BIRCHCLIFF ENERGY

BIRCHCLIFF ENERGY LTD. ANNOUNCES Q2 2020 FINANCIAL AND OPERATIONAL RESULTS

Calgary, Alberta (August 12, 2020) – Birchcliff Energy Ltd. ("**Birchcliff**" or the "**Corporation**") (TSX: BIR) is pleased to announce its financial and operational results for the three and six months ended June 30, 2020. Birchcliff's unaudited interim condensed financial statements for the three and six months ended June 30, 2020 and related management's discussion and analysis (the "**MD&A**") will be available on its website at www.birchcliffenergy.com and on SEDAR at www.sedar.com. Birchcliff is also pleased to provide an operational update.

PRESIDENT'S MESSAGE TO SHAREHOLDERS

I am pleased to advise that we were approximately 50% ahead of our internal estimates for adjusted funds flow in Q2 2020, as our operating costs were reduced by 8% from Q1 2020 and commodity prices were stronger than we anticipated, notwithstanding the myriad of issues presented by the COVID-19 pandemic. Based on current strip prices, we expect to return to free funds flow generation in 2021. For the remainder of 2020 and into 2021, our priorities continue to be on debt reduction, free funds flow generation and ensuring our long-term sustainability. We remain on track to meet our 2020 guidance for production and capital expenditures and we have increased our target for adjusted funds flow to $185 million as a result of an improved outlook for oil prices. As a result of executing the majority of our capital program in the first half of 2020, our total debt is expected to peak early in Q3 2020 and decrease throughout the remainder of 2020, with total debt at year end now expected to be in the range of $750 million to $770 million. In May 2020, the borrowing base limit under our credit facilities was confirmed at $1 billion. These credit facilities, which do not contain any financial maintenance covenants and do not mature until May 2022, provide us with significant liquidity, especially as we return to free funds flow in Q3 2020.

We continue to focus on the disciplined and efficient execution of our business and continuing to reduce our costs. We believe that our strong financial position, low operating cost structure and asset base provide us with the ability to withstand the challenges that our industry is facing and remain in a position of financial strength. Our high-quality, low-decline assets allow us to maintain production at or near current levels with less F&D capital each year. We believe that commodity prices for natural gas will continue to strengthen towards the end of 2020 and into 2021 as a result of the massive reductions in capital spending throughout North America due to the reduced demand for oil and volatile commodity prices. Our owned-and-operated infrastructure, diverse portfolio of assets and production commodity mix provide us with significant optionality, allowing us to target natural gas, liquids-rich natural gas or oil depending on commodity prices.

We have now completed the vast majority of our 2020 capital program, with the remaining wells recently brought on production and all major facilities and infrastructure projects successfully completed. In Pouce Coupe, we recently brought the production on from our 14-well pad, which used multi-interval cube-style development to maximize operational efficiencies through scale and repeatability. Due to these efficiencies and the excellent execution of this pad, we were able to realize substantial per well cost savings of 24% as compared to our 2018 multi-well pads. In addition, our inlet liquids-handling facility at our Pouce Coupe gas plant was brought on-stream in late July 2020 in anticipation of the 14-well pad being brought on production. This facility was completed ahead of schedule and under budget and it represents an important milestone for Birchcliff as it gives us the ability to grow our condensate production in Pouce Coupe to approximately 10,000 bbls/d. With the successful completion of all of these projects, the execution risk of our 2020 capital program is now behind us.

A. Jeffery Tonken
President and Chief Executive Officer

Q2 2020 HIGHLIGHTS

- Achieved quarterly average production of 74,950 boe/d in Q2 2020, a 2% increase from Q1 2020 and a 4% decrease from Q2 2019.
- Liquids accounted for approximately 24% of Birchcliff's total production in Q2 2020 as compared to approximately 22% in Q1 2020 and Q2 2019.
- Delivered adjusted funds flow of $21.7 million ($0.08 per basic common share), a 41% decrease from Q1 2020 and a 71% decrease from Q2 2019.
- Achieved low operating expense of $2.89/boe in Q2 2020, an 8% decrease from Q1 2020 and a 9% decrease from Q2 2019.
- Recorded G&A expense of $0.84/boe in Q2 2020, a 7% decrease from Q1 2020 and a 3% decrease from Q2 2019.
- Recorded interest expense of $0.69/boe in Q2 2020, a 22% decrease from Q1 2020 and a 25% decrease from Q2 2019.
- Realized an operating netback of $6.84/boe in Q2 2020, a 27% decrease from Q1 2020 and a 40% decrease from Q2 2019.
- Confirmed the borrowing base limit under Birchcliff's extendible revolving credit facilities (the "**Credit Facilities**") at $1.0 billion, providing the Corporation with significant liquidity.
- Continued with the successful and efficient execution of its 2020 capital program (the "**2020 Capital Program**"), drilling 10 (10.0 net) wells, completing 6 (6.0 net) wells and bringing 16 (16.0 net) wells on production in Q2 2020. Total F&D capital expenditures were $83.5 million in the quarter.
- There were no indicators of impairment on Birchcliff's petroleum and natural gas properties and equipment at June 30, 2020.
- Birchcliff's Board of Directors approved the declaration of a cash dividend in the amount of $0.005 per common share for the quarter ending June 30, 2020, which represented an 81% reduction from the prior quarter. This dividend was paid on June 30, 2020 to shareholders of record at the close of business on June 15, 2020.
- All of Birchcliff's natural gas production and the vast majority of its liquids production is currently unhedged to benchmark commodity index prices, which will allow Birchcliff to take advantage of strengthening commodity prices.

This press release contains forward-looking statements within the meaning of applicable securities laws. For further information regarding the forward-looking statements contained herein, see "Advisories – Forward-Looking Statements". In addition, this press release contains references to "adjusted funds flow", "adjusted funds flow per basic common share", "free funds flow", "transportation and other expense", "operating netback", "adjusted funds flow netback", "total cash costs" and "total debt", 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. For further information regarding these non-GAAP measures, see "Non-GAAP Measures". With respect to the disclosure of Birchcliff's production contained in this press release, see "Advisories – Production".

FINANCIAL AND OPERATIONAL HIGHLIGHTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020

	Three months ended June 30,		Six months ended June 30,	
	2020	**2019**	**2020**	**2019**
OPERATING				
Average production				
Light oil *(bbls/d)*	5,744	4,853	4,849	4,827
Condensate *(bbls/d)*	4,825	5,505	4,675	4,963
NGLs *(bbls/d)*	7,455	6,923	7,709	6,834
Natural gas *(Mcf/d)*	341,558	367,033	342,195	360,327
Total *(boe/d)*	**74,950**	**78,453**	**74,265**	**76,678**
Average realized sales price *(CDN$)*(1)				
Light oil *(per bbl)*	25.72	72.25	36.92	69.20
Condensate *(per bbl)*	31.09	71.69	44.35	68.93
NGLs *(per bbl)*	12.05	11.13	12.04	14.36
Natural gas *(per Mcf)*	2.22	1.95	2.25	2.73
Total *(per boe)*	**15.27**	**19.59**	**16.83**	**22.92**
NETBACK AND COST *($/boe)*				
Petroleum and natural gas revenue(1)	15.27	19.59	16.83	22.93
Royalty expense	(0.20)	(0.75)	(0.57)	(0.98)
Operating expense	(2.89)	(3.17)	(3.01)	(3.28)
Transportation and other expense	(5.34)	(4.29)	(5.18)	(4.45)
Operating netback *($/boe)*	**6.84**	**11.38**	**8.07**	**14.22**
G&A expense, net	(0.84)	(0.87)	(0.87)	(0.89)
Interest expense	(0.69)	(0.92)	(0.79)	(0.97)
Realized gain (loss) on financial instruments	(2.51)	0.74	(2.32)	1.34
Other income	0.39	0.03	0.25	0.03
Adjusted funds flow netback *($/boe)*	**3.19**	**10.36**	**4.34**	**13.73**
Depletion and depreciation expense	(7.66)	(7.40)	(7.68)	(7.47)
Unrealized loss on financial instruments	(1.86)	(6.50)	(3.85)	(6.14)
Other expenses(2)	(0.64)	(1.17)	(0.47)	(0.76)
Dividends on preferred shares	(0.28)	(0.27)	(0.28)	(0.28)
Income tax recovery	1.46	3.65	1.67	1.37
Net income (loss) to common shareholders *($/boe)*	**(5.79)**	**(1.33)**	**(6.27)**	**0.45**
FINANCIAL				
Petroleum and natural gas revenue *($000s)*(1)	104,180	139,857	227,443	318,212
Cash flow from operating activities *($000s)*	13,221	97,857	63,772	192,601
Adjusted funds flow *($000s)*	21,746	73,957	58,640	190,605
Per basic common share *($)*	0.08	0.28	0.22	0.72
Net income (loss) to common shareholders *($000s)*	(39,522)	(9,505)	(84,723)	6,294
Per basic common share *($)*	(0.15)	(0.04)	(0.32)	0.02
End of period basic common shares *(000s)*	265,935	265,935	265,935	265,935
Weighted average basic common shares *(000s)*	265,935	265,933	265,935	265,924
Dividends on common shares *($000s)*	1,327	6,981	8,308	13,961
Dividends on preferred shares *($000s)*	1,922	1,922	3,844	3,844
Total capital expenditures *($000s)*(3)	83,974	68,532	216,814	200,490
Long-term bank debt *($000s)*	753,092	622,282	753,092	622,282
Total debt *($000s)*	807,573	654,709	807,573	654,709

(1) Excludes the effects of financial instruments but includes the effects of physical delivery contracts.
(2) Includes non-cash expenses such as compensation, accretion, amortization of deferred financing fees and other income or losses.
(3) See *"Advisories – Capital Expenditures"*.

OUTLOOK AND GUIDANCE

Business Outlook

On January 30, 2020, the World Health Organization declared the novel Coronavirus disease ("**COVID-19**") outbreak a public health emergency of international concern and, on March 10, 2020, declared it to be a pandemic. The outbreak of the COVID-19 pandemic has had a significant negative impact on global economic conditions. This has included a sharp decrease in crude oil demand which, combined with other macro-economic conditions, has resulted in significant volatility in oil and natural gas commodity prices, as well as increased economic uncertainty. Birchcliff has taken decisive action to strengthen its liquidity, financial flexibility and long-term sustainability and believes that its strong financial position and other attributes provide it with the ability to withstand the challenges that industry is facing and remain in a position of financial strength.

The Corporation recently brought the production on from its 14-well pad in Pouce Coupe and brought on-stream its 20,000 bbls/d (50% condensate, 50% water) inlet liquids-handling facility (the "**Inlet Liquids-Handling Facility**") at the Corporation's 100% owned and operated natural gas processing plant in Pouce Coupe (the "**Pouce Coupe Gas Plant**"). Both projects were completed ahead of schedule and under budget. Birchcliff has now completed the drilling and bringing on production of all wells planned under its 2020 Capital Program (see *"Operational Update"* below). As all such wells are now on production, Birchcliff's average production in Q3 and Q4 2020 is expected to increase from Q1 and Q2 2020 levels.

Birchcliff expects that its higher production in Q3 and Q4 of 2020 will drive higher adjusted funds flow, as natural gas prices are anticipated to continue to strengthen towards the end of 2020 and into 2021. As a result of executing the majority of the 2020 Capital Program in the first half of 2020, total debt is expected to peak early in Q3 2020 and decrease throughout the remainder of 2020. Birchcliff expects to exit 2020 in a strong position as a result of its higher production and low-cost structure. In addition, the anticipated proved developed producing reserves additions resulting from the 2020 Capital Program should position the Corporation well for the future.

The Corporation has initiated its formal budgeting process for 2021, which will prioritize debt reduction, free funds flow generation and ensuring the Corporation's long-term sustainability. The 2021 capital program will be designed to provide Birchcliff with significant optionality to take advantage of volatile commodity prices. As a result of Birchcliff's large inventory of potential future drilling locations, the Corporation has the ability to focus on natural gas, liquids-rich natural gas or light oil drilling, depending on its outlook for commodity prices. Facilities and infrastructure spending in 2021 is expected to be significantly lower than in 2020 given that Birchcliff has now completed the Inlet Liquids-Handling Facility and other major facilities and infrastructure projects in Gordondale. The Corporation expects to release preliminary guidance regarding its 2021 capital program in November 2020.

Corporate Guidance

Birchcliff is maintaining its previous guidance for production and capital expenditures that was issued on May 13, 2020 and has updated its other guidance, all of which is set forth in the table below. Birchcliff has also updated its full year commodity price assumptions for 2020. Significant changes to Birchcliff's guidance include the following:

- Adjusted funds flow guidance has been increased to $185 million from $161 million with a corresponding change to free funds flow guidance, primarily due to the improved price forecast for oil.
- Total debt guidance has been decreased to $750 million – $770 million from $770 million – $790 million, primarily due to higher anticipated adjusted funds flow in 2020.
- Average operating expense guidance has been decreased to $2.85/boe – $3.05/boe from $3.05/boe – $3.25/boe, primarily due to increased optimization and efficiencies.
- Average royalty expense guidance has been increased to $0.70/boe – $0.90/boe from $0.65/boe – $0.85/boe, primarily due to the improved price forecast for oil.
- Average transportation and other expense guidance has been increased to $5.00/boe – $5.20/boe from $4.90/boe – $5.10/boe, primarily due to higher transportation costs associated with increased AECO and Dawn firm service.

The following table sets forth Birchcliff's revised and previous guidance and commodity price assumptions for 2020:

	Revised 2020 guidance and assumptions[(1)]	Previous 2020 guidance and assumptions[(1)(2)]
Production		
Annual average production *(boe/d)*	78,000 – 80,000	78,000 – 80,000
% Light oil	7%	7%
% Condensate	8%	8%
% NGLs	9%	9%
% Natural gas	76%	76%
Q4 average production *(boe/d)*	81,000 – 83,000	81,000 – 83,000
Average Expenses *($/boe)*		
Royalty	0.70 – 0.90	0.65 – 0.85
Operating	2.85 – 3.05	3.05 – 3.25
Transportation and other[(3)]	5.00 – 5.20	4.90 – 5.10
Adjusted Funds Flow *(MM$)*	185[(4)]	161
F&D Capital Expenditures *(MM$)*	275 – 295[(5)]	275 – 295[(5)]
Free Funds Flow *(MM$)*[(6)]	(90) – (110)	(114) – (134)
Total Debt at Year End *(MM$)*	750 – 770[(7)]	770 – 790
Natural Gas Market Exposure[(8)]		
AECO exposure as a % of total natural gas production	19%	20%
Dawn exposure as a % of total natural gas production	44%	45%
NYMEX HH exposure as a % of total natural gas production	34%	34%
Alliance exposure as a % of total natural gas production	3%	1%
Commodity Prices		
Average WTI price *(US$/bbl)*	39.00	33.00
Average WTI-MSW differential *(CDN$/bbl)*	8.75	11.00
Average AECO 5A price *(CDN$/GJ)*	2.10	2.20
Average Dawn price *(US$/MMBtu)*[(9)]	1.90	2.00
Average NYMEX HH price *(US$/MMBtu)*[(9)]	2.10	2.25
Exchange rate *(CDN$ to US$1)*	1.35	1.38

(1) Birchcliff's guidance for its commodity mix, adjusted funds flow and natural gas market exposure in 2020 is based on an annual average production rate of 79,000 boe/d during 2020, which is the mid-point of Birchcliff's annual average production guidance for 2020.

(2) As previously issued on May 13, 2020.

(3) Includes transportation tolls for 175,000 GJ/d of natural gas sold at the Dawn price and includes any unused firm transportation costs associated with Birchcliff's commitments on the NGTL system.

(4) Birchcliff's estimate of adjusted funds flow takes into account the effects of its physical and financial commodity risk management contracts outstanding as at August 12, 2020. See *"Discussion of Operations – Risk Management"* in the MD&A.

(5) Birchcliff's estimate of F&D capital expenditures excludes any net potential acquisitions and dispositions and corresponds to Birchcliff's 2020 F&D capital budget. For further details regarding Birchcliff's 2020 Capital Program, see *"Operational Update"*. See also *"Advisories – Capital Expenditures"*.

(6) Free funds flow is calculated as adjusted funds flow less F&D capital expenditures and is prior to acquisitions and dispositions, dividend payments, abandonment and reclamation obligations, administrative assets, financing fees and capital lease obligations. See *"Non-GAAP Measures"*.

(7) The total debt amount set forth in the table above assumes the following: (i) that the timing and amount of preferred share dividends paid by the Corporation remains consistent with previous years, with the dividend rates remaining flat; (ii) that a common share dividend of $0.005 per share is paid for the quarters ending September 30, 2020 and December 31, 2020; (iii) that there are 265,935,229 common shares outstanding; (iv) that there are 2,000,000 cumulative redeemable preferred shares, Series C ("**Series C Preferred Shares**") outstanding for the period from January 1, 2020 to June 29, 2020 and 1,962,835 Series C Preferred Shares outstanding for the remainder of 2020; (v) that the 2020 Capital Program will be carried out as currently contemplated and the level of capital spending set forth herein will be achieved; and (vi) the targets for production, commodity mix, capital expenditures, adjusted funds flow, free funds flow and natural gas market exposure and the commodity price and exchange rate assumptions set forth herein are met. The amount set forth in the table above does not include annual cash incentive payments.

(8) Birchcliff's guidance regarding its natural gas market exposure in 2020 assumes: (i) 175,000 GJ/d being sold at the Dawn index price; (ii) 5 MMcf/d being sold at Alliance's Trading Pool daily index price until October 31, 2020; and (iii) 132,500 MMBtu/d being hedged on a financial and physical basis at a fixed basis differential between the AECO 7A price and the NYMEX HH price.

(9) See *"Advisories – MMBtu Pricing Conversions"*.

Adjusted Funds Flow Sensitivity

The following table illustrates the expected impact of changes in commodity prices and the CDN/US exchange rate on the Corporation's estimate of adjusted funds flow for 2020 of $185 million, after taking into account the effects of its commodity risk management contracts outstanding as at August 12, 2020:

Forward Six Months' Sensitivity[1]	Estimated change to 2020 adjusted funds flow *(MM$)*[2][3]
Change in WTI US$1.00/bbl	5.7
Change in NYMEX HH US$0.10/MMBtu	4.4
Change in Dawn US$0.10/MMBtu	7.9
Change in AECO CDN$0.10/GJ	4.7
Change in CDN/US exchange rate CDN$0.01	2.1

(1) Adjusted funds flow sensitivities take into account actual prices and exchange rates from January 1, 2020 to June 30, 2020.
(2) See the guidance table above.
(3) The calculated impact on adjusted funds flow is only applicable within the limited range of change indicated. Calculations are performed independently and may not be indicative of actual results. Actual results may vary materially when multiple variables change at the same time.

Ongoing weakness in commodity prices resulting from the COVID-19 pandemic and market volatility may adversely and materially impact the Corporation's future financial and operational results. Changes in assumed commodity prices and variances in production estimates can have a significant impact on the Corporation's estimates of adjusted funds flow and free funds flow and the Corporation's other guidance, which impact may be material. For further information, see *"Advisories – Forward-Looking Statements"* in this press release and *"Risk Factors and Risk Management"* in the MD&A.

Q2 2020 FINANCIAL AND OPERATIONAL RESULTS

Production

Birchcliff's production averaged 74,950 boe/d in Q2 2020, a 2% increase from 73,580 boe/d in Q1 2020. The increase was primarily due to incremental production from new horizontal oil and condensate-rich natural gas wells brought on production since Q1 2020, partially offset by planned production shut-in and facility maintenance activities in Pouce Coupe and natural production declines. In order to minimize frac-driven interaction associated with offset drilling and completions activities in Pouce Coupe, Birchcliff proactively and temporarily shut-in some production during Q2 2020 in order to protect its existing wells. Birchcliff's average production in Q3 and Q4 2020 is expected to increase from Q1 and Q2 2020 levels, with production expected to average 81,000 – 83,000 boe/d in Q4 2020 and 78,000 – 80,000 boe/d in full year 2020. See *"Outlook and Guidance".*

Birchcliff's production in Q2 2020 decreased by 4% from 78,453 boe/d in Q2 2019. The decrease was primarily due to the planned production shut-in and facility maintenance activities in Pouce Coupe and natural production declines, partially offset by incremental production from new horizontal oil and condensate-rich natural gas wells brought on production since Q2 2019.

Liquids accounted for approximately 24% of Birchcliff's total production in Q2 2020 as compared to approximately 22% in Q1 2020 and Q2 2019, with total liquids production increasing by 10% from Q1 2020 and by 4% from Q2 2019. The increases were primarily attributable to the successful addition of oil wells brought on production in Gordondale and condensate-rich natural gas wells in Pouce Coupe.

Adjusted Funds Flow

Birchcliff's adjusted funds flow for Q2 2020 was $21.7 million, or $0.08 per basic common share, a 41% and a 43% decrease, respectively, from $36.9 million and $0.14 per basic common share in Q1 2020. The decreases were primarily due to lower reported revenue as compared to Q1 2020. Petroleum and natural gas revenue decreased by 15% as compared to Q1 2020, largely due to lower average realized light oil and condensate sales prices in Q2 2020. Birchcliff's light oil and condensate revenue in Q2 2020 was negatively impacted by the significant weakness and volatility in oil prices as a result of the COVID-19 pandemic and ensuing global demand destruction. Adjusted funds flow was also negatively impacted by higher realized losses on financial instruments and higher transportation and other expense as a result of Birchcliff's increased Dawn and AECO firm service, and positively impacted by lower operating, royalty and interest expenses as compared to Q1 2020.

Birchcliff's adjusted funds flow in Q2 2020 decreased by 71% from $74.0 million and $0.28 per basic common share in Q2 2019. The decreases were primarily due to lower reported revenue and a realized loss on financial instruments of $17.1 million in Q2 2020 as compared to a realized gain on financial instruments of $5.3 million in Q2 2019. Petroleum and natural gas revenue decreased by 26% as compared to Q2 2019, largely due to lower average realized light oil and condensate sales prices in Q2 2020. Adjusted funds flow was also negatively impacted by higher transportation and other expense as a result of Birchcliff's increased Dawn and AECO firm service, and positively impacted by lower operating, royalty and interest expenses as compared to Q2 2019.

Net Loss to Common Shareholders

Birchcliff recorded a net loss to common shareholders of $39.5 million, or $0.15 per basic common share, in Q2 2020, a decrease from $45.2 million and $0.17 per basic common share in Q1 2020. The decreases were primarily due to lower unrealized mark-to-market losses on financial instruments as compared to Q1 2020, partially offset by a decrease in adjusted funds flow as described above and a decrease in income tax recovery.

Birchcliff's net loss to common shareholders in Q2 2020 increased from $9.5 million and $0.04 per basic common share in Q2 2019. The increases were primarily due to lower adjusted funds flow as described above and a decrease in income tax recovery, partially offset by lower unrealized mark-to-market losses on financial instruments as compared to Q2 2019.

Operating Expense

Birchcliff's operating expense was $2.89/boe in Q2 2020, an 8% decrease from $3.14/boe in Q1 2020 and a 9% decrease from $3.17/boe in Q2 2019. The decreases were primarily due to various field optimization and cost-saving initiatives in Pouce Coupe and Gordondale, which included the Corporation's expanded liquids-handling capabilities in Pouce Coupe.

Operating Netback

Birchcliff's operating netback was $6.84/boe in Q2 2020, a 27% decrease from $9.32/boe in Q1 2020 and a 40% decrease from $11.38/boe in Q2 2019. The decreases were primarily due to lower average realized light oil and condensate prices and higher per boe transportation and other expense, partially offset by lower per boe operating and royalty expenses as compared to Q1 2020 and Q2 2019.

Total Cash Costs

Birchcliff's total cash costs were $9.96/boe in Q2 2020, an 8% decrease from $10.88/boe in Q1 2020. The decrease was primarily due to lower per boe operating, royalty, interest and G&A expenses, partially offset by higher per boe transportation and other expense. Birchcliff's total cash costs on a per boe basis in Q2 2020 were comparable to $10.00/boe in Q2 2019.

Debt and Credit Facilities

Birchcliff has significant liquidity from its Credit Facilities which have an aggregate principal amount of $1.0 billion and which are comprised of an extendible revolving syndicated term credit facility (the "**Syndicated Credit Facility**") of $900.0 million and an extendible revolving working capital facility (the "**Working Capital Facility**") of $100.0 million. At June 30, 2020, Birchcliff had long-term bank debt of $753.1 million (March 31, 2020: $619.0 million; June 30, 2019: $622.3 million), leaving $241.0 million of unutilized credit capacity after adjusting for outstanding letters of credit and unamortized interest and fees. Total debt at June 30, 2020 was $807.6 million as compared to $739.6 million at March 31, 2020 and $654.7 million at June 30, 2019. Total debt is expected to peak in early Q3 2020 and decrease throughout the remainder of 2020, with total debt at year end 2020 expected to be in the range of $750 million to $770 million. See *"Outlook and Guidance".*

The Credit Facilities are subject to semi-annual reviews 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. In May 2020, Birchcliff's syndicate of lenders completed its review and the borrowing base limit was confirmed at $1.0 billion. The next regularly scheduled review of the borrowing base limit is expected to occur in November 2020.

The maturity dates of the Credit Facilities are currently May 11, 2022. 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 connection with the most recently completed borrowing base review, Birchcliff chose to not extend the maturity dates of the Credit Facilities by another year given that the Credit Facilities do not mature for another two years and the increased costs of credit in the current environment.

Pouce Coupe Gas Plant Netbacks

Birchcliff processed approximately 66% of its total corporate natural gas production and 55% of its total corporate production through the Pouce Coupe Gas Plant in the six months ended June 30, 2020 as compared to 69% and 59%, respectively, in the six months ended June 30, 2019. The following table sets forth Birchcliff's average daily production and operating netback for wells producing to the Pouce Coupe Gas Plant for the periods indicated:

	Six months ended June 30, 2020		Six months ended June 30, 2019	
Average production:				
Condensate *(bbls/d)*		2,872		3,272
NGLs *(bbls/d)*		940		753
Natural gas *(Mcf/d)*		224,354		246,920
Total *(boe/d)*		**41,204**		**45,178**
Liquids-to-gas ratio[1] *(bbls/MMcf)*		**17.0**		**16.3**
Netback and cost:	*$/Mcfe*	*$/boe*	*$/Mcfe*	*$/boe*
Petroleum and natural gas revenue[2]	2.68	16.10	3.38	20.30
Royalty expense	(0.06)	(0.35)	(0.06)	(0.35)
Operating expense[3]	(0.41)	(2.47)	(0.39)	(2.34)
Transportation and other expense	(0.90)	(5.44)	(0.75)	(4.55)
Operating netback	**$1.31**	**$7.84**	**$2.18**	**$13.06**
Operating margin[4]	**49%**	**49%**	**64%**	**64%**

(1) Liquids consists of condensate and other NGLs.
(2) Excludes the effects of financial instruments but includes the effects of physical delivery contracts.
(3) Represents plant and field operating expense.
(4) Operating margin is calculated by dividing the operating netback for the period by the petroleum and natural gas revenue for the period.

The liquids-to-gas ratio at the Pouce Coupe Gas Plant increased by 4% to 17.0 bbls/MMcf in the six months ended June 30, 2020 as compared to 16.3 bbls/MMcf in the six months ended June 30, 2019 primarily due to specifically targeted condensate-rich natural gas wells in Pouce Coupe.

Commodity Prices

The following table sets forth the average benchmark index prices for the periods indicated:

	Three months ended June 30, 2020	Three months ended June 30, 2019	% Change
Light oil – WTI Cushing *(US$/bbl)*	26.61	59.82	(56)
Light oil – MSW (Mixed Sweet) *(CDN$/bbl)*	25.15	73.26	(66)
Natural gas – NYMEX HH *(US$/MMBtu)*[1]	1.64	2.64	(38)
Natural gas – AECO 5A Daily *(CDN$/GJ)*	1.89	0.98	93
Natural gas – AECO 7A Month Ahead *(US$/MMBtu)*[1]	1.33	0.87	53
Natural gas – Dawn Day Ahead *(US$/MMBtu)*[1]	1.63	2.34	(30)
Natural gas – ATP 5A Day Ahead *(CDN$/GJ)*	1.68	1.17	44
Exchange rate *(CDN$ to US$1)*	1.3860	1.3376	4
Exchange rate *(US$ to CDN$1)*	0.7215	0.7476	(3)

(1) See *"Advisories – MMBtu Pricing Conversions"*.

Marketing and Natural Gas Market Diversification

Birchcliff's physical natural gas sales exposure primarily consists of the AECO, Dawn and Alliance markets. In addition, the Corporation has various financial instruments outstanding that provide it with exposure to NYMEX HH pricing.

The following table details Birchcliff's effective sales, production and average realized sales price for natural gas and liquids for Q2 2020, after taking into account the Corporation's financial instruments:

Three months ended June 30, 2020						
	Effective sales *(CDN$000s)*	Percentage of total sales *(%)*	Effective production *(per day)*	Percentage of total natural gas production *(%)*	Percentage of total corporate production *(%)*	Effective average realized sales price *(CDN$)*
Markets						
AECO(1)	10,866	13	56,322 Mcf	16	13	2.12/Mcf
Dawn(2)	34,402	38	159,338 Mcf	47	35	2.37/Mcf
Alliance(3)	665	1	5,112 Mcf	1	1	1.43/Mcf
NYMEX HH(1)	8,867	9	120,786 Mcf	36	27	0.81/Mcf
Total natural gas	**54,800**	**61**	**341,558 Mcf**	**100**	**76**	**1.76/Mcf**
Light oil	13,445	15	5,744 bbls		8	25.72/bbl
Condensate	13,649	15	4,825 bbls		6	31.09/bbl
NGLs	8,176	9	7,455 bbls		10	12.05/bbl
Total liquids	**35,270**	**39**	**18,024 bbls**		**24**	**21.50/bbl**
Total corporate	**90,070**	**100**	**74,950 boe**		**100**	**13.21/boe**

(1) A portion of AECO 5A sales and production that effectively received NYMEX HH pricing under Birchcliff's long-term physical and financial NYMEX/AECO 7A basis swap contracts has been included as effective sales and production in NYMEX HH markets. Birchcliff sold financial and physical AECO 7A basis swaps for 132,500 MMBtu/d at an average contract price of NYMEX HH less US$1.234/MMBtu during Q2 2020.

(2) Birchcliff has agreements for the firm service transportation of an aggregate of 175,000 GJ/d of natural gas on TCPL's Canadian Mainline, whereby natural gas is transported to the Dawn trading hub in Southern Ontario. The first tranche of this service (120,000 GJ/d) became available on November 1, 2017, the second tranche (30,000 GJ/d) became available on November 1, 2018 and the third tranche (25,000 GJ/d) became available on November 1, 2019. Each tranche has a 10-year term.

(3) Birchcliff has sales agreements with a third party marketer to sell and deliver into the Alliance pipeline system until October 31, 2020. Alliance sales are recorded net of transportation tolls.

Effectively 87% of the Corporation's sales revenue, representing 84% of its total natural gas production and 87% of its total corporate production, was generated from markets outside of AECO in Q2 2020, after taking into account its liquids sales and long-term financial NYMEX/AECO basis swap position.

The following tables set forth Birchcliff's sales, production, average realized sales price, transportation costs and natural gas sales netback by natural gas market for the periods indicated, before taking into account the Corporation's financial instruments:

Three months ended June 30, 2020							
	Natural gas sales(1) *(CDN$000s)*	Percentage of natural gas sales *(%)*	Natural gas production *(Mcf/d)*	Percentage of natural gas production *(%)*	Average realized natural gas sales price(1) *(CDN$/Mcf)*	Natural gas transportation costs(2) *(CDN$/Mcf)*	Natural gas sales netback(3) *(CDN$/Mcf)*
AECO(4)	33,840	49	177,108	52	2.12	0.38	1.74
Dawn	34,402	50	159,338	47	2.37	1.43	0.94
Alliance(5)	665	1	5,112	1	1.43	-	1.43
Total	**68,907**	**100**	**341,558**	**100**	**2.22**	**0.87**	**1.35**

Three months ended June 30, 2019							
	Natural gas sales(1) *(CDN$000s)*	Percentage of natural gas sales *(%)*	Natural gas production *(Mcf/d)*	Percentage of natural gas production *(%)*	Average realized natural gas sales price(1) *(CDN$/Mcf)*	Natural gas transportation costs(2) *(CDN$/Mcf)*	Natural gas sales netback(3) *(CDN$/Mcf)*
AECO(4)	22,049	34	217,353	59	1.11	0.32	0.79
Dawn	41,104	63	135,953	37	3.32	1.38	1.94
Alliance(5)	1,856	3	13,727	4	1.49	-	1.49
Total	**65,009**	**100**	**367,033**	**100**	**1.95**	**0.71**	**1.24**

(1) Excludes the effects of financial instruments but includes the effects of physical delivery contracts.

(2) Reflects costs to transport natural gas from the field receipt point to the delivery sales trading hub.

(3) Natural gas sales netback denotes the average realized natural gas sales price less natural gas transportation costs.

(4) Includes physical AECO 7A basis swaps for 5,000 MMBtu/d at an average contract price of NYMEX less US$1.205 MMBtu.

(5) Alliance sales are recorded net of transportation tolls.

Capital Activities and Investment

During Q2 2020, Birchcliff continued with the successful execution of its 2020 Capital Program, drilling 10 (10.0 net) wells and bringing 16 (16.0 net) wells on production as set forth in the table below:

Area	Wells drilled in Q2 2020	Wells brought on production in Q2 2020
Pouce Coupe		
Montney D1 horizontal natural gas wells	3	0
Montney D2 horizontal natural gas wells	3	3
Montney C horizontal natural gas wells	4	3
Total – Pouce Coupe	**10**	**6**
Gordondale		
Montney D1 horizontal oil wells	0	5
Montney D2 horizontal oil wells	0	4
Montney D4 horizontal oil wells	0	1
Total – Gordondale	**0**	**10**
TOTAL – COMBINED	**10**	**16**

Total F&D capital expenditures in Q2 2020 were $83.5 million, with F&D capital expenditures of $67.5 million in Pouce Coupe and $16.0 million in Gordondale.

OPERATIONAL UPDATE

As at the date hereof, Birchcliff has completed the vast majority of its 2020 Capital Program, with all wells brought on production and all major facilities and infrastructure projects successfully completed. The 2020 Capital Program was strategically front-end loaded, allowing Birchcliff to bring new wells on production relatively early in the year in order to optimize producing days for capital spent.

Due to the excellent execution of Birchcliff's DCCET program and the various efficiencies resulting from multi-well pad drilling, Birchcliff was able to realize substantial per well cost savings and the program was completed on time and under budget. The Corporation has been able to reduce its DCCET costs as compared to 2018 and 2019 largely due to continued internal technical improvements resulting in reduced drilling and completion pumping times, reduced frac treatment water use and improvements in drilling trajectories.

Total facilities and infrastructure spending under the 2020 Capital Program is targeted at approximately $75 million and includes approximately $35 million for the completion of the Inlet Liquids-Handling Facility and approximately $25 million for the addition of natural gas compression and a significant trunk line in Gordondale. As these significant one-time projects have been completed, facilities and infrastructure spending in 2021 is expected to be significantly lower than in 2020. See *"Outlook and Guidance".*

Drilling Activities and Results

Birchcliff completed its drilling program in Q2 2020 and subsequent to the end of the quarter, it brought all remaining wells on production. The following table summarizes the wells that Birchcliff has drilled and brought on production this year:

Area	Total wells drilled	Total wells brought on production[1]
Pouce Coupe		
Montney D1 horizontal natural gas wells	4	4
Montney D2 horizontal natural gas wells	9	12
Montney C horizontal natural gas wells	7	8
Total – Pouce Coupe	**20**	**24**
Gordondale		
Montney D1 horizontal oil wells	4	5
Montney D2 horizontal oil wells	4	4
Montney D4 horizontal oil wells	0	1
Total – Gordondale	**8**	**10**
TOTAL – COMBINED	**28**	**34**

(1) Includes 6 (6.0) net wells that were drilled and rig released in Q4 2019.

In Pouce Coupe, the Corporation drilled 20 (20.0 net) wells and brought 24 (24.0 net) wells on production. The wells were drilled on three multi-well pads as described below:

- 06-32-078-12W6 (4-well pad): The first pad is an existing pad site where Birchcliff drilled an additional 2 wells in Q4 2019 and 2 wells in Q1 2020. All of these wells were drilled in the Montney D2 interval and were brought on production in late Q1 2020.
- 14-06-079-12W6 (6-well pad): The second pad is an existing pad site where Birchcliff drilled an additional 2 wells in Q4 2019 and 4 wells in Q1 2020. These 6 wells were drilled in 2 different intervals (3 in the Montney D2 and 3 in the Montney C) and were all brought on production in Q2 2020. Birchcliff has been encouraged by the results of these wells, which have shown strong condensate and natural gas rates.
- 14-19-079-12W6 (14-well pad): Birchcliff recently brought the production on from its 14-well pad, which used multi-interval cube-style development to maximize operational efficiencies through scale and repeatability, which led to substantial cost savings on a per well basis. The pad is adjacent to the successful condensate-rich wells drilled by Birchcliff in 2019 in the Montney D1, D2 and C intervals at its 14-06-079-12W6 pad. The 14 wells were drilled in 3 different intervals (5 in the Montney D1, 4 in the Montney D2 and 5 in the Montney C).

  The pad utilized two fit-for-purpose walking style drilling rigs which each drilled 7 wells. Utilizing two drilling rigs allowed for significant shared service-related synergies and resulted in a more efficient cycle time and cost savings. Significant costs saving were also realized during the completion of this pad due to economies of scale and minimal non-productive time.

In Gordondale, the Corporation drilled 8 (8.0 net) wells and brought 10 (10.0 net) wells on production. Birchcliff used multi-interval cube-style development to drill the 10 wells, using two drilling rigs on two proximal pads targeting the Montney D1, D2 and D4 intervals. Two wells were drilled in Q4 2019 and the remaining 8 wells were drilled in Q1 2020.

- 06-35-077-11W6 (4-well pad): Birchcliff drilled 4 wells on this pad in Q1 2020. These 4 wells were drilled in 2 different intervals (2 in the Montney D1 and 2 in the Montney D2) and were all brought on production in Q2 2020. Birchcliff has been encouraged by the results of these wells, which have shown strong light oil and natural gas rates.
- 02-02-078-11W6 (6-well pad): Birchcliff drilled 6 wells on this pad, which is adjacent to an existing pad site. Two of the wells were drilled in Q4 2019 and 4 wells were drilled in Q1 2020. These 6 wells were drilled in 3 different intervals (3 in the Montney D1, 2 in the Montney D2 and 1 in the Montney D4). All of the wells were brought on production in Q2 2020. Birchcliff has been encouraged by the results of these wells, which include production rates from the first Montney D4 well that the Corporation has drilled in Gordondale. The Montney D4 interval has been proven commercial in the Pouce Coupe area (with 12 producing wells) and Birchcliff anticipates that the extension of the Montney D4 into Gordondale will add more light oil inventory utilizing the Corporation's existing infrastructure.

Multi-Interval Cube-Style Development and Continuous Performance Improvement

The 14-well pad in Pouce Coupe highlights the progress Birchcliff has made with its DCCET best practices. Through its many years of exploration and development, Birchcliff has acquired significant proprietary knowledge respecting all aspects of the Montney/Doig Resource Play in its areas of focus. This competitive advantage has resulted from Birchcliff's commitment to science and technology and striving for continuous performance improvement, as well as the knowledge gained from the drilling, completing and bringing on production of over 364 wells since its first Montney/Doig horizontal well was drilled in 2007. Building off of the success of its science and technology pad in 2018 that targeted three different intervals (the Montney D1, D2 and C), Birchcliff continues to refine its multi-interval cube-style DCCET practices to improve resource recovery and cost efficiency in both Pouce Coupe and Gordondale. This cube-style of development has various benefits, including: (i) it reduces Birchcliff's environmental footprint; (ii) it allows Birchcliff to fracture stimulate (complete) a large number of wells in several different intervals all at once to leverage the rock mechanics and achieve better resource recovery; (iii) it helps to minimize frac-driven interaction with offsetting wells; (iv) it reduces per well costs through common well equipment and pipelines; and (v) it maximizes operational scale and repeatability.

Birchcliff's investment in science and technology is critical to its continuous performance improvement. The 14-well pad provided an excellent opportunity to utilize leading-edge diagnostic technology to enhance the Corporation's learnings. The diagnostics on this pad include: (i) surface microseismic; (ii) downhole whip array microseismic; (iii) fibre distributed acoustic sensing ("**DAS**"), which was used for microseismic and cross-strain measurements; (iv) sealed wellbore pressure monitoring to monitor offsetting well interactions; (v) full-cycle geochemistry sampling; and (vi) accelerated and conventional diagnostic fracture injection testing and interference testing. Birchcliff also plans to evaluate the use of fibre DAS production profiling on one or two wells on the 14-well pad.

The utilization of these diagnostic technologies has provided Birchcliff with significant insights into its DCCET best practices at the stage, well and pad level, including:

- At the stage level: optimal cluster design, including the number of clusters per stage, stage length, tonnes per metre of proppant and proppant concentrations.
- At the well level: optimal number of stages per well, well lengths and wellbore landing depths.
- At the pad level: optimal frac order, flowback order and well spacing, both laterally and vertically.

Facilities and Infrastructure

At the Pouce Coupe Gas Plant, the Inlet Liquids-Handling Facility was brought on-stream in late July 2020. This facility was completed ahead of schedule and under budget and it represents an important milestone for Birchcliff as it gives the Corporation the ability to grow its condensate production in Pouce Coupe to approximately 10,000 bbls/d.

In Gordondale, Birchcliff completed the addition of natural gas compression at both of its 100% owned and operated oil batteries and the construction of its significant trunk line to transport oil, natural gas and water to these batteries from the southeastern portion of the field. Both projects were completed in Q2 2020. The addition of natural gas compression at both batteries allows the existing wells to produce against lower wellhead pressures, which in turn has increased production rates. The addition of the new trunk line allows the compression to become even more effective and handle both the new and existing volumes in the area.

ABBREVIATIONS

AECO	benchmark price for natural gas determined at the AECO 'C' hub in southeast Alberta
ATP	Alliance Trading Pool
bbl	barrel
bbls	barrels
bbls/d	barrels per day
boe	barrel of oil equivalent
boe/d	barrel of oil equivalent per day
condensate	pentanes plus (C5+)
DCCET	drilling, casing, completion, equipping and tie-in
F&D	finding and development
G&A	general and administrative
GAAP	generally accepted accounting principles for Canadian public companies which are currently International Financial Reporting Standards as issued by the International Accounting Standards Board
GJ	gigajoule
GJ/d	gigajoules per day
HH	Henry Hub
m^3	cubic metres
Mcf	thousand cubic feet
Mcf/d	thousand cubic feet per day
Mcfe	thousand cubic feet of gas equivalent
MJ	megajoule
MM$	millions of dollars
MMBtu	million British thermal units
MMBtu/d	million British thermal units per day
MMcf	million cubic feet
MMcf/d	million cubic feet per day
MSW	price for mixed sweet crude oil at Edmonton, Alberta
NGLs	natural gas liquids consisting of ethane (C2), propane (C3) and butane (C4) and specifically excluding condensate
NGTL	NOVA Gas Transmission Ltd.
NYMEX	New York Mercantile Exchange

TCPL	TransCanada PipeLines Limited
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma, for crude oil of standard grade
000s	thousands
$000s	thousands of dollars

NON-GAAP MEASURES

This press release uses the terms "adjusted funds flow", "adjusted funds flow per basic common share", "free funds flow", "transportation and other expense", "operating netback", "adjusted funds flow netback", "total cash costs" and "total debt". These measures 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. Management believes that these non-GAAP measures assist management and investors in assessing Birchcliff's profitability, efficiency, liquidity and overall performance.

"Adjusted funds flow" denotes cash flow from operating activities before the effects of decommissioning expenditures and changes in non-cash operating working capital and "adjusted funds flow per basic common share" denotes adjusted funds flow divided by the basic weighted average number of common shares outstanding for the period. "Free funds flow" denotes adjusted funds flow less F&D capital expenditures. "Transportation and other expense" denotes transportation expense plus marketing purchases minus marketing revenue. "Operating netback" denotes petroleum and natural gas revenue less royalty expense, less operating expense and less transportation and other expense. "Adjusted funds flow netback" denotes petroleum and natural gas revenue less royalty expense, less operating expense, less transportation and other expense, less net G&A expense, less interest expense and less any realized losses (plus realized gains) on financial instruments and plus any other cash income sources. "Total cash costs" are comprised of royalty, operating, transportation and other, G&A and interest expenses. "Total debt" is calculated as the revolving term credit facilities plus adjusted working capital deficit. For additional information regarding these non-GAAP measures, including reconciliations to the most directly comparable GAAP measures where applicable, see *"Non-GAAP Measures"* in the MD&A.

ADVISORIES

Unaudited Information

All financial and operational information contained in this press release for the three and six months ended June 30, 2020 and 2019 is unaudited.

Currency

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

MMBtu Pricing Conversions

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

Boe and Mcfe Conversions

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

Production

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

Oil and Gas Metrics

This press release contains metrics commonly used in the oil and natural gas industry, including netbacks. These oil and gas metrics do not have any standardized meanings or standard methods of calculation and therefore may not be comparable to similar measures presented by other companies where similar terminology is used. As such, they should not be used to make comparisons. Management uses these oil and gas metrics for its own performance measurements and to provide investors with measures to compare Birchcliff's performance over time; however, such measures are not reliable indicators of Birchcliff's future performance, which may not compare to Birchcliff's performance in previous periods, and therefore should not be unduly relied upon. For additional information regarding netbacks, see *"Non-GAAP Measures".*

Capital Expenditures

Unless otherwise indicated, references in this press release to: (i) "F&D capital" denotes capital for land, seismic, workovers, drilling and completions and well equipment and facilities; and (ii) "total capital expenditures" denotes F&D capital plus acquisitions, less any dispositions, plus administrative assets.

Forward-Looking Statements

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

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Accordingly, readers are cautioned not to place undue reliance on such forward-looking statements. Although Birchcliff believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct and Birchcliff makes no representation that actual results achieved will be the same in whole or in part as those set out in the forward-looking statements.

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

- Birchcliff's plans and other aspects of its anticipated future financial performance, results, operations, focus, objectives, strategies, opportunities, priorities and goals, including: statements that for the remainder of 2020 and into 2021, the Corporation's priorities continue to be on debt reduction, free funds flow generation and ensuring its long-term sustainability; and statements that Birchcliff continues to focus on the disciplined and efficient execution of its business and continuing to reduce its costs;

- statements regarding the Corporation's liquidity and financial flexibility, including that the Corporation's Credit Facilities provide it with significant liquidity;
- Birchcliff's belief that its strong financial position, low operating cost structure and asset base provide it with the ability to withstand the challenges that its industry is facing and remain in a position of financial strength;
- statements that Birchcliff's high-quality, low-decline assets allow it to maintain production at or near current levels with less F&D capital each year;
- statements regarding the Corporation's outlook for commodity prices, including Birchcliff's belief that natural gas prices will continue to strengthen towards the end of 2020 and into 2021;
- statements that Birchcliff's owned-and-operated infrastructure, diverse portfolio of assets and production commodity mix provide it with significant optionality, allowing it to target natural gas, liquids-rich natural gas or oil depending on commodity prices;
- statements that as all of Birchcliff's natural gas production and the vast majority of its liquids production is currently unhedged to benchmark commodity index prices, this will allow Birchcliff to take advantage of strengthening commodity prices;
- the information set forth under the headings *"President's Message to Shareholders"* and *"Outlook and Guidance"* and elsewhere in this press release as it relates to Birchcliff's outlook and guidance, including: statements that Birchcliff expects to return to free funds flow generation in 2021; statements that Birchcliff remains on track to meet its 2020 guidance for production and capital expenditures and that it is now targeting adjusted funds flow of $185 million; statements that Birchcliff's total debt is expected to peak early in Q3 2020 and decrease throughout the remainder of 2020, with total debt at year end now expected to be in the range of $750 million to $770 million; statements regarding the return to free funds flow in Q3 2020; statements that Birchcliff's average production in Q3 and Q4 2020 is expected to increase from Q1 and Q2 2020 levels; statements that Birchcliff expects that its higher production in Q3 and Q4 of 2020 will drive higher adjusted funds flow, as natural gas prices are anticipated to continue to strengthen towards the end of 2020 and into 2021; statements that Birchcliff expects to exit 2020 in a strong position as a result of its higher production and low-cost structure; statements that the anticipated proved developed producing reserves additions resulting from the 2020 Capital Program should position the Corporation well for the future; statements regarding the Corporation's 2021 capital program (including: that the program will prioritize debt reduction, free funds flow generation and ensuring the Corporation's long-term sustainability; that the program will be designed to provide Birchcliff with significant optionality to take advantage of volatile commodity prices; that as a result of Birchcliff's large inventory of potential future drilling locations, the Corporation has the ability to focus on natural gas, liquids-rich natural gas or light oil drilling; that facilities and infrastructure spending in 2021 is expected to be significantly lower than in 2020; and that the Corporation expects to release preliminary guidance regarding its 2021 capital program in November 2020); estimates of annual and Q4 average production, annual commodity mix, average expenses, adjusted funds flow, F&D capital expenditures, free funds flow, total debt and natural gas market exposure; and the expected impact of changes in commodity prices and the CDN/US exchange rate on Birchcliff's estimate of adjusted funds flow;
- the information set forth under the headings *"President's Message to Shareholders"*, *"Outlook and Guidance"* and *"Operational Update"* and elsewhere in this press release as it relates to the 2020 Capital Program and Birchcliff's proposed exploration and development activities and the timing thereof, including: the focus of, the objectives of, the anticipated results from and expected benefits of the 2020 Capital Program; statements that the Inlet Liquids-Handling Facility will give Birchcliff the ability to grow its condensate production to 10,000 bbls/d in Pouce Coupe; targeted facilities and infrastructure spending; and the benefits associated with multi-interval cube-style development;
- that the next regularly scheduled review of the borrowing base limit under the Credit Facilities is expected to occur in November 2020; and
- the performance and other characteristics of Birchcliff's oil and natural gas properties and expected results from its assets.

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

- Birchcliff's 2020 guidance (as updated August 12, 2020) assumes the following commodity prices and exchange rate: an average WTI price of US$39.00/bbl; an average WTI-MSW differential of CDN$8.75/bbl; an average AECO 5A price of CDN$2.10/GJ; an average Dawn price of US$1.90/MMBtu; an average NYMEX HH price of US$2.10/MMBtu; and an exchange rate (CDN$ to US$1) of 1.35.
- With respect to estimates of 2020 capital expenditures and Birchcliff's spending plans for 2020, such estimates and plans assume that the 2020 Capital Program will be carried out as currently contemplated. Birchcliff makes acquisitions and dispositions in the ordinary course of business. Any acquisitions and dispositions completed could have an impact on Birchcliff's capital expenditures, production, adjusted funds flow, free funds flow, costs and total debt, which impact could be material. The amount and allocation of capital expenditures for exploration and development activities by area and the number and types of wells to be drilled and brought on production is dependent upon results achieved and is subject to review and modification by management on an ongoing basis throughout the year. Actual spending may vary due to a variety of factors, including commodity prices, economic conditions, results of operations and costs of labour, services and materials.
- With respect to Birchcliff's estimates of adjusted and free funds flow for 2020, such estimates assume that: the 2020 Capital Program will be carried out as currently contemplated and the level of capital spending for 2020 set forth herein will be achieved; and the targets for production, commodity mix and natural gas market exposure and the commodity price and exchange rate assumptions set forth herein are met.
- With respect to Birchcliff's production guidance, such guidance assumes that: the 2020 Capital Program will be carried out as currently contemplated; no unexpected outages occur in the infrastructure that Birchcliff relies on to produce its wells and that any transportation service curtailments or unplanned outages that occur will be short in duration or otherwise insignificant; the construction of new infrastructure meets timing and operational expectations; existing wells continue to meet production expectations; and future wells scheduled to come on production meet timing, production and capital expenditure expectations. Birchcliff's production guidance may be affected by acquisition and disposition activity.
- With respect to statements regarding the future potential and prospectivity of properties and assets, such statements assume: the continuing validity of the geological and other technical interpretations determined by Birchcliff's technical staff with respect to such properties; and that, over the long-term, commodity prices and general economic conditions will warrant proceeding with the exploration and development of such properties.

Birchcliff's actual results, performance or achievements could differ materially from those anticipated in the forward-looking statements as a result of both known and unknown risks and uncertainties including, but not limited to: the risks posed by pandemics (including COVID-19) and epidemics and their impacts on supply and demand and commodity prices; actions taken by OPEC and other major producers of crude oil and the impact such actions may have on supply and demand and commodity prices; general economic, market and business conditions which will, among other things, impact the demand for and market prices of Birchcliff's products and Birchcliff's access to capital; volatility of crude oil and natural gas prices; fluctuations in currency exchange and interest rates; stock market volatility; loss of market demand; an inability to access sufficient capital from internal and external sources on terms acceptable to the Corporation; risks associated with Birchcliff's Credit Facilities, including a failure to comply with covenants under the agreement governing the Credit Facilities and the risk that the borrowing base limit may be redetermined; fluctuations in the costs of borrowing; operational risks and liabilities inherent in oil and natural gas operations; the occurrence of unexpected events such as fires, severe weather, explosions, blow-outs, equipment failures, transportation incidents and other similar events affecting Birchcliff or other parties whose operations or assets directly or indirectly affect Birchcliff; an inability to access sufficient water or other fluids needed for operations; uncertainty that development activities in connection with Birchcliff's assets will be economic; an inability to access or implement some or all of the technology necessary to efficiently and effectively operate its assets and achieve expected future results; uncertainties associated with estimating oil and natural gas reserves and resources; the accuracy of estimates of reserves, future net revenue and production levels; geological, technical, drilling, construction and processing problems; uncertainty of geological and technical data; horizontal drilling and completions techniques and the failure of drilling results to meet expectations for reserves or production; uncertainties related to Birchcliff's future potential drilling locations; delays or changes in plans with respect to exploration or development projects or capital expenditures, including delays in the completion of gas plants and other facilities; the accuracy of cost estimates and variances in Birchcliff's actual costs and economic returns from those anticipated; incorrect assessments of the value of acquisitions and exploration and development programs; changes to the regulatory framework in the locations where the Corporation operates, including changes to tax laws, Crown royalty rates, environmental laws, climate change laws, carbon tax regimes, incentive programs and other regulations that affect the oil and natural gas industry and other actions by government authorities; an inability of the Corporation to comply with existing and future environmental, climate change and other laws; the cost of compliance with current and future environmental laws; political uncertainty and uncertainty associated with government policy changes; dependence on facilities, gathering lines and pipelines, some of which the Corporation does not control; uncertainties and risks associated with pipeline restrictions and outages to third-party infrastructure that could cause disruptions to production; the lack of available pipeline capacity and an inability to secure adequate and cost effective processing and transportation for Birchcliff's products; an inability to satisfy obligations under Birchcliff's firm marketing and transportation arrangements; shortages in equipment and skilled personnel; the absence or loss of key employees; competition for, among other things, capital, acquisitions of reserves, undeveloped lands, equipment and skilled personnel; management of Birchcliff's growth; environmental and climate change risks, claims and liabilities; potential litigation; default under or breach of agreements by counterparties and potential enforceability issues in contracts; claims by Indigenous peoples; the reassessment by taxing or regulatory authorities of the Corporation's prior transactions and filings; unforeseen title defects; third-party claims regarding the Corporation's right to use technology and equipment; uncertainties associated with the outcome of litigation or other proceedings involving Birchcliff; uncertainties associated with counterparty credit risk; risks associated with Birchcliff's risk management activities and the risk that hedges on terms acceptable to Birchcliff may not be available; risks associated with the declaration and payment of future dividends, including the discretion of Birchcliff's Board of Directors to declare dividends and change the Corporation's dividend policy; the failure to obtain any required approvals in a timely manner or at all; the failure to complete or realize the anticipated benefits of acquisitions and dispositions and the risk of unforeseen difficulties in integrating acquired assets into Birchcliff's operations; negative public perception of the oil and natural gas industry and fossil fuels, including transportation and hydraulic fracturing involving fossil fuels; the Corporation's reliance on hydraulic fracturing; market competition, including from alternative energy sources; changing demand for petroleum products; the availability of insurance and the risk that certain losses may not be insured; breaches or failure of information systems and security (including risks associated with cyber-attacks); risks associated with the ownership of the Corporation's securities; the accuracy of the Corporation's accounting estimates and judgments; and potential requirements under applicable accounting standards for the impairment or reversal of estimated recoverable amounts of the Corporation's assets from time to time. Without limitation of the foregoing, the declaration and payment of future dividends (and the amount thereof) may vary depending on a variety of factors and conditions existing from time to time and is subject to the satisfaction of the solvency and liquidity tests imposed by the *Business Corporations Act* (Alberta). For further information relating to risks relating to dividends, see *"Risk Factors – Dividends"* in the Corporation's Annual Information Form for the year ended December 31, 2019.

There is significant ongoing uncertainty surrounding COVID-19 and the extent and duration of the impacts that Birchcliff may experience. While the duration and full impact of the COVID-19 pandemic is not yet known, the effect of low commodity prices as a result of reduced demand associated with the impact of COVID-19 has had, and may continue to have, a negative impact on the Corporation's business, results of operations, financial condition and the environment in which it operates. The Corporation's current expectations, estimates, projections, beliefs and assumptions underlying the Corporation's forward-looking statements are subject to change in light of the COVID-19 pandemic, including potential future waves and actions taken by governments and businesses in response thereto.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Additional information on these and other risk factors that could affect results of operations, financial performance or financial results are included in Birchcliff's most recent Annual Information Form, the MD&A and in other reports filed with Canadian securities regulatory authorities.

This press release contains information that may constitute future-orientated financial information or financial outlook information (collectively, "**FOFI**") about Birchcliff's prospective results of operations including, without limitation, adjusted funds flow, free funds flow and total debt, all of which is subject to the same assumptions, risk factors, limitations and qualifications as set forth above. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise or inaccurate and, as such, undue reliance should not be placed on FOFI. Birchcliff's actual results, performance and achievements could differ materially from those expressed in, or implied by, FOFI. Birchcliff has included FOFI in order to provide readers with a more complete perspective on Birchcliff's future operations and management's current expectations relating to Birchcliff's future performance. Readers are cautioned that such information may not be appropriate for other purposes. FOFI contained herein was made as of the date of this press release. Unless required by applicable laws, Birchcliff does not undertake any obligation to publicly update or revise any FOFI statements, whether as a result of new information, future events or otherwise.

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

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

About Birchcliff:

Birchcliff is a Calgary, Alberta based intermediate oil and natural gas company with operations concentrated within its one core area, the Peace River Arch of Alberta. Birchcliff's common shares and cumulative redeemable preferred shares, Series A and Series C are listed for trading on the Toronto Stock Exchange under the symbols "BIR", "BIR.PR.A" and "BIR.PR.C", respectively.

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