impact on the Corporation's results of operations than they might have on other companies that have a more diversified portfolio of properties. Such delays or interruptions could have a material adverse effect on the Corporation's financial condition and results of operations.

Expansion into New Activities

The operations and expertise of the Corporation's management are currently focused primarily on oil and natural gas production, exploration and development in Peace River Arch area of Alberta. In the future, the Corporation may acquire or move into new industry related activities or new geographical areas, may acquire different energy related assets, and as a result may face unexpected risks or alternatively, significantly increase the Corporations exposure to one or more existing risk factors, which may in turn result in the Corporation's future operational and financial conditions being adversely affected.

Environmental and Regulatory Risks

Environmental

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on the spill, release or emission of various substances produced in association with certain oil and natural gas industry operations. In addition, such legislation sets out the requirements with respect to oilfield waste handling and storage, habitat protection and the satisfactory operation, maintenance, abandonment and reclamation of well and facility sites.

Compliance with environmental legislation can require significant expenditures and a breach of applicable environmental legislation may result in the imposition of fines and penalties, some of which may be material, as well as the responsibility to remedy environmental problems caused by the Corporation's operations. A serious breach could result in the Corporation being required to suspend operations or enter into an interim compliance measure which may restrict the Corporation's ability to conduct operations. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require the Corporation to incur costs to remedy such discharge. Although the Corporation believes that it will be in material compliance with current applicable environmental legislation, no assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. See also *"– Changes in Legislation".*

Political and economic events may significantly affect the scope and timing of climate change measures that are put in place. Some of the Corporation's facilities may be subject to future provincial or federal climate change regulations to manage emissions and there can be no assurance that the compliance costs will be immaterial. The implementation of new environmental regulations or the modification of existing environmental regulations affecting the oil and natural gas industry generally could reduce demand for oil and natural gas and increase costs. See also *"– Changes in Legislation"* and *"– Climate Change".*

Regulatory

Various levels of governments impose extensive controls and regulations on oil and natural gas operations (including exploration, development, production, pricing, marketing and transportation). Governments may regulate or intervene with respect to exploration and production activities, prices, taxes, royalties and the exportation of oil and natural gas. Amendments to these controls and regulations may occur from time to time in response to economic or political conditions. The implementation of new regulations or the modification of existing regulations affecting the oil and natural gas industry could reduce demand for crude oil and natural gas and increase the Corporation's costs, either of which may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. In order to conduct oil and natural gas operations, the Corporation will require regulatory permits, licences, registrations, approvals and authorizations from various governmental authorities. There can be no assurance that the Corporation will be able to obtain all of the permits, licences, registrations, approvals and authorizations that may be required to conduct operations that it may wish to undertake. In addition to regulatory requirements pertaining to the production, marketing and sale of oil and natural gas mentioned above, the Corporation's business and financial condition could be influenced by federal legislation affecting, in particular, foreign investment, through legislation such as the *Competition Act* (Canada) and the *Investment Canada Act* (Canada).

Changes in Legislation

Government royalties, income tax laws, environmental laws and regulatory requirements can have a significant financial and operational impact on the Corporation. As an oil and natural gas producer, the Corporation is subject to a broad range of regulatory requirements. Negative consequences which could arise as a result of changes to the current regulatory environment include, but are not limited to, extraordinary environmental and emissions regulation of current and future projects by governmental authorities, which could result in changes to facility design and operating requirements, thereby potentially increasing the cost of construction, operation and abandonment. The Corporation hires and retains skilled personnel that are knowledgeable regarding changes to the regulatory regime under which it operates.

There can be no assurance that the federal government and the provincial government of Alberta will not adopt new royalty regimes or modify the existing royalty regimes which may have an impact on the economics of the Corporation's projects and could adversely affect the Corporation's results of operations, financial condition or prospects. An increase in royalties would reduce the Corporation's earnings and could make future capital investments, or the Corporation's operations, less economic. On January 29, 2016, the Government of Alberta released its Royalty Review Advisory Panel Report (the "**Royalty Review**"). The Royalty Review recommends new rules coming into effect in 2017, but also recommends grandfathering, under the current rules, all wells drilled before 2017 for a ten year period. The Royalty Review also recommends modernization of Alberta's royalty framework for crude oil, liquids and natural gas. The Government of Alberta has accepted the recommendations set out in the Royalty Review and additional details regarding the royalty framework, including the applicable royalty rates and formulas, are expected to be released by March 31, 2016. It is not anticipated that the new rules will materially impact the Corporation's financial condition; however, the specific nature in which the new rules will be applied has not yet been determined and may alter this view.

Climate Change

The Corporation's exploration and production facilities and other operations and activities emit greenhouse gases ("**GHG**"). Various federal and provincial governments have announced intentions to regulate GHG emissions and other air pollutants. Some of these regulations are in effect while others remain in various phases of review, discussion or implementation in the U.S. and Canada. Uncertainties exist relating to the timing and effects of these regulations. Additionally, lack of certainty regarding how any future federal legislation will harmonize with provincial regulations makes it difficult to accurately determine the cost estimate of climate change legislation compliance with certainty.

The *Specified Gas Emitters Regulation* (Alberta) (the "**SGER**"), which imposes GHG emissions intensity limits and reduction requirements for owners of facilities that emit 100,000 tonnes per year or more of GHG, was recently amended. Previously, an owner of such a facility was required to reduce the emissions intensity of that facility by a minimum of 12%. The amendments have increased the minimum emission intensity reduction requirement for facility owners to 15% in 2016 and 20% starting in 2017. One of the options for complying with the SGER is for facility owners to purchase technology fund credits. The amendments have increased the price for such credits from \$15/tonne to \$20/tonne for 2016 and \$30/tonne beginning in 2017. The Corporation is not currently subject to the SGER as Birchcliff does not currently emit more than 100,000 tonnes per year; however, should the Corporation emit more than 100,000 tonnes per year, it would be subject to such requirements.

The direct or indirect costs of compliance with these regulations may have a material adverse effect on the Corporation's business, financial results of operations and prospects. Any such regulations could also increase the cost of consumption and thereby reduce the demand for the oil, natural gas and NGL that the Corporation produces. Given the evolving nature of the debate related to climate change and the control of GHG, it is not possible to predict with certainty the impact on the Corporation and its operations and financial condition.

Alberta Climate Leadership Plan

In November 2015, the Alberta government announced its climate leadership plan (the "**CLP**") and released to the public the climate leadership report to the Minister of Environment and Parks (the "**Report**") that it commissioned from the Climate Change Advisory Panel and on which the CLP is based. The CLP includes four strategies that the government will implement to address climate change: (i) the complete phase-out of coal-fired sources of electricity by 2030; (ii) implementing an Alberta economy-wide price on GHG emissions of \$30 per tonne; (iii) reducing oil sands emissions to a province-wide total of 100 megatonnes per year (compared to current industry emissions levels of approximately 70 megatonnes per year), with certain exceptions for cogeneration power sources and new upgrading capacity; and (iv) reducing methane emissions from oil and gas activities by 45% by 2025. Uncertainties exist with respect to the implementation of the CLP and the effects that the CLP, including the overall emissions limit, may have on the industry.

Adverse impacts to the Corporation's business as a result of comprehensive GHG legislation or regulation, including legislation to implement the CLP and the amendments to the SGER, to be enacted and applied to the Corporation's business in Alberta or any jurisdiction in which the Corporation operates, may include, but are not limited to: increased compliance costs; permitting delays; substantial costs to generate or purchase emission credits or allowances adding costs to the products the Corporation produces; and reduced demand for crude oil and certain refined products. Emission allowances or offset credits may not be available for acquisition or may not be available on an economic basis. Required emission reductions may not be technically or economically feasible to implement, in whole or in part, and failure to meet such emission reduction requirements or other compliance mechanisms may have a material adverse effect on the Corporation's business resulting in, among other things, fines, permitting delays, penalties and the suspension of operations. Consequently, no assurances can be given that the effect of future climate change regulations will not be significant to the Corporation.

Beyond existing legal requirements, the extent and magnitude of any adverse impacts of any additional programs or additional regulations cannot be reliably or accurately estimated at this time because specific legislative and regulatory requirements have not been finalized and uncertainty exists with respect to the additional measures being considered and the time frames for compliance.

The Paris Agreement

Canada and 195 other countries that are members of the United Nations Framework Convention on Climate Change met in Paris, France in December, 2015, and signed the Paris Agreement on climate change. The stated objective of the Paris Agreement is to hold "the increase in global average temperature to well below 2 degrees Celcius above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5 degrees Celcius". Signatory countries agreed to meet every five years to review their individual progress on GHG emissions reductions and to consider amendments to individual country targets, which are not legally binding. Canada is required to report and monitor its GHG emissions, though details of how such reporting and monitoring will take place have yet to be determined. Additionally, the Paris Agreement contemplates that, by 2020, the parties will develop a new market-based mechanism related to carbon trading. It is expected that this mechanism will largely be based on the best practices and lessons learned from the Kyoto Protocol. The government of Canada has stated that it will develop and announce a Canada-wide approach to implementing the Paris Agreement in early 2016.

Mandatory emissions reduction requirements may result in increased operating costs and capital expenditures for oil and gas producers. The Corporation is unable to predict the impact of emissions reduction legislation on the Corporation and it is possible that such legislation may have a material adverse effect on the Corporation's financial condition, results of operations and prospects.

Liability Management Programs

The Alberta government has developed a liability management program designed to prevent taxpayers from incurring costs associated with suspension, abandonment, remediation and reclamation of wells, facilities and pipelines in the event that a licensee or permit holder becomes defunct. The program generally involves an assessment of the ratio of a licensee's deemed assets to deemed liabilities. If a licensee's deemed liabilities exceed its deemed assets, a security deposit is required. Although the Corporation does not currently have to post security under the existing program, changes to the ratio of the Corporation's deemed assets to deemed liabilities or changes to the requirements of the liability management program may result in the requirement for security to be posted in the future. In addition, the liability management program may prevent or interfere with the Corporation's ability to acquire or dispose of assets as both the vendor and the purchaser of oil and natural gas assets must be in compliance with the liability management programs (both before and after the transfer of the assets) for the applicable regulatory agency to allow for the transfer of such assets.

Other Risks

Volatility of Market Price of Securities

The trading price of securities of oil and natural gas issuers is subject to substantial volatility often based on factors related and unrelated to the financial performance or prospects of the issuers involved. The market price of the Corporation's securities may be volatile, which may affect the ability of holders to sell such securities at an advantageous price. Market price fluctuations in the Corporation's securities may be due to the Corporation's operating results failing to meet the expectations of securities analysts or investors in any quarter, downward revision in securities analysts' estimates, governmental regulatory action, adverse change in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Corporation or its competitors, along with a variety of additional factors, including, without limitation, those set forth under "*Advisories – Forward-Looking Information"*. In addition, the market price for securities in the stock markets, including the TSX, has recently experienced significant price and trading fluctuations. These fluctuations have resulted in volatility in the market prices of securities that are often unrelated or disproportionate to changes in operating performance. Factors unrelated to the Corporation's performance could include macroeconomic developments nationally, within North America or globally, domestic and global commodity prices or current perceptions of the oil and natural gas market. These broad market fluctuations may adversely affect the market prices of the Corporation's securities, and, as such, the price at which the Corporation's securities will trade cannot be accurately predicted.

Insurance

The Corporation obtains insurance in accordance with industry standards to address business risks. However, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, certain risks may not in all circumstances be insurable or, in certain circumstances, the Corporation may elect not to obtain insurance to deal with specific risks due to high premiums associated with such insurance or other reasons. The payment of such uninsured liabilities would reduce the funds available to the Corporation. The occurrence of a significant event that the Corporation is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on its business, financial condition, results of operations or prospects.

Management of Growth

The Corporation may be subject to growth-related risks, including capacity constraints and pressure on its internal systems and controls. An inability of the Corporation to effectively deal with this growth could have a material adverse impact on its business, financial condition, results of operations and prospects. Management mitigates this risk by continually implementing appropriate procedures and policies for its size, upgrading its systems, training its employees and providing effective supervision and management of its staff.

Reliance on Key Personnel

The Corporation's success depends, in large measure, on certain key personnel. The loss of the services of such key personnel could have a material adverse effect on the Corporation. The Corporation does not have "key person" insurance in effect for management and the contributions of these individuals to the Corporation's immediate operations is of central importance. In addition, the competition for qualified personnel in the oil and natural gas industry is intense and there can be no assurance that the Corporation will be able to continue to attract and retain all personnel necessary for the development and operation of its business. Shareholders must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the Corporation's management.

Litigation

In the normal course of the Corporation's operations, it may become involved in, be named as a party to, or be the subject of various legal proceedings, including regulatory proceedings, tax proceedings and legal actions, related to personal injuries, property damage, property tax, land rights, the environment and contract disputes. The outcome of outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely to the Corporation and as a result, could have a material adverse effect on the Corporation's assets, liabilities, business, financial condition and results of operations. Even if the Corporation prevails in any such legal proceeding, the proceeding could be costly and time-consuming and may divert the attention of management and key personnel from the Corporation's business operations. For specific disclosure of current legal proceedings, see *"Legal Proceedings and Regulatory Actions"* in this Annual Information Form.

Title to Assets

Although title reviews may be conducted prior to the purchase of oil and natural gas producing properties or the commencement of drilling wells, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise to defeat the Corporation's ownership claims. If a title defect does exist, this could result in the Corporation losing all or a portion of its right title and interest in and to the properties to which the title defects relate which may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. There may be valid challenges to title or legislative changes, which affect the Corporation's title to the oil and natural gas properties the Corporation controls that could impair the Corporation's activities on them and result in a reduction of the revenue received by the Corporation.

Aboriginal Claims

Aboriginal peoples have claimed aboriginal title and rights in portions of Western Canada. The Corporation is not aware that any claims have been made in respect of its properties or assets; however, the legal basis of an aboriginal land claim and aboriginal rights is a matter of considerable legal complexity and the impact of the assertion of such a claim, or the possible effect of a settlement of such claim, upon the Corporation cannot be predicted with any degree of certainty at this time. In addition, no assurance can be given that any recognition of aboriginal rights or claims whether by way of a negotiated settlement or by judicial pronouncement (or through the grant of an injunction prohibiting exploration or development pending resolution of any such claim) would not delay or even prevent the Corporation's exploration and development activities. If a claim arose and was successful, such claim may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Failure to Realize Anticipated Benefits of Acquisitions and Dispositions

The Corporation makes acquisitions and dispositions of properties and other assets in the ordinary course of business. Typically, once an opportunity is identified, a review of available information relating to the assets is conducted with most of the review effort being focused on the most significant assets. There is a risk that even a detailed review of records and assets may not necessarily reveal every existing or potential problem, nor will it permit the Corporation to become sufficiently familiar with the assets to fully assess their deficiencies and potential. Inspections may not always be performed on every well, and environmental problems, such as ground water contamination, are not necessarily observable even when an inspection is undertaken. Even when problems are identified, the Corporation may assume certain environmental and other risk liabilities in connection with acquired assets. There are numerous uncertainties inherent in estimating quantities of oil, natural gas and NGL reserves and actual future production rates and associated costs with respect to acquired properties, and actual results may vary substantially from those assumed in estimates.

Achieving the benefits of acquisitions depends on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner and the Corporation's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of the Corporation. The integration of acquired businesses may require substantial management effort, time and resources, diverting management's focus from other strategic opportunities and operational matters.

Management continually assesses the value of the Corporation's assets and may dispose of non-core assets so that the Corporation can focus its efforts and resources more efficiently. Depending on the state of the market, there is a risk that certain non-core assets could realize less than their carrying value in the Corporation's financial statements.

Internal Controls

Effective internal controls are necessary for the Corporation to provide reliable financial reports and to help prevent fraud. Although the Corporation undertakes a number of procedures in order to help ensure the reliability of its financial reports, including those imposed on it under Canadian securities laws, the Corporation cannot be certain that such measures will ensure that the Corporation will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Corporation's results of operations or cause it to fail to meet its reporting obligations. If the Corporation or its independent auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Corporation's financial statements and harm the trading price of the Corporation's securities.

Income Taxes

The Corporation files all required income tax returns and believes that it is in full compliance with the provisions of the *Income Tax Act* (Canada) and all other applicable provincial tax legislation. However, such returns are subject to reassessment by the applicable taxation authority. In the event of a successful reassessment of the Corporation, whether by re-characterization of exploration and development expenditures or otherwise, such reassessment may have an impact on current and future taxes payable.

Income tax laws relating to the oil and natural gas industry, such as the treatment of resource taxation or dividends, may in the future be changed or interpreted in a manner that adversely affects the Corporation. Furthermore, tax authorities having jurisdiction over the Corporation may disagree with how the Corporation calculates its income for tax purposes or could change administrative practices to the Corporation's detriment.

Breaches of Confidentiality

While discussing potential business relationships or other transactions with third parties, the Corporation may disclose confidential information relating to the business, operations or affairs of the Corporation. Although confidentiality agreements are signed by third parties prior to the disclosure of confidential information, a breach could put the Corporation at competitive risk and may cause significant damage to its business. The harm to the Corporation's business from a breach of confidentiality cannot presently be quantified, but may be material and may not be compensable in damages. There is no assurance that, in the event of a breach of confidentiality, the Corporation will be able to obtain equitable remedies, such as injunctive relief, from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such a breach of confidentiality may cause.

Dilution

The Corporation may make future acquisitions or enter into financings or other transactions involving the issuance of securities of the Corporation which may be dilutive.

Forward-Looking Information May Prove Inaccurate

Shareholders and prospective investors are cautioned not to place undue reliance on the Corporation's forward-looking information. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. Additional information on the risks, assumptions and uncertainties regarding forward-looking information are found under the heading *"Advisories – Forward-Looking Information"* in this Annual Information Form.

DIVIDEND AND DISTRIBUTION POLICY

Common Shares

The Corporation has never paid any dividends on its Common Shares or made distributions to holders of Common Shares and it is unlikely to pay any dividends on its Common Shares or make distributions to holders of Common Shares in the immediate future. The Corporation currently intends to retain future earnings, if any, for future operations, capital expenditures and debt repayment. Any decision to declare and pay dividends will be made at the discretion of the Board and will depend on, among other things, the cash flow, results of operations and financial condition of the Corporation, current and future capital requirements, working capital requirements, commodity prices and the Corporation's outlook for commodity prices, contractual restrictions, financing agreement covenants, liquidity and solvency tests imposed by corporate law and other factors that the Board may deem relevant. See *"Risk Factors – Financial Risks and Risks Relating to Economic Conditions – Dividends"* in this Annual Information Form.

In addition to the foregoing, the Corporation's ability to pay dividends now or in the future may be limited by covenants contained in the agreements governing any indebtedness that the Corporation has incurred or may incur in the future, including the terms of the Credit Facilities. Birchcliff was previously precluded under the terms of its credit facilities from declaring or paying any distribution (including dividends) other than to the Corporation or another material subsidiary of the Corporation without the consent of the lenders. In 2015, the Credit Facilities were amended to remove such prohibition provided that Birchcliff is not permitted to make any distribution (including dividends) at any time when an event of default exists or would reasonably be expected to exist upon making such distribution, unless such event of default arose subsequent to the ordinary course declaration of the applicable distribution.

Preferred Shares

The Corporation has Series A Preferred Shares and Series C Preferred Shares outstanding, which have paid dividends to their holders. The decision whether or not to pay dividends on any Preferred Shares and the amount of any such dividend is subject to the discretion of the Board. All dividends will be reviewed by the Board and may be reduced or suspended from time to time. Any decision to declare and pay dividends will depend on, among other things, the cash flow, results of operations and financial condition of the Corporation, current and future capital requirements, working capital requirements, commodity prices and the Corporation's outlook for commodity prices, contractual restrictions, financing agreement covenants, liquidity and solvency tests imposed by corporate law and other factors that the Board may deem relevant.

As discussed above, the Credit Facilities provide that Birchcliff is not permitted to make any distribution (including dividends) at any time when an event of default exists or would reasonably be expected to exist upon making such distribution, unless such event of default arose subsequent to the ordinary course declaration of the applicable distribution. See also *"Risk Factors"* in this Annual Information Form for a description of certain risk factors that may impair the Corporation's ability to pay dividends on the Series A Preferred Shares and Series C Preferred Shares.

Dividend History for Series A Preferred Shares

The following table sets forth details regarding the cash dividends that were declared on the Series A Preferred Shares during the three most recently completed financial years.

Declared	Record Date	Payable	Type	Amount ($)
December 2, 2015	December 15, 2015	December 31, 2015	Quarterly, Cash	0.50
September 3, 2015	September 16, 2015	September 30, 2015	Quarterly, Cash	0.50
June 2, 105	June 15, 2015	June 30, 2015	Quarterly, Cash	0.50
March 5, 2015	March 16, 2015	March 31, 2015	Quarterly, Cash	0.50
December 3, 2014	December 15, 2014	December 31, 2014	Quarterly, Cash	0.50
September 8, 2014	September 18, 2014	September 30, 2014	Quarterly, Cash	0.50
June 3, 2014	June 16, 2014	June 30, 2014	Quarterly, Cash	0.50
March 12, 2014	March 24, 2014	March 31, 2014	Quarterly, Cash	0.50
December 4, 2013	December 16, 2013	December 31, 2013	Quarterly, Cash	0.50
September 6, 2013	September 18, 2013	September 30, 2013	Quarterly, Cash	0.50
June 4, 2013	June 21, 2013	July 2, 2013	Quarterly, Cash	0.50
March 13, 2013	March 26, 2013	April 1, 2013	Quarterly, Cash	0.50

Dividend History for Series C Preferred Shares

The following table sets forth details regarding the cash dividends that were declared on the Series C Preferred Shares since the Series C Preferred Shares were issued on June 14, 2013.

Declared	Record Date	Payable	Type	Amount ($)
December 2, 2015	December 15, 2015	December 31, 2015	Quarterly, Cash	0.4375
September 3, 2015	September 16, 2015	September 30, 2015	Quarterly, Cash	0.4375
June 2, 2015	June 15, 105	June 30, 3015	Quarterly, Cash	0.4375
March 5, 2015	March 16, 2015	March 31, 2015	Quarterly, Cash	0.4375
December 3, 2014	December 15, 2014	December 31, 2014	Quarterly, Cash	0.4375
September 8, 2014	September 18, 2014	September 30, 2014	Quarterly, Cash	0.4375
June 3, 2014	June 16, 2014	June 30, 2014	Quarterly, Cash	0.4375
March 12, 2014	March 24, 2014	March 31, 2014	Quarterly, Cash	0.4375
December 4, 2013	December 16, 2013	December 31, 2013	Quarterly, Cash	0.4375
September 6, 2013	September 18, 2013	September 30, 2013	First Issuance, Cash	0.5190

DESCRIPTION OF CAPITAL STRUCTURE

Share Capital

The authorized share capital of the Corporation consists of an unlimited number of Common Shares and an unlimited number of Preferred Shares issuable in series, each without par value. In addition, the Corporation also has Performance Warrants and Options that are outstanding.

The following table sets forth the securities of the Corporation that were outstanding as at December 31, 2015.

Authorized Securities Outstanding	Number of Securities
Common Shares	152,307,539
Common Shares Diluted[(1)]	167,816,509
Series A Preferred Shares	2,000,000
Series C Preferred Shares	2,000,000
Performance Warrants	2,939,732
Options	12,569,238

Note:

(1) Value is calculated after giving effect to unexercised Performance Warrants and Options.

The material characteristics of each class of authorized securities are set forth below.

Common Shares

The holders of Common Shares are entitled to receive notice of and to vote at all meetings of shareholders of the Corporation, except meetings at which only holders of a specified class of shares are entitled to vote, and to vote one vote per Common Share at such meetings. The holders of Common Shares are entitled to receive any dividend declared by the Corporation on the Common Shares; provided that the Corporation shall be entitled to declare dividends on the Preferred Shares or on any of such classes of shares without being obliged to declare any dividends on the Common Shares. Subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Corporation, the holders of Common Shares are entitled to receive the remaining property of the Corporation upon dissolution in equal rank with the holders of other Common Shares.

Preferred Shares

The Preferred Shares may from time to time be issued in one or more series and the Board may fix from time to time before such issue the number of Preferred Shares which is to comprise each series and the designation, rights, privileges, restrictions and conditions attaching to each series of Preferred Shares including, without limiting the generality of the foregoing, any voting rights, the rate or amount of dividends or the method of calculating dividends, the dates of payment thereof, the terms and conditions of redemption, purchase and conversion, if any, and any sinking fund or other provisions.

The Preferred Shares of each series shall, with respect to the payment of dividends and the distribution of assets or return of capital in the event of liquidation, dissolution or winding up of Birchcliff, whether voluntary or involuntary, or any other return of capital or distribution of the assets of Birchcliff amongst its shareholders for the purpose of winding up its affairs, be entitled to preference over the Common Shares and over any other shares of Birchcliff ranking by their terms junior to the Preferred Shares of that series. The Preferred Shares of any series may also be given such other preferences over the Common Shares and any other such Preferred Shares.

If any cumulative dividends or amounts payable on the return of capital in respect of a series of Preferred Shares are not paid in full, all series of Preferred Shares shall participate rateably in respect of accumulated dividends and return of capital.

In the event of the liquidation, dissolution or winding-up of the Corporation, the holders of Series A Preferred Shares, Series B Preferred Shares and Series C Preferred Shares are entitled to all accrued and unpaid dividends thereon, before any amount is paid or any property or assets are distributed to holders of the Common Shares.

Series A Preferred Shares and Series B Preferred Shares

The Series A Preferred Shares and the Series B Preferred Shares are identical in all material respects other than different dividend rights, redemption rights and conversion rights attached thereto.

On August 8, 2012, the Corporation issued an aggregate of 2,000,000 Series A Preferred Shares. The holders of the outstanding Series A Preferred Shares are entitled to receive, as and when declared by the Board, fixed cumulative preferential cash dividends for the initial period from and including the date of issue to, but excluding, September 30, 2017, at an annual rate of $2.00 per share, payable quarterly. Thereafter, the dividend rate will reset every five years at a rate equal to the then current five-year Government of Canada bond yield plus 6.83%. The Series A Preferred Shares are redeemable by the Corporation on September 30, 2017 and on September 30 in every fifth year thereafter, at a redemption price of $25.00 per share, plus all accrued and unpaid dividends.

The holders of the Series A Preferred Shares will have the right to convert their shares into an equal number of Series B Preferred Shares, subject to certain conditions, on September 30, 2017 and on September 30 in every fifth year thereafter. The holders of the Series B Preferred Shares will be entitled to receive, as and when declared by the Board, quarterly floating rate cumulative preferential cash dividends at a rate equal to the sum of the then current 90-day Government of Canada treasury bill rate plus 6.83%. The holders of Series B Preferred Shares will have the right to convert their shares into an equal number of Series A Preferred Shares, subject to certain conditions, on September 30, 2022 and on September 30 in every fifth year thereafter. The Series B Preferred Shares will also be redeemable by the Corporation at a redemption price of $25.00 per share in the case of redemptions on September 30, 2022 and on September 30 in every fifth year thereafter and at a redemption price of $25.50 per share in the case of redemptions on any date after September 30, 2017 that is not a conversion date, in each case plus all accrued and unpaid dividends. There are currently no Series B Preferred Shares outstanding.

Series C Preferred Shares

On June 14, 2013, the Corporation issued 2,000,000 Series C Preferred Shares. The holders of the outstanding Series C Preferred Shares are entitled to receive, as and when declared by the Board, fixed cumulative preferential cash dividends at an annual rate of $1.75 per share, payable quarterly. The Series C Preferred Shares are redeemable by the Corporation on and after June 30, 2018 at a redemption price of $25.75 per share if redeemed before June 30, 2019, at a redemption price of $25.50 per share if redeemed on or after June 30, 2019 but before June 30, 2020 and at a redemption price of $25.00 per share if redeemed on or after June 30, 2020, in each case together with all accrued and unpaid dividends.

On and after June 30, 2020, the holders of Series C Preferred Shares may redeem their shares for cash on the last day of March, June, September and December of each year at $25.00 per share, together with all accrued and unpaid dividends. Upon receipt of a notice of redemption from the holder, the Corporation may elect to convert such Series C Preferred Shares into Common Shares. The number of Common Shares into which each Series C Preferred Share may be so converted will be determined by dividing the amount of $25.00 together with all accrued and unpaid dividends by the greater of $2.00 and 95% of the weighted average trading price of the Common Shares on the TSX for a period of 20 consecutive trading days ending on the fourth day prior to the date specified for conversion (the

"**Current Market Price**"). In addition, on and after June 30, 2018, the Corporation may convert the outstanding Series C Preferred Shares into Common Shares. The number of Common Shares into which each Series C Preferred Share may be so converted will be determined by dividing the then applicable redemption price, together with all accrued and unpaid dividends, by the greater of $2.00 and 95% of the Current Market Price. Any conversion of the Series C Preferred Shares will be subject to the approval of the TSX, if required.

Performance Warrants

Performance Warrants were granted to the executive officers of the Corporation at the Corporation's inception and were designed to act as a long-term retention incentive for the holders thereof. The Performance Warrants were specifically designed to provide a financial incentive to the holders upon the trading price of the Common Shares exceeding $6.00. This condition was satisfied in November of 2005 and accordingly, all of the Performance Warrants have been exercisable since November 2005. The outstanding Performance Warrants are held by Messrs. Tonken, Geremia, Surbey and Bosman, each of whom is an executive officer of the Corporation. On May 15, 2014, the shareholders of the Corporation approved an amendment to the outstanding Performance Warrants to extend the expiry date of such Performance Warrants from January 31, 2015 to January 31, 2020.

Options

Pursuant to the Stock Option Plan, Options may be granted to directors, executive officers, employees and consultants of the Corporation. Options are granted by the Board who, at the time of the grant, fixes the exercise price, vesting dates and the expiry date of such Options. The maximum number of Common Shares that may be issued under the Stock Option Plan at any time shall not exceed 10% of the aggregate number of Common Shares actually outstanding at that time, as determined on a non-diluted basis.

The Stock Option Plan provides that the expiry date of an Option shall be no later than 10 years from the date of grant of such Option and that the exercise price of an Option shall be determined by the Board but shall not be lower than the higher of the closing price of the Common Shares on the TSX on the first trading day immediately preceding the date of grant, or the lowest price permitted by the TSX. All of the Options granted to date under the Stock Option Plan provide for: (i) the expiry of such Options not later than the fifth anniversary of the date of grant; and (ii) the vesting of such Options with respect to one-third of the Common Shares issuable thereunder on each of the first, second and third anniversaries of the date of grant.

Credit Facilities

On May 11, 2015, Birchcliff established the Credit Facilities in the aggregate principal amount of $800 million, which are comprised of the Syndicated Credit Facility and the Working Capital Facility. The Credit Facilities allow for prime rate loans, LIBOR loans, U.S. base rate loans, bankers' acceptances and, in the case of the Working Capital Facility only, letters of credit.

The maturity date of the Credit Facilities is May 11, 2018. The Corporation may each year, at its option, request an extension to the maturity date of the Syndicated Credit Facility and the Working Capital Facility, or either of them, for an additional period of up to three years from May 11 of the year in which the extension request is made.

For further information regarding the Credit Facilities, see the Corporation's audited annual financial statements and related management's discussion and analysis for the year ended December 31, 2015, a copy of which is available on SEDAR. See also *"Risk Factors – Financial Risks and Risks Relating to Economic Conditions – Credit Facilities"* in this Annual Information Form.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares, the Series A Preferred Shares and the Series C Preferred Shares are listed for trading on the TSX under the trading symbols "BIR", "BIR.PR.A" and "BIR.PR.C", respectively. The following table sets forth the price ranges and volumes of each class of securities of the Corporation that were traded on the TSX during the year ended December 31, 2015.

	Common Shares			Series A Preferred Shares			Series C Preferred Shares		
Month	**High**	**Low**	**Monthly Trading Volume**	**High**	**Low**	**Monthly Trading Volume**	**High**	**Low**	**Monthly Trading Volume**
January	8.36	6.05	11,170,166	25.50	25.10	45,180	24.75	23.48	35,520
February	8.11	6.77	8,488,421	25.90	24.55	12,831	26.22	23.37	22,945
March	7.04	5.99	6,825,738	25.72	24.66	24,720	25.16	24.75	15,200
April	8.74	6.57	7,139,745	25.35	25.01	20,202	25.25	24.95	27,665
May	9.34	7.60	7,569,297	25.56	25.11	25,186	25.70	24.78	62,005
June	8.14	6.86	5,512,696	25.69	24.71	48,325	25.03	24.42	80,215
July	7.37	5.62	5,240,504	25.02	22.75	50,309	25.00	23.71	13,140
August	6.94	4.90	7,200,447	23.73	22.14	35,372	23.99	23.03	20,531
September	6.94	5.84	7,215,414	22.60	21.44	11,158	23.27	21.75	22,310
October	7.55	5.41	9,466,120	23.05	21.00	28,107	22.75	21.85	20,425
November	6.19	5.35	9,235,209	23.00	22.05	27,239	24.05	22.00	27,790
December	5.59	3.48	16,835,463	22.41	15.51	213,196	23.03	17.78	88,080

Prior Sales

During the year ended December 31, 2015, the only securities the Corporation issued which are outstanding but are not listed or quoted on a marketplace were an aggregate of 3,358,500 Options which were granted at exercise prices ranging from $5.88 to $8.05 per Common Share.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

To the Corporation's knowledge, as at December 31, 2015, no securities of Birchcliff were held in escrow or subject to a contractual restriction on transfer.

DIRECTORS AND OFFICERS

Directors

The following table sets forth the name, province and country of residence, the committees of Birchcliff of which they are a member, the year first elected to the Board and the principal occupation during the past five years or more of each person who is a director of the Corporation as at the date hereof.

Name, Province and Country of Residence and Committee Membership	Director Since	Principal Occupation During the Past Five Years or More
Larry A. Shaw *Alberta, Canada* Independent Director and Chairman of the Board Chairman and member of each the Audit Committee, the Compensation Committee and the Reserves Evaluation Committee	January 18, 2005	Mr. Shaw is a director of Birchcliff and has more than 28 years of experience in the oil and natural gas industry and is one of the Corporation's founders. Prior to joining Birchcliff, Mr. Shaw served as Chairman of the Board of Case Resources Inc., Big Bear Exploration Ltd. and Stampeder Exploration Ltd. He was President of Shaw Automotive Group Ltd. and Shaw G.M.C. Pontiac Buick Hummer Ltd. Mr. Shaw received his Honors Degree in Business Administration from the University of Western Ontario.
Kenneth N. (Ken) Cullen *Alberta, Canada* Independent Director Member of the Audit Committee, the Compensation Committee and the Reserves Evaluation Committee	February 16, 2011	Mr. Cullen is a director of Birchcliff and has more than 34 years of experience working with companies in the oil and natural gas industry as a partner at Deloitte & Touche LLP in the Assurance and Advisory (Audit) group prior to his retirement in 2006. Mr. Cullen received his Chartered Accountant designation from the Institute of Chartered Accountants of British Columbia.
Dennis A. Dawson *Alberta, Canada* Independent Director Member of the Audit Committee, the Compensation Committee and the Reserves Evaluation Committee	May 14, 2015	Mr. Dawson is a director of Birchcliff. Prior to joining Birchcliff, Mr. Dawson was the Vice-President General Counsel and Corporate Secretary of AltaGas. Mr. Dawson joined AltaGas as Associate General Counsel in August 1997, after consulting with AltaGas Services Inc. from July 1996. Effective July 1998, he became AltaGas' General Counsel and Corporate Secretary and effective December 1998, Mr. Dawson became Vice-President General Counsel and Corporate Secretary. Mr. Dawson has over 30 years of oil and natural gas experience including nine years as General Counsel for Pan-Alberta Gas Ltd., a major Canadian natural gas marketing company. Mr. Dawson received his Bachelor of Arts degree from the University of Lethbridge and his Bachelor of Laws degree from the University of Alberta.
A. Jeffery Tonken *Alberta, Canada* Director	January 18, 2005	See Mr. Tonken's biography under *"Executive Officers".*

The directors of the Corporation are elected annually at the annual meeting of shareholders and hold office until the close of the next annual meeting of shareholders.

The Board has an Audit Committee, a Compensation Committee and a Reserves Evaluation Committee. Because of the small size of the Board, the Corporation does not have separate corporate governance or executive committees.

Executive Officers

The following table sets forth the name, province and country of residence, position with the Corporation and principal occupation during the past five years or more of each person who is an executive officer of the Corporation as at the date hereof.

Name and Province and Country of Residence	Current Position with Birchcliff	Principal Occupation During the Past Five Years or More
A. Jeffery Tonken *Alberta, Canada*	President, Chief Executive Officer and Director	Mr. Tonken is a director and the President and Chief Executive Officer of Birchcliff. He has more than 35 years of experience in the oil and natural gas industry and is one of the Corporation's founders. Prior to creating Birchcliff, Mr. Tonken founded and served as President and Chief Executive Officer of Case Resources Inc., Big Bear Exploration Ltd. and Stampeder Exploration Ltd. Mr. Tonken was previously a Partner of the law firm Howard, Mackie (now Borden Ladner Gervais LLP). Mr. Tonken is a Governor of the Canadian Association of Petroleum Producers (CAPP). Mr. Tonken received his Bachelor of Commerce degree from the University of Alberta and his Bachelor of Laws degree from the University of Wales.
Myles R. Bosman *Alberta, Canada*	Vice-President, Exploration and Chief Operating Officer	Mr. Bosman is the Vice-President, Exploration and Chief Operating Officer of Birchcliff and is a Professional Geologist. He has more than 25 years of experience in the oil and natural gas industry and is one of the Corporation's founders. Prior to joining Birchcliff, Mr. Bosman served as Vice-President, Exploration and Chief Operating Officer of Case Resources Inc., Exploration Manager of Summit Resources Ltd. and as an Exploration Geologist with both Numac Energy Inc. and Canadian Hunter Exploration. Mr. Bosman received his Bachelor of Science degree in Geology from the University of Calgary and his Resource Engineering diploma from the Northern Alberta Institute of Technology.

Name and Province and Country of Residence	Current Position with Birchcliff	Principal Occupation During the Past Five Years or More
Christopher A. Carlsen *Alberta, Canada*	Vice-President, Engineering	Mr. Carlsen is the Vice-President, Engineering of Birchcliff and is a Professional Engineer. He previously served as Asset Team Lead and Senior Exploitation Engineer with Birchcliff. Mr. Carlsen is a Professional Engineer with more than 15 years of experience in the oil and natural gas industry. Prior to joining Birchcliff in 2008, he was the Senior Engineer at Greenfield Resources Ltd. and held various engineering positions at both EnCana Corporation and PanCanadian Petroleum Ltd. Mr. Carlsen received his Bachelor of Science in Chemical Engineering from the University of Saskatchewan.
Bruno P. Geremia *Alberta, Canada*	Vice-President and Chief Financial Officer	Mr. Geremia is the Vice-President and Chief Financial Officer of Birchcliff and is a Chartered Accountant. He has more than 24 years of experience in the oil and natural gas industry and is one of the Corporation's founders. Prior to joining Birchcliff, Mr. Geremia served as Vice-President and Chief Financial Officer of both Case Resources Inc. and Big Bear Exploration Ltd., as Director, Commercial of Gulf Canada Resources and as Manager, Special Projects of Stampeder Exploration Ltd. Mr. Geremia was previously a Chartered Accountant with Deloitte & Touche LLP. Mr. Geremia received his Bachelor of Commerce degree from the University of Calgary.
David M. Humphreys *Alberta, Canada*	Vice-President, Operations	Mr. Humphreys is the Vice-President, Operations of Birchcliff. He has more than 29 years of experience in the oil and natural gas industry. Prior to joining Birchcliff in 2009, he served as Vice-President, Operations of Highpine Oil & Gas Ltd., White Fire Energy Ltd. and Virtus Energy Ltd.; Production Manager of both Husky Oil Operations Ltd. and Ionic Energy; and as a Senior Production Engineer with Northrock Resources Ltd. Mr. Humphreys received his Hydrocarbon Engineering Technology diploma from the Northern Alberta Institute of Technology.

Name and Province and Country of Residence	Current Position with Birchcliff	Principal Occupation During the Past Five Years or More
James W. Surbey *Alberta, Canada*	Vice-President, Corporate Development	Mr. Surbey is the Vice-President, Corporate Development of Birchcliff and is a member of the Law Society of Alberta. He has more than 38 years of experience in the oil and natural gas industry and is one of the Corporation's founders. Prior to joining Birchcliff, he served as Vice-President, Corporate Development of Case Resources Inc., Senior Vice-President, Corporate Development of Big Bear Exploration Ltd. and Vice-President, Corporate Development of Stampeder Exploration Ltd. Mr. Surbey was previously a Senior Partner of the law firm Howard, Mackie (now Borden Ladner Gervais LLP). Mr. Surbey received his Bachelor of Engineering degree and Bachelor of Laws degree from McGill University.

Shareholdings of Directors and Executive Officers

At March 14, 2016, the directors and executive officers of the Corporation, as a group, beneficially owned, or exercised control or direction over, directly or indirectly, 5,206,744 Common Shares representing approximately 3.4% of the 152,307,539 Common Shares issued and outstanding at that date. The directors and executive officers and their families, as a group, beneficially owned or exercised control or direction over, directly or indirectly, 6,759,532 Common Shares representing approximately 4.4% of the Common Shares issued and outstanding at that date.

At March 14, 2016, the directors and executive officers of the Corporation, as a group, also held or exercised control or direction over 4,300,200 Options and 2,939,732 Performance Warrants. On a fully diluted basis at that date, the directors and executive officers of the Corporation, as a group, held or exercised control or direction over 12,041,709 Common Shares or approximately 7.1% of the 169,220,976 fully diluted Common Shares. On a fully diluted basis at that date, the directors and executive officers of the Corporation and their families, as a group, beneficially owned or exercised control or direction over, directly or indirectly, 13,594,497 Common Shares, representing approximately 8.0% of the fully diluted Common Shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as disclosed below, none of the directors or executive officers of the Corporation is, as at the date of this Annual Information Form, or was within 10 years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company including the Corporation that: (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 days (an "**Order**") that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Except as disclosed below, none of the directors or executive officers of the Corporation or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation: (i) is, as at the date of this Annual Information Form, or within the 10 years before the date of this Annual Information Form, a director or executive officer of any company including the Corporation that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Mr. Surbey resigned from his role as a director of Fair Sky Resources Ltd. in December 2007 and within a year of his resignation, a secured lender enforced its security and appointed a receiver of that corporation.

Mr. Cullen was previously a director of Southern Pacific Resource Corp. ("**Southern Pacific**") which was cease traded by the Alberta Securities Commission effective February 20, 2015 for failure to file its quarterly filings when due. Cease trade orders were subsequently issued by each of the Manitoba Securities Commission, the Ontario Securities Commission and the British Columbia Securities Commission. In addition, Southern Pacific obtained creditor protection under the *Companies' Creditors Arrangement Act* (Canada) pursuant to an order granted on January 21, 2015 by the Court of Queen's Bench of Alberta. On June 1, 2015, the Court of Queen's Bench of Alberta granted an order placing Southern Pacific in receivership and all of the directors of Southern Pacific, including Mr. Cullen, resigned.

None of the directors or executive officers of the Corporation or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Directors and executive officers of the Corporation may invest in or become directors or officers of other oil and natural gas companies or entities that may provide financing to, or make equity investments in, competitors of the Corporation, which may give rise to conflicts of interest. In accordance with the ABCA, directors and executive officers of the Corporation are required to disclose the nature and extent of any interest that they have in a material contract or material transaction, and in the case of a director, such director will refrain from voting on any matter in respect of such contract or transaction, unless otherwise provided by the ABCA.

AUDIT COMMITTEE

Audit Committee Charter

The Charter adopted by the Audit Committee of the Corporation is attached hereto as Appendix D.

Composition of the Audit Committee and Relevant Education and Experience

As at the date hereof, the Audit Committee is comprised of Messrs. Cullen, Dawson and Shaw and Mr. Shaw is Chairman of the Audit Committee. Each of the members of the Audit Committee is "independent" and "financially literate" within the meaning of NI 52-110. Mr. Cullen is a Chartered Accountant and a former Partner of Deloitte and Touche LLP. Mr. Dawson was the Vice-President General Counsel and Corporate Secretary of AltaGas and has over 30 years of oil and natural gas experience including nine years as General Counsel for Pan-Alberta Gas Ltd., a major Canadian natural gas marketing company. Mr. Shaw has served as the chairman of several public oil and gas companies and as a member of the audit committee of such companies and was also the president of Shaw Automotive Group Ltd. and Shaw G.M.C. Pontiac Buick Hummer Ltd. As a result, each of the members of the Audit Committee are "financially literate" in that they have an ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements. Further details of the relevant education and experience of each of the members of the Audit Committee are set forth under the heading "*Directors and Officers – Directors*".

The Audit Committee meets with the Chief Financial Officer and the Corporation's auditors and reviews the Corporation's annual and interim financial statements prior to their presentation to the full Board for approval. The Audit Committee also reviews the Corporation's systems of internal controls and reviews any proposed engagement of the Corporation's auditors to provide non-audit services to the Corporation.

The Audit Committee also meets with the Corporation's auditors separately from management and management members of the Board to both plan and review the audit process.

Pre-Approval Policies and Procedures

The Charter adopted by the Audit Committee provides that all non-audit services to be provided to the Corporation by the Corporation's external auditor must be pre-approved by the Audit Committee. The Audit Committee may delegate this function to one of its independent members, who shall report to the Audit Committee on any such approvals.

External Auditor Service Fees

The following table sets forth information about fees billed to Birchcliff for professional services rendered by KPMG LLP in the years ended December 31, 2015 and 2014.

Fees	**2015**	**2014**
Audit Fees[(1)]	$155,000	$130,000
Audit-Related Fees[(2)]	$45,000	$42,000
Tax Fees[(3)]	$10,575	$14,170
All Other Fees[(4)]	Nil	Nil
Total	**$210,575**	**$186,170**

Notes:

(1) "Audit Fees" were for professional services rendered by the auditors for the audit of the annual financial statements of the Corporation. The only fees billed to the Corporation by the auditors for audit services in each of the last two fiscal years were: (i) $155,000 in 2015 of which $60,000 was for the 2015 audit and $95,000 was for the 2014 audit; and (ii) $130,000 in 2014 of which $50,000 was for the 2014 audit and $80,000 was for the 2013 audit.

(2) "Audit-Related Fees" relate to the review of the Corporation's quarterly financial statements. Audit-Related Fees were for assurance and related services not reported under the heading of "Audit Fees" above.

(3) "Tax Fees" consist of fees in respect of services provided in connection with the preparation and filing of Birchcliff's corporate income tax return and other tax-related work.

(4) Fees to be disclosed under this category would be for products and services other than those described under the headings of "Audit Fees", "Audit-Related Fees" and "Tax Fees" above.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Corporation's 2006 income tax filings were reassessed by the CRA in 2011 (the "**Reassessment**"). The Reassessment was based on the CRA's position that the tax pools available to Veracel, prior to its amalgamation with the Corporation, ceased to be available to the Corporation after the Corporation and Veracel amalgamated on May 31, 2005. The Veracel tax pools in dispute totaled $39.3 million, which includes approximately $16.2 million in non-capital losses, $15.6 million in scientific research and experimental development expenditures and $7.5 million in investment tax credits. The Corporation appealed the Reassessment to the Federal Tax Court of Canada (the "**Trial Court**") and the trial of that appeal occurred in November 2013. On October 1, 2015, the Trial Court issued its decision (the "**Trial Decision**") and dismissed the Corporation's appeal on the basis of the general anti-avoidance rule contained in the *Income Tax Act* (Canada). This Trial Decision does not result in any current cash taxes payable by the Corporation. The Corporation has appealed the Trial Decision to the Federal Court of Appeal (the "**Court of Appeal**") and expects that appeal to be heard in 2016.

There are no other material legal proceedings that the Corporation is or was a party to, or that any of its property is or was the subject of, during the most recently completed financial year or that the Corporation knows to be contemplated.

There are: (i) no penalties or sanctions imposed against the Corporation by a court relating to securities legislation or by a securities regulatory authority during the most recently completed financial year; (ii) no other penalties or sanctions imposed by a court or regulatory body against the Corporation that would likely be considered important to a reasonable investor in making an investment decision; or (iii) no settlement agreements the Corporation entered into before a court relating to securities legislation or with a securities regulatory authority during the most recently completed financial year.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Within the three most recently completed financial years or during the current financial year: (i) no director or executive officer of the Corporation; (ii) no other person or company who beneficially owns, or controls or directs, directly or indirectly, more than 10% of the Common Shares; or (iii) any associate or affiliate of such person or company, had any material interest, direct or indirect, in any transaction that has materially affected or is reasonably expected to materially affect the Corporation.

TRANSFER AGENT AND REGISTRAR

Computershare Trust Company of Canada, located at Suite 600, 530 – 8th Avenue S.W., Calgary, Alberta T2P 3S8, is the transfer agent and registrar of the Corporation.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the Corporation has not entered into any material contracts during the most recently completed financial year or before the last financial year that are still in effect.

INTERESTS OF EXPERTS

KPMG LLP performed the audit in respect of the annual financial statements of the Corporation as at and for the years ended December 31, 2015 and December 31, 2014. KPMG LLP is considered independent of the Corporation within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation.

The Corporation's independent qualified reserves evaluator, Deloitte, prepared the 2015 Reserves Evaluation and the 2015 Resource Assessment. As at the date hereof, the principals of Deloitte, as a group, beneficially own, directly or indirectly, less than 1% of the securities of the Corporation.

Other than as set out above, there is no person or company whose profession or business gives authority to a report, valuation, statement or opinion made by them, who was named in the filings made under NI 51-102 by the Corporation during, or related to, the Corporation's most recently completed financial year.

ADDITIONAL INFORMATION

Additional information about the Corporation can be found on SEDAR at www.sedar.com and on the Corporation's website at www.birchcliffenergy.com.

Additional information, including the remuneration and indebtedness of the directors and executive officers of the Corporation, the principal holders of Common Shares and the securities authorized for issuance under equity compensation plans, is contained in the Information Circular of the Corporation for the most recent annual meeting of shareholders, which was held on May 14, 2015.

Additional financial information relating to the Corporation is provided in the Corporation's audited annual financial statements and related management's discussion and analysis for the financial year ended December 31, 2015.

DEFINITIONS

In this Annual Information Form, the capitalized terms set forth below have the following meanings.

"**2014 Reserves Evaluation**" means the reserves estimation and economic evaluation prepared by Deloitte effective December 31, 2014 in respect of Birchcliff's oil and natural gas properties, which is contained in a report dated January 30, 2015.

"**2014 Resource Assessment**" has the meaning set forth in Appendix A.

"**2015 Reserves Evaluation**" means the reserves estimation and economic evaluation prepared by Deloitte effective December 31, 2015 in respect of Birchcliff's oil and natural gas properties, which is contained in a report dated February 5, 2016.

"**2015 Resource Assessment**" has the meaning set forth in Appendix A.

"**2016 Original Capital Program**" has the meaning set forth under the heading *"General Development of the Business – Recent Developments".*

"**2016 Revised Capital Budget**" has the meaning set forth under the heading *"General Development of the Business – Recent Developments".*

"**ABCA**" means the *Business Corporations Act,* R.S.A. 2000, C. B-9, as amended.

"**ABSA**" has the meaning set forth under the heading *"Description of the Business – Social and Environmental Policies – Health, Safety and Environmental Programs"*.

"**AER**" means the Alberta Energy Regulator.

"**Annual Information Form**" means this revised annual information form of the Corporation dated July 6, 2016 for the year ended December 31, 2015.

"**Birchcliff**" or the "**Corporation**" means Birchcliff Energy Ltd.

"**Board**" means the board of directors of the Corporation.

"**Charlie Lake Light Oil Resource Play**" means Birchcliff's Charlie Lake formation light oil resource play located northwest of Grande Prairie, Alberta.

"**CLP**" has the meaning set forth under the heading *"Risk Factors – Environmental and Regulatory Risks – Alberta Climate Leadership Plan"*.

"**COGE Handbook**" means the Canadian Oil and Gas Evaluation Handbook maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter), as amended from time to time.

"**Common Shares**" means the common shares of the Corporation.

"**COR**" has the meaning set forth under the heading *"Description of the Business – Social and Environmental Policies – Health, Safety and Environmental Programs"*.

"**Court of Appeal**" has the meaning set forth under the heading *"Legal Proceedings and Regulatory Actions"*.

"**CRA**" means Canada Revenue Agency.

"**Credit Facilities**" has the meaning set forth under the heading *"General Development of the Business – Three Year History – 2015"*.

"**CSA Staff Notice 51-324**" means the Canadian Securities Administrators Staff Notice 51-324 – *Revised Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities*.

"**Current Market Price**" has the meaning set forth under the heading *"Description of Capital Structure – Preferred Shares – Series C Preferred Shares"*.

"**Deloitte**" means Deloitte LLP, independent qualified reserves evaluators of Calgary, Alberta.

"**Deloitte Price Forecast**" means Deloitte's December 31, 2015 forecast price assumptions set out under the heading *"Statement of Reserves Data and Other Oil and Gas Information – Pricing Assumptions – Forecast Prices used in Estimates".*

"**Elmworth Gas Plant**" has the meaning set forth in Appendix A.

"**GAAP**" means generally accepted accounting principles.

"**GHG**" has the meaning set forth under the heading *"Risk Factors – Environmental and Regulatory Risks – Climate Change"*.

"**Montney/Doig Natural Gas Resource Play**" means Birchcliff's Montney and Doig formations natural gas resource play located northwest of Grande Prairie, Alberta.

"**NI 51-101**" means National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*.

"**NI 51-102**" means National Instrument 51-101 – *Continuous Disclosure Obligations*.

"**NI 52-110**" means National Instrument 52-110 – *Audit Committees*.

"**OPEC**" means the Organization of the Petroleum Exporting Countries.

"**Options**" means stock options to purchase Common Shares.

"**Order**" has the meaning set forth under the heading "*Directors and Officers – Cease Trade Orders, Bankruptcies, Penalties or Sanctions".*

"**PCS Gas Plant**" means Birchcliff's 100% owned and operated natural gas plant located in the Pouce Coupe South area.

"**Performance Warrants**" means the performance warrants of the Corporation with each performance warrant providing the right to purchase one Common Share at a price of $6.00 per Common Share, which expire on January 31, 2020.

"**PNG**" means petroleum and natural gas.

"**Preferred Shares**" means the preferred shares of Birchcliff as a class.

"**Preferred Warrants**" means the common share purchase warrants of the Corporation with each warrant providing the right to purchase one Common Share at a price of $8.30 per Common Share which preferred warrants expired on August 8, 2014.

"**Previous Credit Facilities**" has the meaning set forth under the heading *"General Development of the Business – Three Year History – 2014"*.

"**Reassessment**" has the meaning set forth under the heading *"Legal Proceedings and Regulatory Actions"*.

"**Report**" has the meaning set forth under the heading *"Risk Factors – Environmental and Regulatory Risks – Alberta Climate Leadership Plan"*.

"**Royalty Review**" has the meaning set forth under the heading *"Risk Factors – Environmental and Regulatory Risks – Changes in Legislation"*.

"**Scout**" means Scout Capital Corp.

"**Scout Arrangement**" has the meaning set forth under the heading *"Corporate Structure".*

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval.

"**Series A Preferred Shares**" means the Corporation's cumulative redeemable preferred shares, Series A.

"**Series B Preferred Shares**" means the Corporation's cumulative redeemable preferred shares, Series B.

"**Series C Preferred Shares**" means the Corporation's cumulative redeemable preferred shares, Series C.

"**SGER**" has the meaning set forth under the heading *"Risk Factors – Environmental and Regulatory Risks – Climate Change"*.

"**Stock Option Plan**" means the Corporation's stock option plan dated January 18, 2005, as amended and restated on April 21, 2005 and May 15, 2008.

"**Syndicated Credit Facility**" has the meaning set forth under the heading *"General Development of the Business – Three Year History – 2015"*.

"**Trial Court**" has the meaning set forth under the heading *"Legal Proceedings and Regulatory Actions"*.

"**Trial Decision**" has the meaning set forth under the heading *"Legal Proceedings and Regulatory Actions"*.

"**TSX**" means the Toronto Stock Exchange.

"**Veracel**" means Veracel Inc.

"**Veracel Arrangement**" has the meaning set forth under the heading *"Corporate Structure".*

"**Western Canadian Sedimentary Basin**" means the vast sedimentary basin underlying Western Canada that is the source of most of Western Canada's current oil and gas production.

"**Working Capital Facility**" has the meaning set forth under the heading *"General Development of the Business – Three Year History – 2015"*.

"**working interest**" means a percentage of ownership in an oil and gas property, obligating the owner to share in the costs of exploration, development and operations and granting the owner the right to share in production revenues after royalties are paid.

"**Worsley Charlie Lake Light Oil Resource Play**" means Birchcliff's Charlie Lake Light Oil Resource Play located near Worsley, Alberta.

"**Worsley Property**" has the meaning set forth under the heading *"General Development of the Business – Prior History and Development".*

ABBREVIATIONS, CONVERSIONS AND CONVENTIONS

Abbreviations

The abbreviations set forth below have the following meanings:

Oil and Natural Gas Liquids

bbl	barrel
bbls	barrels
bbls/d	barrels per day
Mbbls	thousand barrels
NGL	natural gas liquids

Natural Gas

GJ	gigajoule
Mcf	thousand cubic feet
Mcf/d	thousand cubic feet per day
MMcf	million cubic feet

Other

AECO	physical storage and trading hub for natural gas on the TransCanada Alberta transmission system which is the delivery point for various benchmark Alberta index prices
Bcfe	billion cubic feet of gas equivalent
boe	barrels of oil equivalent
boe/d	barrels of oil equivalent per day
m^3	cubic metres
Mboe	thousand barrels of oil equivalent
Mcfe	thousand cubic feet of gas equivalent
MMcfe	million cubic feet of gas equivalent
NPV	net present value of future net revenue
PIIP	petroleum initially-in-place
WTI	West Texas Intermediate oil at Cushing, Oklahoma, the benchmark for North American crude oil pricing
Tcfe	trillion cubic feet of gas equivalent
MM$	millions of dollars

Conversions

The following table sets forth certain Standard Imperial Units and International System of Units conversions.

From	To	Multiply By
Mcf	m^3	28.174
Mcf	GJ	1.055
m^3	cubic feet	35.494
bbls	cubic metres	0.159
acres	hectares	0.405
sections	acres	640
sections	hectares	256

Conventions

Certain terms used herein are defined in NI 51-101, CSA Staff Notice 51-324 and the COGE Handbook and, unless the context otherwise requires, shall have the same meanings in this Annual Information Form as in NI 51-101, CSA Staff Notice 51-324 or the COGE Handbook, as the case may be.

Unless otherwise indicated, references in this Annual Information Form to “$”, “CDN$” or “dollars” are to Canadian dollars and references to “US$” are to United States dollars. All financial information contained in this Annual Information Form has been presented in accordance with Canadian GAAP.

Words importing the singular number only include the plural, and vice versa, and words importing any gender include all genders.

PRESENTATION OF OIL AND GAS RESERVES AND RESOURCES

Deloitte prepared the 2015 Reserves Evaluation, the 2014 Reserves Evaluation, the 2015 Resource Assessment and the 2014 Resource Assessment. There are numerous uncertainties inherent in estimating the quantities of reserves, resources and the future net revenues attributed to those reserves and the best estimate of development pending contingent resources. There is no assurance that the forecast prices and costs assumptions will be attained and variances could be material. The recovery and reserves estimates of Birchcliff's reserves and resources provided herein are estimates only and there is no guarantee that the estimated reserves or resources will be recovered. Actual reserves and resources may be greater than or less than the estimates provided herein and variances could be material.

Reserves Categories

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on the analysis of drilling, geological, geophysical and engineering data; the use of established technology; and specified economic conditions, which are generally accepted as being reasonable.

Reserves are classified according to the degree of certainty associated with the estimates:

- "**Proved reserves**" are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.
- "**Probable reserves**" are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.
- "**Possible reserves**" are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves.

Development and Production Status of Reserves

Each of the reserves categories (proved, probable and possible) may be divided into developed and undeveloped categories:

- "**Developed reserves**" are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g., when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing.
  - "**Developed producing reserves**" are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.
  - "**Developed non-producing reserves**" are those reserves that either have not been on production, or have previously been on production but are shut-in and the date of resumption of production is unknown.

- "**Undeveloped reserves**" are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves category (proved, probable, possible) to which they are assigned.

In multi-well pools it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to subdivide the developed reserves for the pool between developed producing and developed non-producing. This allocation should be based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities, and completion intervals in the pool and their respective development and production status.

Levels of Certainty for Reported Reserves

The qualitative certainty levels referred to in the definitions above are applicable to "individual reserves entities", which refers to the lowest level at which reserves calculations are performed, and to "reported reserves", which refers to the highest level sum of individual entity estimates for which reserves estimates are presented. Reported reserves should target the following levels of certainty under a specific set of economic conditions:

- at least a 90% probability that the quantities actually recovered will equal or exceed the estimated proved reserves;
- at least a 50% probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves; and
- at least a 10% probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable plus possible reserves.

A quantitative measure of the certainty levels pertaining to estimates prepared for the various reserves categories is desirable to provide a clearer understanding of the associated risks and uncertainties. However, the majority of reserves estimates are prepared using deterministic methods that do not provide a mathematically derived quantitative measure of probability. In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods.

Resources and Production

Resources encompass all petroleum quantities that originally existed on or within the earth's crust in naturally occurring accumulations, including discovered and undiscovered (recoverable and unrecoverable) plus quantities already produced. Resources are classified as follows:

- Total PIIP is that quantity of petroleum that is estimated to exist originally in naturally occurring accumulations. It includes that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations, prior to production, plus those estimated quantities in accumulations yet to be discovered. "Total resources" is equivalent to "total PIIP".
- Discovered PIIP is that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production. The recoverable portion of discovered PIIP includes production, reserves and contingent resources; the remainder is unrecoverable.
- Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology

under development, but which are not currently considered to be commercially recoverable due to one or more contingencies.

- Undiscovered PIIP is that quantity of petroleum that is estimated, on a given date, to be contained in accumulations yet to be discovered. The recoverable portion of undiscovered PIIP is referred to as prospective resources; the remainder is unrecoverable.
- Prospective resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects
- Unrecoverable is that portion of discovered and undiscovered PIIP quantities which is estimated, as of a given date, not to be recoverable by future development projects. A portion of these quantities may become recoverable in the future as commercial circumstances change or technological developments occur; the remaining portion may never be recovered due to the physical/chemical constraints represented by subsurface interaction of fluids and reservoir rocks.
- Production is the cumulative quantity of petroleum that has been recovered at a given date.

Uncertainty Ranges for Resources

Estimates of resource volumes can be categorized according to the range of uncertainty associated with the estimates. Uncertainty ranges are described in the COGE Handbook as low, best and high estimates as follows:

- A “low estimate” (1C) is considered to be a conservative estimate of the quantity that will actually be recovered. It is likely that the actual remaining quantities recovered will exceed the low estimate. If probabilistic methods are used, there should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the low estimate.
- A “best estimate” (2C) is considered to be the best estimate of the quantity that will actually be recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. If probabilistic methods are used, there should be at least a 50% probability (P50) that the quantities actually recovered will equal or exceed the best estimate.
- A “high estimate” (3C) is considered to be an optimistic estimate of the quantity that will actually be recovered. It is unlikely that the actual remaining quantities recovered will exceed the high estimate. If probabilistic methods are used, there should be at least a 10% probability (P10) that the quantities actually recovered will equal or exceed the high estimate.

Project Maturity Sub-classes for Resources

The project maturity sub-classes for contingent resources are “development pending”, “development on hold”, “development unclarified” or “development not viable”, all as defined in the COGE Handbook. “Development pending” is when resolution of the final conditions for development is being actively pursued (high chance of development). “Development on hold” is when there is a reasonable chance of development, but there are major non-technical contingencies to be resolved that are usually beyond the control of the operator. “Development unclarified” is when the evaluation is incomplete and there is ongoing activity to resolve any risks or uncertainties. “Development not viable” is when no further data acquisition or evaluation is currently planned and hence there is a low chance of development.

The project maturity sub-classes for prospective resources are "prospect", "lead" and "play", all as defined in the COGE Handbook. A "prospect" is defined as a potential accumulation within a play that is sufficiently well defined to represent a viable drilling target. A "lead" is defined as a potential accumulation within a play that requires more data acquisition and/or evaluation in order to be classified as a prospect. A "play" is defined as a family of geologically similar fields, discoveries, prospects and leads.

Interest in Reserves, Resources, Production, Wells and Properties

"**Gross**" means:

(a) in relation to Birchcliff's interest in production, reserves or resources, Birchcliff's working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of Birchcliff;

(b) in relation to wells, the total number of wells in which Birchcliff has an interest; and

(c) in relation to properties, the total area of properties in which Birchcliff has an interest.

"**Net**" means:

(a) in relation to Birchcliff's interest in production, reserves or resources, Birchcliff's working interest (operating or non-operating) share after deduction of royalty obligations, plus Birchcliff's royalty interests in production or reserves;

(b) in relation to Birchcliff's interest in wells, the number of wells obtained by aggregating Birchcliff's working interest in each of its gross wells; and

(c) in relation to Birchcliff's interest in a property, the total area in which Birchcliff has an interest multiplied by the working interest owned by Birchcliff.

Forecast Prices and Costs

"**Forecast prices and costs**" means future prices and costs that are:

(a) generally accepted as being a reasonable outlook of the future;

(b) if, and only to the extent that, there are fixed or presently determinable future prices or costs to which Birchcliff is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in paragraph (a).

Gross Volumes of Reserves and Resources

Unless otherwise indicated, all volumes of Birchcliff's reserves and resources presented herein are on a "gross" basis.

Unrisked Volumes

Unless otherwise indicated, all volumes of Birchcliff's resources presented herein are on an unrisked basis, meaning that they have not been adjusted for the chance of commerciality.

ADVISORIES

Non-GAAP Measures

This Annual Information Form and the documents incorporated by reference herein use "netback" and "operating netback" which do not have standardized meanings prescribed by GAAP and therefore may not be comparable to similar measures presented by other companies where similar terminology is used. "Netback" and "operating netback" denote petroleum and natural gas revenue less royalties, less operating expenses and less transportation and marketing expenses. All netbacks are calculated on a per unit basis. Management believes that netback and operating netback assists management and investors in assessing Birchcliff's profitability and its operating results on a per unit basis to better analyze its performance against prior periods on a comparable basis.

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 to 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.

MMcfe, Bcfe and Tcfe Conversions

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

Reserves for Portion of Properties

With respect to the disclosure of reserves contained herein relating to portions of Birchcliff's properties, the estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties due to the effects of aggregation.

Future Net Revenue

Estimates of future net revenue, whether calculated without discount or using a discount rate, do not represent fair market value.

Possible Reserves

Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves.

Discovered Resources

With respect to the discovered resources (including contingent resources) disclosed in this Annual Information Form, there is uncertainty that it will be commercially viable to produce any portion of the resources.

Undiscovered Resources

With respect to the undiscovered resources (including prospective resources) disclosed in this Annual Information Form, there is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.

Drilling Locations

This Annual Information Form discloses potential future drilling locations in three categories: (i) proved locations; (ii) probable locations; and (iii) unbooked locations. Proved locations and probable locations are proposed drilling locations identified in the 2015 Reserves Evaluation that have proved and/or probable reserves, as applicable, attributed to them in the 2015 Reserves Evaluation. The unbooked locations disclosed in this Annual Information Form were estimated by Deloitte based on Birchcliff's prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and technical analysis review. Unbooked locations do not have proved or probable reserves attributed to them. Unbooked locations have been identified by Deloitte based on evaluation of applicable geologic, seismic, engineering, production and reserves information. A total of 1,770 contingent development pending resource locations have been identified in the 2015 Resource Assessment as disclosed in Appendix A to this Annual Information Form, of which 505.2 are proved locations, 698.8 are proved plus probable locations and 1,071.2 are unbooked locations.

Birchcliff's ability to drill and develop these locations and the drilling locations on which Birchcliff actually drills wells depends on a number of uncertainties and factors, including, but not limited to, the availability of capital, equipment and personnel, oil and natural gas prices, capital and operating costs, inclement weather, seasonal restrictions, drilling results, additional geological, geophysical and reservoir information that is obtained production rate recovery, gathering system and transportation constraints, net price received for commodities produced, regulatory approvals, regulatory changes. As a result of these uncertainties, there can be no assurance that the future potential drilling locations Birchcliff has identified will ever be drilled or if Birchcliff will be able to produce oil, NGL or natural gas from these or any other potential drilling locations. As such, Birchcliff's actual drilling activities may materially differ from those presently identified, which could adversely affect Birchcliff's business. While certain of the unbooked drilling locations have been derisked by drilling existing wells in relative close proximity to such unbooked drilling locations, some of the other unbooked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional proved or probable reserves, resources or production.

Initial Production Rates

Any references in this Annual Information Form to initial production rates and other short-term production rates for any wells are not determinative of the rates at which such wells will continue to produce and decline thereafter and are not necessarily indicative of the long-term performance or the ultimate recovery of such wells. Such rates may be based on field estimates and may be based on limited data available at the time. Readers are cautioned not to place reliance on such rates in calculating aggregate production for Birchcliff or the assets for which such rates are provided.

Operating Costs

References in this Annual Information Form to "operating costs" exclude transportation and marketing costs.

Forward-Looking Information

This Annual Information Form 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 Birchcliff's current internal expectations, estimates, projections, assumptions and beliefs. All information other than historical fact is forward-looking information. Information relating to reserves is forward-looking as it involves the implied assessment, based on certain estimates and assumptions, that the reserves exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future. Words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "estimated", "forecast", "may", "will", "potential", "proposed" and other similar words that convey certain events or conditions "may" or "will" occur are intended to identify forward-looking information.

In particular, this Annual Information Form contains forward-looking information relating to: Birchcliff's plans and other aspects of its anticipated future operations, management focus, strategies and priorities; Birchcliff's competitive position; performance characteristics of Birchcliff's oil and natural gas assets; the potential of Birchcliff's resource plays; the 2016 Revised Capital Budget, including planned capital expenditures, Birchcliff's plan to drill a total of 13 (13.0 net) wells, the objectives of and anticipated results from the 2016 Revised Capital Budget, including anticipated production growth, and Birchcliff's expectation that the 2016 Revised Capital Budget will be less than expected funds flow for 2016; Birchcliff's expectation that Birchcliff's investments in infrastructure will help Birchcliff to control infrastructure and continue to reduce its per boe operating costs; Birchcliff's expectation that the commodity price environment and economic conditions will continue to influence the general development of its business in 2016; estimates of future drilling locations and opportunities and Birchcliff's expectation that its inventory of drilling opportunities will provide production and reserves growth for many years; proposed expansions of the PCS Gas Plant, including the anticipated processing capacities of the PCS Gas Plant after such expansions, the anticipated timing of such expansions and the estimated cost to achieve such expansions; expected environmental compliance costs and expenses; estimates of reserves and resources and the net present values of future net revenue associated with Birchcliff's reserves and best estimate of development pending contingent resources; price forecasts; abandonment and reclamation costs; decommissioning obligations; forecast capital expenditures and future development costs; future development plans and other proposed exploration and development activities, including the timing thereof, number of wells to be drilled and the costs related thereto; forecast operating costs; Birchcliff's expectation that it will be able to fund the development costs for its reserves primarily from working capital, internally generated cash flow, existing credit facilities and access to debt; the amount of undeveloped land on which Birchcliff expects the rights to explore, develop and exploit will expire in 2016; decline rates; estimated ultimate recoveries; Birchcliff's income tax horizon; Birchcliff's development pending contingent resource projects, including development plans, the estimated total costs to achieve commercial production, estimated total capital costs to develop a project, the timelines of such projects and estimated dates of first commercial production;

Birchcliff's proposed Elmworth Gas Plant; projections of commodity prices and costs and supply and demand for crude oil and natural gas; the future impact of regulatory measures; treatment under governmental regulatory regimes and tax laws; expectations regarding the ability to raise capital and to continually add to reserves through acquisitions and development; Birchcliff's dividend policy and the future payment of dividends; and statements with respect to the Reassessment, including Birchcliff's expectation that its appeal to the Court of Appeal will be heard in 2016.

The forward-looking information contained in this Annual Information Form is based upon certain expectations and assumptions, including: prevailing and future commodity prices, currency exchange rates, interest rates, inflation rates, royalty rates and tax rates; 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; anticipated timing and results of capital expenditures; the sufficiency of budgeted capital expenditures to carry out planned operations; results of operations; 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; 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; and Birchcliff's ability to market oil and gas. In addition, Birchcliff has made the following key assumptions with respect to certain forward-looking information contained in this Annual Information Form:

- With respect to statements regarding the 2016 Revised Capital Budget, including Birchcliff's expectation that the 2016 Revised Capital Budget will be less than expected funds flow for 2016, the key assumption is that Birchcliff realizes the annual average production target of 40,000 to 41,000 boe per day and the commodity prices upon which the 2016 Revised Capital Budget is based, being an expected annual average WTI price of US$40.00 per barrel of oil and an AECO price of CDN$2.50 per GJ of natural gas during 2016 with an exchange rate of $CDN/$US of 1.40. Birchcliff will continue to monitor economic conditions and commodity prices and, where deemed prudent, will adjust the 2016 Revised Capital Budget to respond to changes in commodity prices and other material changes in the assumptions underlying the 2016 Revised Capital Budget.
- With respect to estimates of reserves, resources and the net present value of future net revenue associated with the reserves and the best estimate of Birchcliff's development pending contingent resources, the key assumption is the validity of the data used by Deloitte in their independent evaluations, which includes technical information and forecast commodity prices.
- With respect to statements regarding decline rates, the key assumption is the validity of the reservoir productivity, geological and other technical interpretations performed by Birchcliff's technical staff.
- With respect to statements of future wells to be drilled and estimates of future drilling locations and opportunities, the key assumptions are: the 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 warrant proceeding with the drilling of such wells.

- With respect to estimates as to Birchcliff's production for 2016, the key assumptions are that: capital programs 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 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 regarding proposed expansions of the PCS Gas Plant, including the anticipated processing capacities of the PCS Gas Plant after such expansions and the anticipated timing of such expansions, 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; and commodity prices and general economic conditions warrant proceeding with the construction of such facilities and the drilling of associated wells.
- With respect to statements regarding Birchcliff's proposed natural gas plant in Elmworth, the key assumptions are that: future drilling in the Elmworth area is successful; the acid gas disposal well drilled by Birchcliff is capable of handling the volumes of acid gas to be produced at the plant and complies with all regulatory requirements; there is sufficient labour, services and equipment available; Birchcliff will have access to sufficient capital to fund the Elmworth Gas Plant; and commodity prices and general economic conditions warrant proceeding with the construction of the Elmworth Gas Plant and the drilling of associated wells.

Undue reliance should not be placed on forward-looking information, as there can be no assurance that the plans, intentions, expectations or assumptions upon which they are based will occur. Although Birchcliff believes that the expectations and assumptions reflected in the forward-looking information 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 and uncertainties that could cause actual results to differ materially from those anticipated, including, but not limited to: 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; 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 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;

uncertainties associated with the outcome of litigation or other proceedings involving Birchcliff; competition for, among other things, capital, acquisitions of reserves, undeveloped lands, equipment and skilled personnel; and uncertainties associated with credit facilities and counterparty credit risk.

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

Any "financial outlook" contained in this Annual Information Form, as such term is defined by applicable securities laws, is provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that reliance on such information may not be appropriate for other purposes.

APPENDIX A

DISCLOSURE OF CONTINGENT RESOURCES DATA AND PROSPECTIVE RESOURCES DATA

Deloitte, Birchcliff's independent qualified reserves evaluator, conducted an independent evaluation of resources in respect of Birchcliff lands that have potential for the Montney/Doig Natural Gas Resource Play effective December 31, 2015, which is contained in a report dated March 14, 2016 (the "**2015 Resource Assessment**"). Deloitte also prepared a resource assessment effective December 31, 2014 (the "**2014 Resource Assessment**"). The 2015 Resource Assessment and the 2014 Resource Assessment were prepared in accordance with the standards contained in the COGE Handbook and NI 51-101 in effect at the relevant time.

Resource estimates contained herein as at December 31, 2015 and 2014 are extracted from the relevant resource assessment and reflect only resources on Birchcliff's Montney/Doig lands. The resource assessments did not include Birchcliff's Charlie Lake Light Oil Resource Play or any of Birchcliff's other properties. All anticipated results disclosed herein were prepared by Deloitte, who is an independent qualified reserves evaluator. Deloitte utilized probabilistic methods to generate high, best and low estimates of reserves and resources volumes.

Certain terms used herein are defined under the headings *"Definitions"* and *"Presentation of Oil and Gas Reserves and Resources"* in the Annual Information Form. Certain other terms used herein but not defined are defined in NI 51-101, CSA Staff Notice 51-324 or the COGE Handbook and, unless the context otherwise requires, shall have the same meanings herein as in NI 51-101, CSA Staff Notice 51-324 or the COGE Handbook, as applicable.

Unless otherwise indicated, all volumes of Birchcliff's resources presented herein are on an unrisked basis, meaning that they have not been adjusted for the chance of commerciality.

Numbers in the tables presented herein may not total due to rounding.

Pursuant to NI 51-101, Birchcliff is required to disclose the "product types" reasonably expected to be recovered from Birchcliff's resources. NI 51-101 requires a reporting issuer to disclose its reserves and resources in accordance with the product types contained in NI 51-101, which product types include light crude oil and medium crude oil (combined), conventional natural gas, shale gas and NGL. "Shale gas" as defined in NI 51-101 means natural gas: (i) contained in dense organic-rich rocks, including low-permeability shales, siltstones and carbonates, in which the natural gas is primarily adsorbed on the kerogen or clay minerals; and (ii) that usually requires the use of hydraulic fracturing to achieve economic production rates. With respect to Birchcliff's natural gas resources attributable to its Montney/Doig Natural Gas Resource Play, such resources would most closely fit within the category of shale gas as opposed to conventional natural gas; however, the primary storage mechanism is gas stored in the pore space with contributions from gas adsorbed to kerogen, clay minerals and bitumen. Birchcliff considers that its natural gas resources attributable to the Montney/Doig Natural Gas Resource Play to be low permeability gas resources or "tight gas" (as such term is defined in the COGE Handbook), a generic term that includes "basin-centred", "deep gas" and "shale gas". Although Montney/Doig reservoirs usually consist of low permeability sandstones, siltstones, or shales, they may also contain carbonates. While a small amount of gas may also be present in natural fractures, extensive hydraulic fracturing is invariably required to produce the "tight gas". The trapping mechanisms may be the same as for conventional reservoirs, adsorption on kerogen or clays, or relative permeability effects. "Shale gas" is the NI 51-101 product type that most closely matches the natural gas from Birchcliff's Montney/Doig Natural Gas Resource Play.

The estimates of Birchcliff's resources provided herein are estimates only and there is no guarantee that the estimated resources will be recovered. Actual resources may be greater than or less than the estimates provided herein and variances could be material. With respect to Birchcliff's discovered resources (including contingent resources), there is uncertainty that it will be commercially viable to produce any portion of the resources. With respect to Birchcliff's undiscovered resources (including prospective resources), there is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources. Estimates of future net revenue, whether calculated without discount or using a discount rate, do not represent fair market value. See *"Risk Factors"* in this Appendix A and *"Risk Factors"* in the Annual Information Form to which this Appendix A is attached.

For further information regarding the presentation of Birchcliff's resource disclosure, please see *"Presentation of Oil and Gas Reserves and Resources"* and *"Advisories"* in the Annual Information Form to which this Appendix A is attached.

Interest of Birchcliff in Resources in the Study Area

Birchcliff holds significant high working interest acreage in large contiguous blocks on the Montney/Doig Natural Gas Resource Play in the Peace River Arch area of Alberta. Birchcliff engaged Deloitte to evaluate the total PIIP and contingent and prospective resources on Birchcliff's lands for the Doig Phosphate ("**DoigP**"), Basal Doig ("**BD**") and Montney formations in the Montney/Doig Deep Basin area of northwest Alberta (the "**Study Area**"). In the Study Area, Birchcliff owns an interest in approximately 317.4 gross (308 net) sections of land, which includes Montney rights and 275.1 gross (258.9 net) sections of land which include Doig rights ranging from Townships 69 to 80, Ranges 1 to 13W6. The Study Area is further bounded in a northwest-southeast direction by the Deep Basin edge. The geological section studied was divided into the DoigP, BD and Montney stratigraphic units. The Montney was further subdivided into seven intervals, from the top to the base: D5, D4, D3, D2, D1, TSE Valhalla and C.

Deloitte segregated Birchcliff's Montney/Doig resources into development projects based on areal (property/area) and vertical (play interval) boundaries. The Study Area consisted of 13 properties/areas with resources, namely: Pouce Coupe ("**PC**") and Pouce Coupe South ("**PCS**"), Gordondale, Progress North, Progress South, Valhalla, Elmworth, Elmworth North, Elmworth South, Gold Creek, Bezanson, Grande Prairie, Saddle Hills and Teepee. The Montney/Doig Formations are comprised of nine individually mapped stratigraphic units: the DoigP, BD and Montney D5, D4, D3, D2, and D1, TSE and C stratigraphic units.

Contingent resources have been attributed to Birchcliff's properties in the PC and PCS, Progress North, Progress South, Gordondale, Elmworth, Elmworth North, Elmworth South, Valhalla and Gold Creek areas in northwestern Alberta. Prospective resources have been attributed to Birchcliff's properties in the PC and PCS, Progress North, Progress South, Gordondale, Elmworth, Elmworth North, Elmworth South, Valhalla, Gold Creek, Bezanson, Grande Prairie, Saddle Hills and Teepee areas in northwestern Alberta. Birchcliff's resources in the PC and PCS, Gordondale and Progress areas are proximal to Birchcliff's lands to which reserves have been attributed and to the PCS Gas Plant, as well as to third party gathering and processing infrastructure. Birchcliff's resources in the Elmworth area are proximal to Birchcliff's lands to which reserves have been attributed and to third party gathering and processing infrastructure.

Birchcliff's average working interest in its best estimate contingent resources is 97% and its average working interest in its best estimate prospective resources is 97%.

Project Definition

Pursuant to NI 51-101, Birchcliff is required to describe the "projects" to which its resources have been attributed. "Project" is defined in the COGE Handbook as "a defined activity, or set of activities that provides the basis for the assessment and classification of resources". Stratigraphic units were combined for specific projects if Deloitte believed that a single well could produce from more than one unit at once. If Birchcliff did not hold rights to all of the combined units across all of its land, they were classified as their own separate project for those particular sections. For details regarding Birchcliff's particular projects, see *"Details of Birchcliff's Contingent Resources"* and *"Details of Birchcliff's Prospective Resources"* below.

Summary of Discovered and Undiscovered Resources

The following table sets forth Birchcliff's total PIIP (discovered and undiscovered), contingent resources and prospective resources as at December 31, 2015 and December 31, 2014 on a best estimate case.

Summary of Discovered and Undiscovered Resources

	Volumes		
Resource Class	**December 31, 2015** ***(Bcfe)***	**December 31, 2014** ***(Bcfe)***	**Change from December 31, 2014**
Contingent Resources	9,497.0	7,851.7	21%
Total Discovered PIIP	25,589.4	20,726.4	23%
Prospective Resources	12,718.0	13,707.2	(7%)
Total Undiscovered PIIP	27,431.9	29,406.1	(7%)
Total PIIP	53,021.3	50,132.6	6%

As a result of Birchcliff's 2015 exploration successes and offset competitor drilling, a significant amount of resources that were classified as prospective resources as at December 31, 2014 have been re-classified as contingent resources as at December 31, 2015. Comparing the 2015 Resource Assessment to the 2014 Resource Assessment, Birchcliff's contingent resources increased from 7.9 Tcfe as at December 31, 2014 to 9.5 Tcfe as at December 31, 2015 (a 21% increase), accompanied by a 7% decrease in its prospective resources. In addition, a portion of Birchcliff's contingent and prospective resources recognized as at December 31, 2014 were re-classified as reserves as at December 31, 2015.

The following table sets forth Birchcliff's gross volumes for all resources, both discovered and undiscovered, as at December 31, 2015.

Summary of Reserves and Resources

	Resource Class	Raw/Sales	Reserves and Resource Volumes (Bcfe)(1)(2) Low Estimate Case	Best Estimate Case	High Estimate Case
Discovered	Cumulative Production(3)	Sales	286.2	286.2	286.2
	Remaining Reserves(3)(4)	Sales	1,938.1	3,114.7	4,474.9
	Total Commercial	Sales	2,224.3	3,400.9	4,761.1
	Surface and Process Loss	Raw	66.5	101.9	146.9
	Total Commercial	Raw	2,290.8	3,502.8	4,908.0
	Contingent Resources(3)	Sales	6,549.3	9,497.0	14,505.4
	Development Pending	Sales	4,334.4	6,348.0	9,952.4
	Development On Hold	Sales	1,140.8	1,719.5	2,605.2
	Development Unclarified	Sales	1,072.0	1,422.0	1,922.2
	Development Not Viable	Sales	2.1	7.6	25.6
	Surface and Process Loss	Raw	311.9	457.7	684.3
	Unrecoverable	Raw	10,685.3	13,165.7	13,833.8
	Total Sub-Commercial	Raw	17,546.5	23,120.4	29,023.6
	TOTAL DISCOVERED PIIP	**Raw**	**19,133.6**	**25,589.4**	**32,398.1**
Undiscovered	Prospective Resources(3)	Sales	7,954.3	12,718.0	21,026.0
	Prospect(5)	Sales	7,954.3	12,718.0	21,026.0
	Surface and Process Loss	Raw	327.4	526.0	875.6
	Unrecoverable	Raw	11,253.9	15,098.2	16,498.5
	TOTAL UNDISCOVERED PIIP	**Raw**	**18,967.5**	**27,431.9**	**36,893.3**
TOTAL PIIP		**Raw**	**38,101.1**	**53,021.3**	**69,291.4**

Notes:

(1) The volumes presented in the table above, other than cumulative production and reserves, have been presented on an unrisked basis, meaning that they have not been adjusted for the chance of commerciality.

(2) The sum of the total commercial and total sub-commercial resource volumes differs from the total discovered PIIP resource volumes in the table above because the liquid yields included as sales resource volumes were converted to a gas equivalent using a 1:6 bbl/Mcf conversion factor, which is an energy-based conversion factor rather than a volume-based conversion factor. This methodology was also utilized for the components of the undiscovered PIIP volumes and results in a similar discrepancy in volumes.

(3) Sales gas and NGL volumes combined at a ratio of 1 bbl is equivalent to 6 Mcfe.

(4) Includes reserves assigned by Deloitte to both vertical and horizontal Montney/Doig wells. Deloitte prepared the 2015 Reserves Evaluation. Proved, probable and possible reserves evaluated by Deloitte in an the 2015 Reserves Evaluation are included in above table for completeness; however, reserves were not the focus of the 2015 Resource Assessment. The low estimate case includes the estimate of proved reserves contained in the 2015 Reserves Evaluation, the best estimate case includes the estimate of proved plus probable reserves contained in the 2015 Reserves Evaluation and the high estimate case includes the estimate of proved plus probable plus possible reserves contained in the 2015 Reserves Evaluation. Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves.

(5) All of Birchcliff's prospective resources were sub-classified into the project maturity sub-class of "prospect". See *"Details of Birchcliff's Prospective Resources – Project Maturity Sub-classes for Prospective Resources".*

Summary of Risked Contingent Resources and Prospective Resources

The following table sets forth Birchcliff's best estimate (2C) risked contingent resources by product type as at December 31, 2015, using the Deloitte Price Forecast.

Contingent Resources

Summary of Risked Contingent Resources – 2C
as at December 31, 2015
(Forecast Prices and Costs)

Resources	Shale Gas		NGL		Total	
Project Maturity Sub-class(1)	Gross (Bcf)	Net(2) (Bcf)	Gross (Mbbls)	Net(2) (Mbbls)	Gross (Bcfe)	Net(2) (Bcfe)
Development Pending(3)	4,943.5	4,596.3	79,667.6	59,407.4	5,421.5	4,952.7
Development on Hold	957.4	N/A	12,370.6	N/A	1,031.7	N/A
Development Unclarified	535.9	N/A	5,474.8	N/A	568.8	N/A
Development Not Viable	1.4	N/A	15.2	N/A	1.5	N/A

Notes:

(1) For a description of the project maturity sub-classes applicable to contingent resources, see *"Details of Birchcliff's Contingent Resources – Project Maturity Sub-classes for Contingent Resources".*

(2) Numbers are not applicable because economics were not evaluated for Birchcliff's development on hold, development unclarified or development not viable contingent resources. As economics were not evaluated, no information is available for royalties and a net number cannot be determined.

(3) Total risked economic equivalent contingent resources, which includes applying an economic limit for each well using the Deloitte Price Forecast.

As all contingent resources are considered to be discovered, the chance of commerciality is equal to the chance of development for contingent resources. "Chance of development" is the estimated probability that, once discovered, a known accumulation will be commercially developed. Deloitte referred to the six requirements outlined in Volume 2 of the COGE Handbook (Section 2.4.4) for commerciality when estimating the chance of development for Birchcliff's contingent resource projects. These include: (i) economic viability; (ii) marketability of the product; (iii) evidence of infrastructure; (iv) evidence that legal, contractual, environmental, governmental and other social and economic concerns will allow for implementation; (v) a reasonable expectation that internal and external approvals will be forthcoming; and (vi) evidence to support a reasonable timetable for development.

Evaluation of each of these items are qualitative in nature. Deloitte stated that it had no reason to believe that requirements (ii), (iv) or (v) are significantly better or worse when comparing development pending projects against each other. The most tangible distinction between development pending projects was requirement (iii) (evidence of infrastructure) and therefore served as the basis for selecting the chance of commerciality for these projects. The guidance in the COGE Handbook recommends a high chance of success should be at minimum 80%. Out of the PC and PCS, Progress, Gordondale, Gold Creek and Elmworth properties, infrastructure in the PC properties is the most developed. The PCS Gas Plant processes a significant portion of product from the PC and PCS area and plant expansions are within Birchcliff's five year budget. Plant expansions and sizeable investment committed to pipeline infrastructure are supported in the 2015 Reserves Evaluation. For this reason, PC and PCS projects were assigned a chance of commerciality by Deloitte of 90% with the exception of the PC and PCS D2 project which was assigned a chance of commerciality by Deloitte of 80% as Birchcliff has not yet produced from but competitor offsets have demonstrated production. Projects in Progress, Gordondale and Elmworth have no infrastructure investment booked in the 2015 Reserves Evaluation and were assigned an 80% chance of commerciality by Deloitte as these projects may be sent through the PCS Gas Plant, the Elmworth Gas Plant or utilize third party infrastructure, affecting the operating costs. Finally, Gold Creek, which was not assigned reserves in the 2015 Reserves Evaluation, was given a 70% chance of commerciality by Deloitte, as these volumes are dependent on capacity in third party infrastructure. See *"Details of Birchcliff's Contingent Resources".*

The chance of development is expected to decrease for other maturity sub-classes based on requirements (i), (iii), and (vi). The uncertainty associated with these requirements typically increases in the development on hold, development unclarified and development not viable sub-classes. Deloitte modelled this by estimating the chance of commerciality values to be 60% for development on hold, 40% for development unclarified and 20% for development not viable projects. The estimated contingent reserves and associated NPV are simply multiplied by the chance of commerciality in the economic software to result in risked volumes and net present values.

The following table sets forth the net present value of future net revenue of Birchcliff's best estimate risked contingent resources in the development pending project maturity sub-class as at December 31, 2015, using the Deloitte Price Forecast.

Summary of Risked Net Present Value of Future Net Revenue of Contingent Resources
as at December 31, 2015
(Forecast Prices and Costs)

	Risked Net Present Value of Future Net Revenue Before Income Taxes Discounted at (%/year)(1)				
Resources Project Maturity Sub-class	**0** ***(MM$)***	**5** ***(MM$)***	**10** ***(MM$)***	**15** ***(MM$)***	**20** ***(MM$)***
Contingent (2C) Development Pending	29,360.1	7,517.6	2,414.7	881.3	325.6

Note:

(1) The net present value of future net revenue attributable to the Corporation's development pending contingent resources is based on the Deloitte Price Forecast and is determined before provision for interest, debt servicing and general and administrative expense and after the deduction of royalties, operating costs, development costs and abandonment and reclamation costs.

An estimate of risked net present value of future net revenue of contingent resources is preliminary in nature and is provided to assist the reader in reaching an opinion on the merit and likelihood of the Corporation proceeding with the required investment. It includes contingent resources that are considered too uncertain with respect to the chance of development to be classified as reserves. There is no certainty that the estimate or risked net present value of future net revenue will be realized.

The Deloitte Price Forecast is summarized in the Annual Information Form under the heading *"Statement of Reserves Data and Other Oil and Gas Information – Pricing Assumptions".*

Prospective Resources

The following table sets forth Birchcliff's best estimate risked prospective resources by product type as at December 31, 2015.

Summary of Risked Prospective Resources – Best Estimate as at December 31, 2015

	Shale Gas		NGL		Total	
Resources	**Gross *(Bcf)***	**Net[(2)] *(Bcf)***	**Gross *(Mbbls)***	**Net[(2)] *(Mbbls)***	**Gross *(Bcfe)***	**Net[(2)] *(Bcfe)***
Prospective (Best Estimate)[(1)]	4,250.8	N/A	54,619.6	N/A	4,578.5	N/A

Notes:

(1) All of Birchcliff's prospective resources are sub-classified into the project maturity sub-class of "prospect". For a description of the project maturity sub-classes applicable to prospective resources, see *"Details of Birchcliff's Prospective Resources – Project Maturity Sub-classes for Prospective Resources"*.

(2) Numbers are not applicable because economics were not evaluated for Birchcliff's prospective resources. As economics were not evaluated, no information is available for royalties and a net number cannot be determined.

The chance of commerciality for prospective resources is equal to the product of the chance of discovery and the chance of development. "Chance of discovery" is the estimated probability that exploration activities will confirm the existence of a significant accumulation of potentially recoverable petroleum. "Chance of development" is the estimated probability that, once discovered, a known accumulation will be commercially developed. The chance of discovery associated with Birchcliff's prospective resource volumes has been estimated by Deloitte to be 90% for all projects with a chance of development of 40%, resulting in an overall chance of commerciality of 36%. The chance of discovery is based upon the widespread nature of the productive play, while the lower chance of development is based upon the distance to existing reserves and existing Birchcliff infrastructure. These values were applied to all prospective resource projects. See *"Details of Birchcliff's Prospective Resources".*

Details of Birchcliff's Contingent Resources

As at December 31, 2015, Birchcliff had best estimate contingent resources of 9,497.0 Bcfe (unrisked before adjusting for the chance of commerciality) and best estimate contingent resources of 7,084.2 Bcfe (risked after adjusting for the chance of commerciality). For further information on Birchcliff's risked contingent resources, see *"Summary of Risked Contingent Resources and Prospective Resources".*

Project Maturity Sub-classes for Contingent Resources

Contingent resources can be sub-classified based on their project maturity sub-class. The project maturity sub-classes for contingent resources are "development pending", "development on hold", "development unclarified" or "development not viable", all as defined in the COGE Handbook. "Development pending" is when resolution of the final conditions for development is being actively pursued (high chance of development). "Development on hold" is when there is a reasonable chance of development, but there are major non-technical contingencies to be resolved that are usually beyond the control of the operator. "Development unclarified" is when the evaluation is incomplete and there is ongoing activity to resolve any risks or uncertainties. "Development not viable" is when no further data acquisition or evaluation is currently planned and hence there is a low chance of development.

Approximately 67% of Birchcliff's unrisked best estimate case contingent resources were sub-classified as development pending, 18% were sub-classified as development on hold, 15% were sub-classified as development unclarified and <1% were sub-classified as development not viable.

Birchcliff's contingent resources were sub-classified by Deloitte as development pending, development on hold, development not viable or development unclarified as described below.

Development Pending

Each contingent resource project was sub-classified as development pending if the contingent resource project is currently economic and otherwise meets the COGE Handbook requirements of commerciality in that:

(i) there is an expected market for the sale of forecast production volumes from the project;

(ii) the necessary production and transportation facilities are expected to be available in the relevant time frame, as a result of Birchcliff's long range forward planning;

(iii) there is no reasonable expectation that legal, contractual, environmental, governmental and other social and economic concerns will preclude the development of the project since project development is in the same area and follows the same business model that Birchcliff has been implementing over the last 10 years with respect to the development of its Money/Doig Natural Gas Resource Play;

(iv) there is a reasonable expectation that internal and external approvals will be forthcoming in a timely manner since project development is in the same area and follows the same business model that Birchcliff has been implementing over the last 10 years with respect to the development of its Money/Doig Natural Gas Resource Play; and

(v) Birchcliff intends to move forward with the development of the project within a reasonable time frame as it moves toward completion of the development of its reserves.

Development On Hold

Each contingent resource project was sub-classified as development on hold if it could be economic at some point in the future, it otherwise met the requirements described above for a development pending project but for reasons of corporate priorities and strategies, Birchcliff currently has no intention of developing these resources within a reasonable timeframe. This applied to some of the PC and PCS Montney C resources and a few projects within the Progress and Valhalla properties.

Development Unclarified

Contingent resource projects with limited information and uncertain economics which were not currently being actively pursued were sub-classified as development unclarified. These projects require further examination in the future to move into a different project maturity sub-class.

Development Not Viable

Each contingent resource project was sub-classified as development not viable if it could not be reasonably expected to become economic at some point in the future, even though it otherwise met some or all of the requirements described above for a development pending project.

Economic Status Criteria of Contingent Resource Project Maturity Sub-classes

For purposes of addressing the project economic criterion of each of the project maturity sub-classes, Deloitte applied the following criteria:

(i) each resource project was considered currently economic if the project had a positive NPV discounted at a rate of 10% (before income taxes) using the Deloitte Price Forecast with current capital and operating expense assumptions;

(ii) Deloitte considered that a resource project could be economic at some point in the future if the project had a positive undiscounted NPV (before income taxes) using the Deloitte Price Forecast that was increased by 20%; and

(iii) Deloitte considered that a resource project was unlikely to ever be economic if the project did not have a positive undiscounted NPV (before income taxes) using the Deloitte Price Forecast that was increased by 20%.

Economic Classification of Contingent Resources

Contingent resource estimates should have sufficient economic analysis to sub-classify the resource as either economic or sub-economic under economic conditions that are the same as those used for reporting reserves. The appropriate level of economic evaluation will depend on the project status and maturity. Economic contingent resources are those contingent resources that are currently economically recoverable based on specific forecasts of production, capital and operating costs, commodity prices and inflation. Sub-economic contingent resources are those contingent resources that are not currently economically recoverable based on specific forecasts of production, capital and operating costs, commodity prices and inflation. Each contingent resource project was sub-classified by Deloitte as economic if the project had a positive NPV discounted at a rate of 10% (before income taxes) using the Deloitte Price Forecast with current capital and operating expense assumptions. Each contingent resource project that did not meet this economic hurdle was sub-classified as sub-economic. Where evaluations are incomplete such that it is premature to identify the economic viability of a project, the economic status was sub-classified as undetermined.

All of Birchcliff's development pending projects were sub-classified as economic and all of Birchcliff's development not viable projects were sub-classified as sub-economic. Development on hold projects were sub-classified as either sub-economic or economic status undetermined.

Approximately 67% of Birchcliff's unrisked best estimate contingent resources were sub-classified as economic contingent resources, 17% were sub-classified as sub-economic contingent resources and the remaining 16% were sub-classified as economic status undetermined.

Birchcliff's Contingent Resource Projects

The following table sets forth for each of Birchcliff's contingent resource projects, the project maturity sub-class, the chance of commerciality, the economic status, the estimated total cost to achieve commercial production, the timeline of each project and the estimated date of first commercial production and the number of resource locations.

Contingent Resource Projects

Project		Project Maturity Sub-class	Chance of Commerciality[1]	Economic Status	Estimated Total Cost to Achieve Commercial Production (MM$)[2]	Timeline of Project and Estimated Date of First Commercial Production[2][4]	Resource Locations[2][3]
PC & PCS Area							
PC & PCS	BD/D5/DoigP[6]	Development Pending	90%	Economic		2020	158
PC & PCS	BD/DoigP Only[6]	Development Pending	90%	Economic		2022	6
PC & PCS	D5 Only[6]	Development Pending	90%	Economic		2053	18
PC & PCS	D4	Development Pending	90%	Economic		2022	393
PC & PCS	D3	Development Unclarified	40%	Undetermined		N/A	N/A
PC & PCS	D2[4]	Development Pending	80%	Economic		2026	115
PC & PCS	D1/TSE[7]	Development Pending	90%	Economic		2021	156
PC & PCS	C Dev Pending	Development Pending	90%	Economic		2045	549
PC & PCS	C Dev On Hold	Development on Hold	60%	Sub-economic		N/A	N/A
				Total	**4.5[4]**	**Total**	**1,395**
Progress Area							
Progress North	BD/D5/DoigP[6]	Development Pending	80%	Economic		2043	9
Progress North	BD/DoigP Only	Development on Hold	60%	Sub-economic		N/A	N/A
Progress North	D5 Only	Development Not Viable	20%	Sub-economic		N/A	N/A
Progress North	D2	Development Unclarified	40%	Undetermined		N/A	N/A
Progress North	D1/TSE[7]	Development Pending	80%	Economic		2041	36
Progress South	BD/D5	Development on Hold	60%	Undetermined		N/A	N/A
Progress South	BD Only	Development on Hold	60%	Undetermined		N/A	N/A
Progress South	D5 Only	Development on Hold	60%	Undetermined		N/A	N/A
Progress South	D2	Development Unclarified	40%	Undetermined		N/A	N/A
				Total	**13.0[5]**	**Total**	**45**
Gordondale Area							
Gordondale	BD/D5/DoigP[6]	Development Pending	80%	Economic		2043	12
Gordondale	BD/DoigP Only[6]	Development Pending	80%	Economic		2044	2
Gordondale	D5 Only[6]	Development Not Viable	20%	Sub-economic		N/A	N/A
Gordondale	D1/TSE[7]	Development Pending	80%	Economic		2030	25
				Total	**5.0[5]**	**Total**	**39**
Elmworth Area							
Elmworth	D5	Development Unclarified	40%	Undetermined		N/A	N/A
Elmworth	D4	Development Unclarified	40%	Undetermined		N/A	N/A
Elmworth North	BD	Development Unclarified	40%	Undetermined		N/A	N/A
Elmworth North	D5	Development Unclarified	40%	Undetermined		N/A	N/A
Elmworth North	D4	Development Pending	80%	Economic		2020	114
Elmworth South	D5	Development Pending	80%	Economic		2022	42
Elmworth South	D4	Development Pending	80%	Economic		2020	47
				Total	**90.0[5]**	**Total**	**203**
Valhalla Area							
Valhalla	BD/D5/DoigP[6]	Development on Hold	60%	Undetermined		N/A	N/A
Valhalla	D5 Only[6]	Development on Hold	60%	Undetermined		N/A	N/A
Valhalla	D2	Development Unclarified	40%	Undetermined		N/A	N/A
				Total	**N/A**		
Gold Creek Area							
Gold Creek	D5	Development Pending	70%	Economic		2020	41
Gold Creek	D2/D3	Development Pending	70%	Economic		2020	47
				Total	**3.0[5]**	**Total**	**88**
				GRAND TOTAL	**115.5**	**GRAND TOTAL**	**1,770**

Notes:

(1) See *"Summary of Risked Contingent Resources and Prospective Resources – Contingent Resources"* for information regarding the process employed by Deloitte to risk Birchcliff's contingent resources.

(2) With respect to the estimated total cost to achieve commercial production, the costs set forth in the table above only include the capital required to achieve initial commercial production for the project area, as discussed in further detail herein. With respect to the timelines of projects and the estimated date of first commercial production, timelines are based on the development plan that was used by

Deloitte in the 2015 Resource Assessment and reflect the expected dates that further drilling of those resource projects will first occur under such plan. Development plans were only created for those contingent resources sub-classified as development pending. As no development plans were created for contingent resources in the development on hold, development unclarified or development not viable project maturity sub-classes, there is insufficient information for the estimated total cost to achieve commercial production, the timeline of the project or the number of resource locations.

(3) Resource locations represent the number of wells forecast to be drilled under the development plan.

(4) With respect to Birchcliff's development pending projects in the PC and PCS area other than the D2 project, there are no costs to achieve commercial production, as the necessary infrastructure is expected to be in place as a result of the development of the Corporation's existing commercial projects. With respect to the D2 project, the estimated cost is approximately $4.5 million, which represents the cost of the first well in that interval that would be necessary for Birchcliff to achieve commercial production in that interval.

(5) The costs to achieve commercial production represent the required facility and/or major pipeline capital for each project area and represent all individual projects under the project area. Accordingly, the number in the table above represents the total cost for all of the individual projects.

(6) Birchcliff does not hold rights to all of the combined stratigraphic units within this area so this project was created.

(7) Birchcliff holds land rights to all units in this area.

The total cost to achieve commercial production for all projects disclosed in the table above is estimated to be $115.5 million. The total cost to achieve commercial production only includes the capital required to achieve initial commercial production for the project area (for example, required facility and pipeline capital) and does not represent the total capital required to develop the entire project. The total capital required to develop the projects set forth in the table above is estimated to be approximately $9,238.7 million (undiscounted) as follows: (i) PC & PCS Areas: $6,479.5 million; (ii) Progress Area: $220.1 million; (iii) Gordondale Area: $183.9 million; (iv) Elmworth Area: $1,706.9 million; and (v) Gold Creek Area: $648.4 million.

The recovery technology for each contingent resource project described above is multi-fracture horizontal wells, which is considered an established technology under the COGE Handbook. All of the contingent resource projects described above are based on pre-development studies.

Development Plans for Development Pending Projects

Overview

The development plans for projects sub-classified as development pending were determined by Deloitte and are consistent with the guidance and input provided by Birchcliff. Deloitte has modelled what is considered a reasonable development plan for development pending contingent resources. In order to create a development schedule for each project, Deloitte utilized an internally built development planning tool. The tool automated the field development plan based on various configurable inputs and constraints while maximizing NPV discounted at a rate of 10% (before income taxes). Birchcliff identified unique constraints for the PCS Gas Plant and the potential natural gas plant to be constructed in the Elmworth area (the "**Elmworth Gas Plant**"), as discussed further below, which were modelled into the development planning tool and the optimal drilling schedule for each plant was calculated. The uncertainty relating to the development of each of the development pending projects primarily relates to the timing and corporate sanctioning for the development of these resources. As such, Deloitte has forecast development to begin in 2020.

Projects in the PC and PCS, Progress and Gordondale Areas

12 of Birchcliff's contingent development pending projects are expected to produce to Birchcliff's PCS Gas Plant, being Birchcliff's development pending projects in the PC and PCS, Progress North and Gordondale areas. In determining the development plans for such projects, Birchcliff provided the following constraints for the PCS Gas Plant:

- The maximum plant capacity will be increased to 500 MMcf per day in October 2020.
- The maximum wells drilled per year cannot exceed 75 for the first 10 years of resource development (this maximum includes total proved plus probable wells from the 2015 Reserves Evaluation).
- The maximum wells drilled per year cannot exceed 100 after the first 10 years of resource development.
- The maximum resource locations for each project cannot be exceeded.
- The maximum ratio of high NPV wells cannot exceed 90% per year of drilling.

For projects forecast to process their gas at the PCS Gas Plant, the proposed resource development plans contemplate that the drilling of the 1,479 resource locations identified in the table above will commence in 2020. Under the proposed development plans for these projects, all resource locations will be drilled by 2051.

Projects in the Elmworth Area

3 of Birchcliff's contingent development pending projects are expected to produce to the Elmworth Gas Plant, all of which are in the Elmworth North and South areas. In determining the development plans for such projects, Birchcliff provided the following constraints for the Elmworth Gas Plant:

- The maximum plant capacity will be 40 MMcf per day in 2020, which increases to 80 MMcf per day in 2021 and 120 MMcf per day in 2022.
- The maximum resource locations for each project cannot be exceeded.

For projects forecast to process their gas at the Elmworth Gas Plant, the proposed resource development plans contemplate that the drilling of the 203 resource locations identified in the table above will take place over 15 years from 2020 until 2034.

Other Areas

The development plan for the Gold Creek D5 and D2/D3 projects were not modelled using Deloitte's development planning tool because the projects only consist of two type wells with limited constraints. Deloitte used a Gold Creek drilling schedule provided by Birchcliff in 2014 as a guideline for these two projects, which consists of one resource location per project to be drilled in 2020 and 2021 and two resource locations per project to be drilled each year from 2022 to 2044 until all resource locations have been drilled, for a total of 88 resource locations. These volumes are expected to be processed through third party facilities.

Contingencies

Contingent resources are not currently considered to be commercially recoverable due to one or more contingencies. A contingency is a condition that must be satisfied for a portion of contingent resources to be classified as reserves that is specific to the project being evaluated and expected to be resolved within a reasonable timeframe. Contingencies may include factors such as economic, legal environmental, political and regulatory matters or a lack of markets.

Development Pending Project Maturity Sub-classes

The development of each of Birchcliff's development pending projects is contingent upon:

- Birchcliff obtaining the necessary internal approvals for the expenditure of capital on the development project;
- Birchcliff having access to sufficient human resources and oilfield services needed for the development project; and
- Birchcliff becoming satisfied that its forecast of future industry and economic conditions and commodity prices prevailing during and after the development project is sufficient to justify proceeding with development of the project.

These contingencies are expected to be alleviated as a result of Birchcliff developing and implementing plans over time in an orderly fashion to manage and alleviate each of these contingencies.

Development on Hold and Development Not Viable Project Maturity Sub-classes

Deloitte applied an economic threshold to classify projects as development on hold and development not viable projects as discussed above under the heading *"Project Maturity Sub-classes"*. The reclassification from development not viable to development on hold can only occur if prices increase beyond the current Deloitte Price Forecast assuming the same project economics.

In addition to the contingencies described above for Birchcliff's development pending projects, the development of each of Birchcliff's development on hold projects is also contingent upon the ability of the project to compete with projects which have a greater chance of commerciality for finite development capital and resources and the strategic considerations relating to the scale and efficiencies of these projects.

These contingencies will be removed through Birchcliff's orderly clarification over time of sanctioned corporate plans through its five-year plan and annual budget processes.

Development Unclarified Project Maturity Sub-classes

In addition to the contingencies described above for Birchcliff's development pending projects, the development of each of Birchcliff's development unclarified projects is also contingent upon clarifying uncertainties in the economic evaluation and production forecasts consistent with an early stage of development for the project.

These contingencies will be resolved by the continued economic evaluation of future production and development.

Projects Involving New Facilities or Infrastructure

In addition to the contingencies described above for Birchcliff's development pending projects, each of Birchcliff's contingent resource projects that require new facilities or infrastructure are also contingent upon the development of the facilities and infrastructure described under the heading *"Development Plans for Development Pending Projects"*. This contingency applies to the following projects: (i) the BD/D5/DoigP, BD/DoigP Only and D1/TSE projects in the Progress North area; (ii) the BD/D5, BD Only and D5 Only projects in the Progress South area; (iii) all of Birchcliff's projects in the Gordondale area; (iv) Birchcliff's D4 project in the Elmworth North area; (v) all of Birchcliff's projects in the Elmworth South area; and (vi) Birchcliff's BD/D5/DoigP and D5 Only projects in the Valhalla area.

This additional contingency will be removed by the sanctioned approval and construction of the described facilities.

Projects Involving Third Party Processing and Transportation

In addition to the contingencies described above for Birchcliff's development pending projects, each of Birchcliff's contingent resource projects that require the contracting of third party processing and transport services are also contingent upon the successful contracting of such third party processing and transport services and the actual delivery of those services by third parties. This contingency applies to all of Birchcliff's projects in the Gold Creek area.

This additional contingency will be removed by the successful engagement of third party service providers, who reliably deliver their services.

Projects Producing Sour Gas

In addition to the contingencies described above for Birchcliff's development pending projects, the development of each of Birchcliff's contingent resource projects expected to deliver volumes of sour gas (H_2S) have the following additional contingencies:

- Birchcliff obtaining necessary regulatory approvals;
- the design, construction and maintenance by Birchcliff of sour gas disposal well(s) and facility(s); and
- Birchcliff maintaining social licence for the development of the project with surface landholders, First Nations and other stakeholders.

These contingencies apply to the following projects: (i) the D2 and D1/TSE projects in the Progress North area; (ii) the D2 project in the Progress South area; (iii) the D4 project in the Elmworth North area; (iv) all of Birchcliff's projects in the Elmworth South area; and (v) the D2 project in the Valhalla area.

These additional contingencies can be removed by Birchcliff implementing best practices in these operations and by Birchcliff effectively engaging with regulatory authorities, surface landholders, First Nations and other stakeholders.

Full Field Development

The complete full field development of each of Birchcliff's contingent resource projects is contingent upon:

- Birchcliff continuing proactive effective long range planning and design (surface and sub-surface) of all future development wells involved in the project; and
- Birchcliff obtaining the necessary regulatory approvals, particularly related to downspacing in the Montney beyond 4 wells per section.

These additional contingencies will be resolved by continuing to implement development consistent with full field development plans and effectively engaging with regulatory authorities.

Details of Birchcliff's Prospective Resources

As at December 31, 2015, Birchcliff had best estimate prospective resources of 12,718.0 Bcfe (unrisked before adjusting for the chance of commerciality) and 4,578.5 Bcfe (risked after adjusting for the chance of commerciality). For further information on Birchcliff's risked prospective resources, see *"Summary of Risked Contingent Resources and Prospective Resources".*

Project Maturity Sub-classes for Prospective Resources

Prospective resources can be sub-classified based on their project maturity sub-class. The project maturity sub-classes for prospective resources are "prospect", "lead" and "play", all as defined in the COGE Handbook. A "prospect" is defined as a potential accumulation within a play that is sufficiently well defined to represent a viable drilling target. A "lead" is defined as a potential accumulation within a play that requires more data acquisition and/or evaluation in order to be sub-classified as a prospect. A "play" is defined as a family of geologically similar fields, discoveries, prospects and leads.

100% of Birchcliff's prospective resources were sub-classified as prospects.

Birchcliff's Prospective Resource Projects

The following is a description of each of Birchcliff's prospective resource projects:

- **PC & PCS Area**
    - PC &PCS – 6 Projects (BD/D5/DoigP, BD/DoigP Only, D5 Only, D4, D3 and D2)
- **Progress Area**
    - Progress North – 8 Projects (BD/D5/DoigP, BD/DoigP Only, D5 Only, D4, D3, D2, D1/TSE and C)
    - Progress South – 9 Projects (DoigP, BD/D5, BD Only, D5 Only, D4, D3, D2, D1/TSE and C)
- **Gordondale Area**
    - Gordondale – 7 Projects (BD/D5/DoigP, BD/DoigP Only, D4, D3, D2, D1/TSE and C)
- **Elmworth Area**
    - Elmworth – 8 Projects (DoigP, BD, D5, D4, D3, D2, D1/TSE and C)
    - Elmworth North – 8 Projects (DoigP, BD, D5, D4, D3, D2, D1/TSE and C)
    - Elmworth South – 8 Projects (DoigP, BD, D5, D4, D3, D2, D1/TSE and C)
- **Valhalla Area**
    - Valhalla – 8 Projects (BD/D5/DoigP, D5 Only, D4, D3, D2, D1, TSE and C)
- **Gold Creek Area**
    - Gold Creek – 7 Projects (DoigP, BD, D5, D4, D1, TSE and C)

- **Bezanson Area**
  - Bezanson – 5 Projects (D3, D2, D1, TSE and C)
- **Grande Prairie Area**
  - Grande Prairie – 9 Projects (DoigP, BD, D5, D4, D3, D2, D1, TSE and C)
- **Saddle Hills Area**
  - Saddle Hills – 5 Projects (D3, D2, D1, TSE and C)
- **Teepee Area**
  - Teepee – 5 Projects (D3, D2, D1, TSE and C)

The recovery technology for each project described above is multi-fracture horizontal wells which is considered an established technology under the COGE Handbook. All of the projects described above are based on pre-development studies.

Risk Factors

There are numerous uncertainties inherent in estimating quantities of resources and the future cash flows attributed to the best estimate of development pending contingent resources, including many factors beyond the control of Birchcliff. The resource and associated cash flow information for the best estimate of the development pending contingent resources set forth herein are estimates only. In general, estimates of resources and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, initial production rates, production decline rates, ultimate resource recovery, the timing and amount of capital expenditures, the success of future development activities, future commodity prices, marketability of oil, NGL and natural gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially from actual results. For those reasons, estimates of the resources attributable to any particular group of properties, classification of such resources based on risk of recovery and estimates of future net revenues associated with resources prepared by different engineers, or by the same engineer at different times, may vary substantially. Birchcliff's actual production, revenues, taxes and development and operating expenditures with respect to its resources will vary from estimates thereof and such variations could be material.

It should not be assumed that the undiscounted or discounted net present value of future net revenue attributable to Birchcliff's development pending contingent resources estimated by Deloitte represent the fair market value of those resources. There is no assurance that the forecast prices and costs assumptions will be attained and variances could be material. The estimates of Birchcliff's resources provided herein are estimates only and there is no guarantee that the estimated resources will be recovered. Actual resources may be greater than or less than the estimates provided herein and variances could be material. With respect to the discovered resources (including contingent resources), there is uncertainty that it will be commercially viable to produce any portion of the resources. With respect to the undiscovered resources (including prospective resources), there is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.

Birchcliff's contingent resources are estimated using forecast prices and costs. These prices are substantially above current crude oil and natural gas prices. If crude oil and natural gas prices stay at current levels, certain of Birchcliff's resources may become uneconomic.

The chances of development for the estimated resources are subject to a number of factors, including: the overall project economics, the employed recovery technology or technology under development, regulatory and environmental approval, the availability of markets and production facilities and political risk to the development.

Birchcliff has ongoing projects to drill horizontal wells targeting the Montney. This has resulted in some of these areas already having been assigned significant undeveloped reserves by Deloitte. The reserves assignments as of the effective date of the 2015 Resource Assessment have been subtracted from the resource estimates.

There can be no certainty that any of the projects described herein will be developed on the timelines discussed herein. Development of the projects is dependent on a number of contingencies as further described herein.

Positive and Negative Factors

Significant positive factors relevant to the estimate of Birchcliff's resources include: (i) the large and detailed formation evaluation dataset which samples Birchcliff's resource properties and their surroundings at a high frequency as a result of the relatively dense well control in the area and public data policies of the AER; and (ii) Birchcliff's six year history of generating technical resource assessment models annually, with reasonably consistent best estimates of resources and petroleum in place over respective lands. These models are directly used internally by Birchcliff in support of exploration, land evaluation and well approval processes.

Significant possible positive and negative variations in all relevant reservoir properties and parameters considered, between and away from well control, are directly incorporated in the probabilistic assessment methods used, and reflected in the high (p10) and low (p90) estimates.

A potentially significant negative factor relevant to the estimate is the uncertainty associated with Birchcliff's assumptions about the geometry (i.e. height and width) of hydraulic fracture stimulations and the associated recovery factors. While these assumptions are consistent with Birchcliff's investigations to date and with the production profiles of producing wells with significant production histories, these geometries and associated recovery factors are not necessarily known with certainty.

APPENDIX B

FORM 51-101F2
REPORT ON RESERVES DATA, CONTINGENT RESOURCES DATA AND PROSPECTIVE RESOURCES DATA BY INDEPENDENT QUALIFIED RESERVES EVALUATOR OR AUDITOR

To the board of directors of Birchcliff Energy Ltd. (the "**Corporation**"):

1. We have evaluated the Corporation's reserves data, contingent resources data and prospective resources data as at December 31, 2015. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2015, estimated using forecast prices and costs. The contingent resources data and prospective resources data are risked estimates of volume of contingent resources and prospective resources and related risked net present value of future net revenue as at December 31, 2015, estimated using forecast prices and costs.

2. The reserves data, contingent resources data and prospective resources data are the responsibility of the Corporation's management. Our responsibility is to express an opinion on the reserves data, contingent resources data and prospective resources data based on our evaluation.

3. We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook as amended from time to time (the "**COGE Handbook**") maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter).

4. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data, contingent resources data and prospective resources data are free of material misstatement. An evaluation also includes assessing whether the reserves data, contingent resources data and prospective resources data are in accordance with principles and definitions presented in the COGE Handbook.

5. The following table shows the net present value of future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Corporation evaluated for the year ended December 31, 2015, and identifies the respective portions thereof that we have evaluated and reported on to the Corporation's management and board of directors:

Independent Qualified Reserves Evaluator or Auditor	Effective Date of Evaluation Report	Location of Reserves (Country or Foreign Geographic Area)	Net Present Value of Future Net Revenue (before income taxes, 10% discount rate)			
			Audited ($M)	Evaluated ($M)	Reviewed ($M)	Total ($M)
Deloitte LLP	December 31, 2015	Canada	-	3,867,438.10	-	3,867,438.10

6. The following tables set forth the risked volume and risked net present value of future net revenue of contingent resources and prospective resources (before deduction of income taxes) attributed to contingent resources and prospective resources, estimated using forecast prices and costs and calculated using a discount rate of 10%, included in the Corporation's statement

prepared in accordance with Form 51-101F1 and identifies the respective portions of the contingent resources data and prospective resources data that we have evaluated and reported on to the Corporation's management and board of directors:

Classification	Independent Qualified Reserves Evaluator or Auditor	Effective Date of Evaluation Report	Location of Resources other than Reserves (Country or Foreign Geographic Area)	Risked Volume (Bcfe)	Risked Net Present Value of Future Net Revenue (before income taxes, 10% discount rate)		
					Audited ($M)	Evaluated ($M)	Total ($M)
Development Pending Contingent Resources 2(c)	Deloitte LLP	December 31, 2015	Canada	5,421.5	-	2,414,700	2,414,700

Classification	Independent Qualified Reserves Evaluator or Auditor	Effective Date of Evaluation Report	Location of Resources other than Reserves (Country or Foreign Geographic Area)	Risked Volume (Bcfe)
Prospective Resources	Deloitte LLP	December 31, 2015	Canada	4,578.5
Contingent Resources	Deloitte LLP	December 31, 2015	Canada	
Development on Hold				1,0.31.7
Development Unclarified				568.8
Development Not Viable				1.5

7. In our opinion, the reserves data, contingent resources data and prospective resources data respectively evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook, consistently applied. We express no opinion on the reserves data, contingent resources data and prospective resources data that we reviewed but did not audit or evaluate.

8. We have no responsibility to update our reports referred to in paragraphs 5 and 6 for events and circumstances occurring after the effective date of our reports.

9. Because the reserves data, contingent resources data and prospective resources data are based on judgements regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

Deloitte LLP
700, 850 – 2nd Street S.W.
Calgary, Alberta T2P 0R8
March 14, 2016

(signed) *"Robin G. Bertram"*
Robin G. Bertram, P.Eng.
Partner

APPENDIX C

FORM 51-101F3
REPORT OF MANAGEMENT AND DIRECTORS ON OIL AND GAS DISCLOSURE

Management of Birchcliff Energy Ltd. (the "**Corporation**") are responsible for the preparation and disclosure of information with respect to the Corporation's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data and includes other information such as contingent resources data and prospective resources data.

An independent qualified reserves evaluator has evaluated the Corporation's reserves data, contingent resources data and prospective resources data. The report of the independent qualified reserves evaluator will be filed with securities regulatory authorities concurrently with this report.

The Reserves Evaluation Committee of the board of directors of the Corporation has:

(a) reviewed the Corporation's procedures for providing information to the independent qualified reserves evaluator;

(b) met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation; and

(c) reviewed the reserves data, contingent resources data and prospective resources data with management and the independent qualified reserves evaluator.

The Reserves Evaluation Committee of the board of directors has reviewed the Corporation's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The board of directors has, on the recommendation of the Reserves Evaluation Committee, approved:

(a) the content and filing with securities regulatory authorities of Form 51-101F1 containing reserves data, contingent resources data and prospective resources data and other oil and gas information;

(b) the filing of Form 51-101F2 which is the report of the independent qualified reserves evaluator on the reserves data, contingent resources data and prospective resources data; and

(c) the content and filing of this report.

Because the reserves data, contingent resources data and prospective resources data are based on judgments regarding future events, actual results will vary and the variations may be material.

(signed) *"A. Jeffery Tonken"*
President and Chief Executive Officer

(signed) *"Christopher A. Carlsen"*
Vice-President, Engineering

(signed) *"Larry A. Shaw"*
Director and Chairman of the
Reserves Evaluation Committee

(signed) *"Dennis A. Dawson"*
Director and Member of the
Reserves Evaluation Committee

DATE: March 16, 2016

APPENDIX D

AUDIT COMMITTEE CHARTER

1) **Purpose**

The purpose of the Audit Committee is to assist the Board of Directors in overseeing:

(a) The preparation of the financial statements of the Corporation and the conduct of any audit thereof.

(b) The Corporation's compliance with applicable financial reporting requirements.

(c) The independence and performance of the Auditor.

(d) The Corporation's compliance with the Corporation's policies and guidelines.

2) **Definitions**

For the purposes of this Charter:

(a) "**Auditor**" means the auditor appointed to prepare an Audit Report in respect of the annual financial statements of the Corporation.

(b) "**Board**" means the Board of Directors of the Corporation.

(c) "**Chairperson**" means Chairperson of the Audit Committee.

(d) "**Committee**" means the Audit Committee of the Board.

(e) "**Corporation**" means Birchcliff Energy Ltd.

3) **Election and Composition**

(a) The Board shall appoint annually, from among its members, a Committee to be known as the "Audit Committee".

(b) The Audit Committee shall be comprised of at least three Directors, of whom a majority shall not be officers or employees of the Corporation or an affiliate of the Corporation. All committee members shall be "independent" (as such term is used in National Instrument 52-110 – *Audit Committees*). All members of the Committee shall comply with the financial literacy requirements of National Instrument 52-110 - *Audit Committees*.

(c) The Audit Committee shall select from its members a Chairperson of the Committee.

(d) Any member of the Committee may be removed or replaced at any time by the Board and shall automatically cease to be a member of the Committee upon ceasing to be a Director of the Corporation.

4) **Meetings**

(a) The Audit Committee shall meet at least four times annually, or more frequently as circumstances dictate.

(b) The Chairperson of the Committee or any member may at any time convene a meeting of the Committee, and the Chairperson or any member of the Committee shall convene a meeting at the request of the Auditor.

(c) Notice of meetings shall be delivered, mailed, faxed or sent by any other form of transmitted or recorded message to each member not less than forty-eight hours before the meeting is to take place.

(d) Notice of any meeting or any irregularity in any meeting or the notice thereof may be waived by any member.

(e) A quorum for meetings of the Audit Committee shall be at least two members of the Committee who are not officers or employees of the Corporation or an affiliate of the Corporation.

(f) Meetings may be held at any time without formal notice if all the members are present, or if a quorum is present and those members who are absent signify their consent to the meeting being held in their absence. Any resolution passed or action taken at such a meeting shall be valid and effectual as if it had been passed or taken at a meeting duly called and constituted.

(g) Questions arising at any meeting of the Committee shall be decided by the majority of votes. In the case of an equality of votes, the Chairperson shall have the casting vote.

5) **Responsibilities**

(a) The Committee shall recommend to the Board:

(i) the person or firm to be nominated as Auditor for the purposes of preparing or issuing an Auditor's report or performing other audit, review or attest services for the Corporation; and

(ii) the compensation of the Auditor.

(b) The Committee shall be directly responsible for overseeing the work of the Auditor engaged for the purpose of preparing or issuing an Auditor's Report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the Auditor regarding financial reporting.

(c) When there is to be a change in Auditor, the Committee shall review the issues related to the change and shall approve the information to be included in the required notice to securities regulators of such change.

(d) The Committee shall pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the Corporation's Auditor. The Committee may delegate this function to one of its independent members, who shall report to the Committee on any such approvals.

(e) The Committee shall review and report to the Board on the Corporation's interim and annual financial statements, and all related management's discussion and analysis, before those materials are filed with the regulators and published. If authorized by the Board, the Committee may approve the interim financial statements and the related management's discussion and analysis, before those materials are filed with regulators and published. The Committee's review process should include, but not be limited to:

(i) reviewing changes in accounting principles, or in their application, which may have a material impact on a current or future year's financial statements;

(ii) reviewing significant accruals, reserves or other estimates such as any ceiling test calculation;

(iii) reviewing the accounting treatment of unusual or non-recurring transactions;

(iv) reviewing disclosure of commitments and contingencies;

(v) reviewing adjustments suggested by the Auditor, whether or not included in the financial statements;

(vi) reviewing unresolved differences between management and the Auditors; and

(vii) obtain explanations of significant variances with comparative reporting periods.

(f) The Committee shall review the annual and interim earnings press releases and any press releases or other documents for public disclosure containing information extracted from financial statements that have not previously been reviewed by the Committee, before the Corporation publicly discloses this information.

(g) The Committee shall ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to in subsection 5(e), and shall periodically assess the adequacy of those procedures.

(h) The Committee shall oversee management's reporting on internal controls and shall advise the Board of any material failures of the internal controls.

(i) The Committee shall establish procedures:

(i) for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and

(ii) for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

Until the Committee determines otherwise, the Committee adopts the Whistleblower Policy attached hereto as Exhibit A. Prior to adopting any changes to the Whistleblower Policy, the Committee shall advise the Directors of the proposed changes.

(j) The Committee shall review and approve the employment by the Corporation of any current or former partner or employee of the Auditor.

(k) The Committee shall review the corporate systems that identify and manage principal business risks.

(l) The Committee shall review and, if necessary, update this Charter periodically, at least annually, as conditions dictate.

6) **Authority**

(a) The Committee is authorized in carrying out its duties to:

(i) engage independent counsel and other advisors as it determines necessary to carry out its duties;

(ii) set and pay the compensation for any advisors employed by the Committee; and

(iii) communicate directly with the Auditors.

(b) Prior to exercising the authority in subsection 6(a)(i) or (ii), the Committee shall notify the Board of its proposed action and also consult with the Chief Financial Officer with respect to the engagement of any independent counsel or other advisors.

(c) The Board may refer to the Committee such matters and questions relating to the financial position of the Corporation and its affiliates as the Board from time to time sees fit.

(d) The members of the Committee have the right for the purpose of performing their duties of inspecting any of the books and records of the Corporation and its affiliates.

(e) The Committee may require the Auditor, any Director, officer or employee of the Corporation to appear before it to discuss the accounts and records and/or financial position of the Corporation.

(f) The Auditor shall be given notice of every meeting of the Committee and shall have the right to attend and be heard thereat. The Auditor shall report directly to the Audit Committee.

(g) Members of the Committee may rely upon the accuracy of any statement or report prepared by the Auditor or upon any other statement or report including any appraisal report prepared by a qualified person and shall not be responsible or held liable for any loss or damage in respect of any action taken on the basis of such statement or report.

7) **Records**

(a) The Audit Committee shall keep such records as it may deem necessary, of its proceedings and shall report regularly its activities and recommendations to the Board of Directors as appropriate.

EXHIBIT A
to the Audit Committee Charter of Birchcliff Energy Ltd.

WHISTLEBLOWER POLICY

Scope of the Whistleblower Policy

The Audit Committee (the "**Audit Committee**") of the Board of Directors of Birchcliff Energy Ltd. (the "**Corporation**") is responsible under Canadian securities laws for the integrity of the financial reporting of the Corporation and for the system of internal controls, the audit process and monitoring compliance with the financial reporting laws applicable to the Corporation and to all other corporations, trusts, partnerships or other entities which may be established by the Corporation (the "**Other Entities**"). The integrity of the financial information of the Corporation is of paramount importance to the Committee and to the Board of Directors.

National Instrument 52-110 Audit Committees ("**NI 52-110**") has outlined certain aspects of audit committee responsibility and the Audit Committee understands the importance of the responsibilities described in NI 52-110 and intends to be in compliance with such responsibilities. One such responsibility relates to the implementation of procedures for addressing complaints regarding questionable accounting or auditing matters.

This document outlines the procedure which the Audit Committee is establishing for the confidential, anonymous submission by employees of the Corporation and the Other Entities of any concerns which individuals may have regarding questionable accounting or auditing matters.

Individuals are encouraged to submit all good faith concerns and complaints in respect of the accuracy and integrity of the Corporation's accounting, auditing and financial reporting, without fear of retaliation of any kind. If an individual has any concerns about accounting, audit, internal controls or financial reporting matters which he or she considers to be questionable, incorrect, misleading or fraudulent, the individual is urged to come forward as contemplated by this Policy with any such information, complaints or concerns, without regard to the instructions or objections of the person or persons responsible for the subject matter of the relevant complaint or concern.

The designated contact to receive completed reports from employees is Mr. Larry Shaw, the Chairman of the Audit Committee (the "**Designated Contact**").

Procedure for Reporting Concerns

The reporting individual should describe his or her concerns in writing and should include sufficient information to allow the Audit Committee to understand and review the written concern. If the reporting individual wishes to remain anonymous, the written communication should clearly indicate this wish for anonymity. All concerns should be forwarded to Larry Shaw, Chairperson of the Audit Committee, at the address noted below, in a sealed envelope labeled as follows:

"**PRIVATE AND CONFIDENTIAL - To be opened by the addressee only**"

Mr. Larry Shaw, Chairman of the Audit Committee
c/o of Birchcliff Energy Ltd.
Suite 500, 630 – 4th Avenue S.W.
Calgary, Alberta T2P 0J9

If the reporting individual wishes to discuss the matter with the Audit Committee, this request should be indicated in the submission. In order to facilitate such a discussion, the reporting individual should include a telephone number at which he or she can be contacted.

Anonymous Submissions

If the reporting individual wishes to remain anonymous, the individual may indicate this request for anonymity on the submission and should remove any items that may inadvertently disclose his or her identity.

Handling of Concerns Raised:

Promptly following the receipt of any complaints submitted to it, the Audit Committee will investigate each complaint and take corrective actions it considers appropriate in the circumstances.

Authority of Audit Committee

The Audit Committee has the authority to:

(a) conduct any investigation which it considers appropriate, and has direct access to the external auditor of the Corporation, as well as officers and employees of the Corporation and Other Entities, as applicable; and

(b) retain, at the Corporation's expense, special legal, accounting or such other advisors, consultants or experts it deems necessary in the performance of its duties.

In conducting any investigation, the Audit Committee shall use reasonable efforts to protect the anonymity of the reporting individual to the extent so requested.

Records

The Audit Committee will retain as part of its records, any complaints or concerns for a period of no less than seven years. The Audit Committee will keep written record of such reports or inquiries and make quarterly reports to the Board on any ongoing investigation which will include steps taken to satisfactorily address each complaint.

Employee Protection

All employees are assured that no retaliation of any kind is permitted against the applicable individual for complaints or concerns made in good faith. No employee will be adversely affected because the employee refuses to carry out a directive which, in fact, constitutes corporate fraud, or is a violation of a federal or provincial law.

Questions about this Policy

Questions regarding the policy may be directed to Mr. Larry Shaw, Chairperson of the Audit Committee and Designated Contact. He can be reached for this purpose by telephone at (403) 206-3330.