BIRCHCLIFF
ENERGY

BIRCHCLIFF ENERGY LTD. ANNOUNCES RECORD QUARTERLY ADJUSTED FUNDS FLOW AND FREE FUNDS FLOW, SIGNIFICANT DEBT REDUCTION AND EXCELLENT Q2 2022 RESULTS

Calgary, Alberta (August 10, 2022) – Birchcliff Energy Ltd. ("**Birchcliff**" or the "**Corporation**") (TSX: BIR) is pleased to announce its Q2 2022 financial and operational results, which included record quarterly adjusted funds flow and free funds flow, resulting in a significant reduction in the Corporation's total debt.

"Birchcliff had a record quarter in Q2 2022," stated Jeff Tonken, Chief Executive Officer of Birchcliff. "We remain confident that Birchcliff will reach zero total debt and be in a cash surplus position in Q4 2022, based on the strength of forward commodity prices. We continue to target increasing our annual common share dividend in 2023 to at least $0.80 per share ($212 million annually), subject to commodity prices and the approval of our board of directors. We have initiated our formal budgeting process for 2023 and plan on providing a corporate update and releasing our preliminary 2023 budget on October 13, 2022."

Mr. Tonken continued: "Birchcliff's quarterly average production was 73,746 boe/d, resulting in record quarterly adjusted funds flow(1) of $285.5 million ($1.08 per basic common share(2)) and record quarterly free funds flow(1) of $201.3 million ($0.76 per basic common share(2)). To illustrate this accomplishment, our free funds flow in Q2 2022 was $17.6 million higher than our adjusted funds flow in Q1 2022, a quarterly record at the time. These results allowed us to significantly reduce our total debt(3) at June 30, 2022 to $266.9 million, a decrease of $504.0 million (65%) from June 30, 2021 and $142.1 million (35%) from March 31, 2022."

Q2 2022 HIGHLIGHTS

- Achieved quarterly average production of 73,746 boe/d, which included the impact of planned turnarounds and maintenance activities, a 2% decrease from Q2 2021. Liquids accounted for 17% of Birchcliff's total production in Q2 2022 as compared to 22% in Q2 2021.
- Generated record quarterly adjusted funds flow of $285.5 million, or $1.08 per basic common share, a 217% and 218% increase, respectively, from Q2 2021. Cash flow from operating activities was $273.7 million, a 238% increase from Q2 2021.
- Delivered record quarterly free funds flow of $201.3 million, or $0.76 per basic common share, an increase of $192.0 million from Q2 2021.
- Earned record quarterly net income to common shareholders of $213.9 million, or $0.81 per basic common share, a 388% and 406% increase, respectively, from Q2 2021.
- F&D capital expenditures were $84.2 million in Q2 2022, which included drilling 12 (12.0 net) wells and bringing 10 (10.0 net) wells on production.
- Significantly reduced total debt at June 30, 2022 to $266.9 million, a reduction of $504.0 million (65%) from June 30, 2021.
- Achieved an operating netback(2) of $41.73/boe, a 143% increase from Q2 2021.
- Achieved adjusted funds flow per boe(2) of $42.55, a 223% increase from Q2 2021.
- Realized an operating expense(4) of $3.40/boe, an 8% increase from Q2 2021.
- In Q2 2022, Birchcliff returned $46.0 million to common shareholders through dividends and purchases under its normal course issuer bid (the "**NCIB**"), including the doubling of its common share dividend and the purchase of 4,211,596 common shares under the NCIB at an average price of $9.67 per share (before fees). In the first six months of 2022, Birchcliff returned $57.4 million to common shareholders through dividends and the purchase of 5,514,792 common shares under the NCIB at an average price of $8.96 per share (before fees).

(1) Non-GAAP financial measure. See *"Non-GAAP and Other Financial Measures"*.
(2) Non-GAAP ratio. See *"Non-GAAP and Other Financial Measures"*.
(3) Capital management measure. See *"Non-GAAP and Other Financial Measures"*.
(4) Supplementary financial measure. See *"Non-GAAP and Other Financial Measures"*.

Birchcliff's unaudited interim condensed financial statements for the three and six months ended June 30, 2022 and related management's discussion and analysis will be available on its website at www.birchcliffenergy.com and on SEDAR at www.sedar.com.

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

Q2 2022 FINANCIAL AND OPERATIONAL SUMMARY

	Three months ended June 30,		Six months ended June 30,	
	2022	**2021**	**2022**	**2021**
OPERATING				
Average production				
Light oil *(bbls/d)*	1,855	2,766	2,111	3,059
Condensate *(bbls/d)*	4,500	6,070	4,647	5,770
NGLs *(bbls/d)*	6,349	7,647	7,158	8,187
Natural gas *(Mcf/d)*	366,256	352,694	365,779	348,897
Total *(boe/d)*	**73,746**	**75,265**	**74,879**	**75,166**
Average realized sales price *(CDN$)*(1)(2)				
Light oil *(per bbl)*	135.91	76.50	124.50	71.33
Condensate *(per bbl)*	138.28	81.90	129.70	78.28
NGLs *(per bbl)*	48.26	25.27	45.66	24.96
Natural gas *(per Mcf)*	8.61	3.48	7.02	3.50
Total *(per boe)*	**58.75**	**28.27**	**50.19**	**27.87**
NETBACK AND COST *($/boe)*(2)				
Petroleum and natural gas revenue(1)	58.75	28.27	50.19	27.87
Royalty expense	(7.75)	(2.44)	(6.06)	(2.08)
Operating expense	(3.40)	(3.14)	(3.44)	(3.16)
Transportation and other expense(3)	(5.87)	(5.50)	(5.65)	(5.51)
Operating netback(3)	**41.73**	**17.19**	**35.04**	**17.12**
G&A expense, net	(1.15)	(0.88)	(1.14)	(0.90)
Interest expense	(0.50)	(1.21)	(0.49)	(1.21)
Realized gain (loss) on financial instruments	2.49	(1.96)	1.21	(2.12)
Other income (expense)	(0.02)	0.03	-	0.19
Adjusted funds flow(3)	**42.55**	**13.17**	**34.62**	**13.08**
Depletion and depreciation expense	(7.52)	(7.49)	(7.50)	(7.48)
Unrealized gain on financial instruments	7.07	3.12	6.06	1.01
Other non-cash (expense) income(4)	(0.38)	(0.24)	(0.22)	0.01
Dividends on preferred shares	(0.26)	(0.25)	(0.26)	(0.25)
Deferred income tax expense	(9.59)	(1.91)	(7.64)	(1.52)
Net income to common shareholders	**31.87**	**6.40**	**25.06**	**4.85**
FINANCIAL				
Petroleum and natural gas revenue *($000s)*(1)	394,315	193,643	680,291	379,252
Cash flow from operating activities *($000s)*	273,711	81,013	427,863	163,621
Adjusted funds flow *($000s)*(5)	285,535	90,188	469,234	178,008
Per basic common share *($)*(3)	1.08	0.34	1.77	0.67
Free funds flow *($000s)*(5)	201,288	9,301	296,705	1,281
Per basic common share *($)*(3)	0.76	0.03	1.12	-
Net income to common shareholders *($000s)*	213,855	43,854	339,647	66,019
Per basic common share *($)*	0.81	0.16	1.28	0.25
End of period basic common shares *(000s)*	265,204	266,953	265,204	266,953
Weighted average basic common shares *(000s)*	265,440	266,231	265,485	266,110
Dividends on common shares *($000s)*	5,310	1,333	7,968	2,663
Dividends on preferred shares *($000s)*	1,715	1,725	3,432	3,471
F&D capital expenditures *($000s)*(6)	84,247	80,887	172,529	176,727
Total capital expenditures *($000s)*(5)	86,150	81,160	174,274	177,785
Long-term debt *($000s)*	276,030	720,920	276,030	720,920
Total debt *($000s)*(7)	266,894	770,897	266,894	770,897

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

(2) Average realized sales prices and the component values of netback and cost set forth in the table above are supplementary financial measures unless otherwise indicated. See *"Non-GAAP and Other Financial Measures"*.

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

(4) Includes non-cash items such as compensation, accretion, amortization of deferred financing fees and other gains and losses.

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

(6) See *"Advisories – F&D Capital Expenditures"*.

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

OUTLOOK AND GUIDANCE

2023 Budgeting Process

The Corporation has initiated its formal budgeting process for 2023, which will be geared towards maximizing Birchcliff's ability to generate free funds flow, increasing shareholder returns and fully utilizing the processing capacity of the Corporation's existing infrastructure. Birchcliff plans to provide a corporate update and release its preliminary 2023 budget on October 13, 2022 after the completion of the Corporation's preliminary 2023 budget planning process.

Updated 2022 Guidance

Birchcliff continues to expect to reach zero total debt and be in a cash surplus position in Q4 2022, which takes into account the redemption of all of its issued and outstanding cumulative redeemable preferred shares, Series A (the "**Series A Preferred Shares**") and cumulative redeemable preferred shares, Series C (the "**Series C Preferred Shares**") on September 30, 2022 for an aggregate redemption price of approximately $88.2 million, which redemption was announced by the Corporation on August 4, 2022. Birchcliff is able to take full advantage of strong commodity prices because it has no fixed price commodity hedges in place and it does not currently intend to hedge any future production.

Birchcliff is updating its 2022 guidance to reflect the current commodity price environment and the impacts of inflation on its business. The Corporation anticipates significant production additions in the second half of 2022 and is maintaining its previous guidance for annual average production at 78,000 to 80,000 boe/d. Significant changes to Birchcliff's guidance include the following:

- Adjusted funds flow for 2022 is now anticipated to be $1.1 billion, primarily as a result of the revised commodity price forecast.
- F&D capital expenditures in 2022 are now anticipated to be $275 million to $285 million, primarily as a result of increased inflation and the procurement of certain long-lead capital items to prepare for the efficient execution of Birchcliff's 2023 capital program.
- Free funds flow for 2022 is now anticipated to be $830 million to $840 million and excess free funds flow for 2022 is now anticipated to be $810 million to $820 million, both as a result of the changes to Birchcliff's adjusted funds flow and F&D capital expenditures guidance.
- Birchcliff is now forecasting that it will have a surplus of $160 million to $170 million at December 31, 2022.
- Average royalty expense for 2022 is now anticipated to be $6.60/boe to $6.80/boe, primarily as a result of the revised commodity price forecast.
- Average operating expense for 2022 is now anticipated to be $3.30/boe to $3.50/boe, primarily as a result of anticipated inflationary pressures continuing to impact power and other fuel supply costs.

The following table sets forth Birchcliff's updated and previous guidance and commodity price assumptions for 2022, as well as its free funds flow sensitivity:

2022 Guidance and Commodity Price Assumptions

	Updated 2022 guidance and assumptions – August 10, 2022[(1)]	Previous 2022 guidance and assumptions – May 11, 2022	Original 2022 guidance and assumptions – January 19, 2022
Production			
Annual average production *(boe/d)*	78,000 – 80,000	78,000 – 80,000	78,000 – 80,000
% Light oil	3%	3%	3%
% Condensate	6%	7%	7%
% NGLs	10%	10%	10%
% Natural gas	81%	80%	80%
Q4 average production *(boe/d)*	81,000 – 83,000	81,000 – 83,000	81,000 – 83,000
Average Expenses *($/boe)*			
Royalty[(2)]	6.60 – 6.80	7.10 – 7.30	3.10 – 3.30
Operating[(2)]	3.30 – 3.50	3.15 – 3.35	3.15 – 3.35
Transportation and other[(3)]	5.30 – 5.50	5.20 – 5.40	4.90 – 5.10
Interest[(2)]	0.30 – 0.50	0.20 – 0.40	0.50 – 0.60
Adjusted Funds Flow[(4)]	$1.115 billion	$1.180 billion	$0.590 billion

	Updated 2022 guidance and assumptions – August 10, 2022[1]	Previous 2022 guidance and assumptions – May 11, 2022	Original 2022 guidance and assumptions – January 19, 2022
F&D Capital Expenditures *(millions)*	$275 – $285[5]	$240 – $260	$240 – $260
Free Funds Flow *(millions)*[4]	$830 – $840	$920 – $940	$330 – $350
Excess Free Funds Flow *(millions)*[4][6]	$810 – $820	$900 – $920	N/A
Surplus (Total Debt) at Year End *(millions)*[7]	$160 – $170[8]	$260 – $280	($175 – $195)
Natural Gas Market Exposure			
AECO exposure as a % of total natural gas production	16%	19%	19%
Dawn exposure as a % of total natural gas production	42%	42%	42%
NYMEX HH exposure as a % of total natural gas production	38%	38%	38%
Alliance exposure as a % of total natural gas production	4%	1%	1%
Commodity Prices			
Average WTI price *(US$/bbl)*	99.00	99.50	76.00
Average WTI-MSW differential *(CDN$/bbl)*	3.60	3.10	5.00
Average AECO price *(CDN$/GJ)*	5.60	6.50	3.50
Average Dawn price *(US$/MMBtu)*	6.65	6.85	3.90
Average NYMEX HH price *(US$/MMBtu)*	6.95	6.95	4.00
Exchange rate *(CDN$ to US$1)*	1.28	1.28	1.26

Forward Six Months' Free Funds Flow Sensitivity[9]

Forward six months' sensitivity	Estimated change to 2022 free funds flow *(millions)*
Change in WTI US$1.00/bbl	$1.8
Change in NYMEX HH US$0.10/MMBtu	$2.4
Change in Dawn US$0.10/MMBtu	$2.9
Change in AECO CDN$0.10/GJ	$1.3
Change in CDN/US exchange rate CDN$0.01	$4.1

(1) Birchcliff's updated guidance for its production commodity mix, adjusted funds flow, free funds flow, excess free funds flow, surplus and natural gas market exposure in 2022 is based on an annual average production rate of 79,000 boe/d, which is the mid-point of Birchcliff's annual average production guidance range for 2022. For further information regarding the risks and assumptions relating to the Corporation's guidance, see *"Advisories – Forward-Looking Statements"*.

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

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

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

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

(6) Excess free funds flow is defined as free funds flow less common share dividends paid. This measure was not disclosed on January 19, 2022.

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

(8) Surplus is equivalent to adjusted working capital surplus as disclosed in the Corporation's financial statements (see *"Non-GAAP and Other Financial Measures"*). The updated estimate of surplus at December 31, 2022 is expected to be largely comprised of cash on hand plus accounts receivable less accounts payable at the end of the year. Birchcliff previously referred to "surplus" as "cash".

(9) Illustrates the expected impact of changes in commodity prices and the CDN/US exchange rate on the Corporation's estimate of free funds flow for 2022 of $830 million to $840 million. The sensitivity is based on the updated commodity price and exchange rate assumptions set forth in the table above. The calculated impact on free funds flow is only applicable within the limited range of change indicated. Calculations are performed independently and may not be indicative of actual results. Actual results may vary materially when multiple variables change at the same time and/or when the magnitude of the change increases.

Q2 2022 FINANCIAL AND OPERATIONAL RESULTS

Production

Birchcliff's production averaged 73,746 boe/d in Q2 2022, a 2% decrease from 75,265 boe/d in Q2 2021. The decrease in production was primarily due to a major scheduled turnaround in May and June 2022 at AltaGas' deep-cut sour gas processing facility in Gordondale (the "**AltaGas Facility**") that decreased quarterly liquids and natural gas production in Gordondale by approximately 3,600 boe/d. Production was positively impacted by incremental production volumes from the new Montney/Doig wells brought on production since Q2 2021, including the new 10-well (01-08) pad in Pouce Coupe brought on production in May 2022 and the new 6-well (13-29) pad in Pouce Coupe brought on production in February 2022, partially offset by natural production declines.

Birchcliff is on target to meet is annual average production guidance of 78,000 to 80,000 boe/d due to significant production additions expected in the second half of 2022.

Liquids accounted for 17% of Birchcliff's total production in Q2 2022 as compared to 22% in Q2 2021, with a liquids-to-gas ratio in Q2 2022 of 34.7 bbls/MMcf (50% high-value light oil and condensate). The decrease in liquids weighting was primarily due to a combination of lower liquids production in Gordondale as a result of the AltaGas Facility turnaround, the Corporation specifically targeting horizontal natural gas wells in liquids-rich zones in the Pouce Coupe and Gordondale areas since Q2 2021 and natural production declines from light oil and liquids-rich natural gas wells producing since Q2 2021.

Adjusted Funds Flow and Cash Flow From Operating Activities

Birchcliff achieved record quarterly adjusted funds flow of $285.5 million, or $1.08 per basic common share, in Q2 2022, a 217% and 218% increase, respectively, from $90.2 million and $0.34 per basic common share in Q2 2021. Birchcliff's cash flow from operating activities was $273.7 million in Q2 2022, a 238% increase from $81.0 million in Q2 2021. The increases were primarily due to higher reported petroleum and natural gas revenue and a realized gain on financial instruments of $16.7 million in Q2 2022 as compared to a realized loss on financial instruments of $13.4 million in Q2 2021, partially offset by a higher royalty expense in Q2 2022. The increases in petroleum and natural gas revenue and royalty expense were largely the result of a 108% increase in the average realized sales price received for Birchcliff's production in Q2 2022. The Corporation's average realized sales price in Q2 2022 benefited from significant increases in benchmark oil and natural gas prices since Q2 2021. See *"Q2 2022 Financial and Operational Results – Commodity Prices"*.

Free Funds Flow

Birchcliff delivered record quarterly free funds flow of $201.3 million, or $0.76 per basic common share, in Q2 2022, as compared to $9.3 million and $0.03 per basic common share in Q2 2021. The increases were primarily due to significantly higher adjusted funds flow and comparable F&D capital expenditures in Q2 2022 as compared to Q2 2021.

Net Income to Common Shareholders

Birchcliff earned record quarterly net income to common shareholders of $213.9 million, or $0.81 per basic common share, in Q2 2022, a 388% and 406% increase, respectively, from $43.9 million and $0.16 per basic common share in Q2 2021. The increases were primarily due to higher adjusted funds flow and a higher unrealized mark-to-market gain on financial instruments, partially offset by an increase in deferred income tax expense in Q2 2022. Birchcliff recorded an unrealized mark-to-market gain on financial instruments of $47.5 million in Q2 2022, as compared to $21.3 million in Q2 2021.

Operating Netback and Selected Cash Costs

In Q2 2022, Birchcliff's operating netback was $41.73/boe, a 143% increase from $17.19/boe in Q2 2021. The increase was primarily due to higher per boe petroleum and natural gas revenue, partially offset by a higher per boe royalty expense, both of which were both largely impacted by a 108% increase in the average realized sales price received for Birchcliff's production in Q2 2022.

The following table sets forth Birchcliff's selected cash costs for the periods indicated:

		Three months ended June 30,	
($/boe)	**2022**	**2021**	**% Change**
Royalty expense(1)	7.75	2.44	218%
Operating expense(1)	3.40	3.14	8%
Transportation and other expense(2)	5.87	5.50	7%
G&A expense, net(1)	1.15	0.88	31%
Interest expense(1)	0.50	1.21	(59%)

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

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

Royalty expense per boe increased by 218% from Q2 2021, primarily due to the significant increase in the average realized sales price received for Birchcliff's liquids and natural gas production in Q2 2022.

Operating expense per boe increased by 8% from Q2 2021, primarily due to higher inflationary pressures on power and other fuel supply costs which together increased by 45% on a per boe basis. Operating expense per boe was also negatively impacted by higher field labour costs, road and lease maintenance costs, municipal property taxes and regulatory fees, and was partially offset by lower third-party natural gas processing fees resulting from the turnaround at the AltaGas Facility in Q2 2022.

Transportation and other expense per boe increased by 7% from Q2 2021, primarily due to higher natural gas transportation costs which resulted from increased natural gas production and higher firm NGTL tolling charges. Notwithstanding lower liquids production, liquids transportation and fractionation costs also increased in Q2 2022, primarily due to inflationary pressures that resulted in higher pipeline tariffs, higher trucking and hauling costs and higher variable operating, power, fuel and service costs.

Net G&A expense per boe increased by 31% from Q2 2021, primarily due to higher employee-related expenses, higher corporate costs due to the easing of Birchcliff's COVID-19 restrictions and higher general business expenditures due to inflationary pressures.

Interest expense per boe decreased by 59% from Q2 2021, primarily due to a decrease in the Corporation's average effective interest rate and a lower average outstanding balance under its extendible revolving credit facilities (the "**Credit Facilities**") in Q2 2022.

Debt and Credit Facilities

Total debt at June 30, 2022 was $266.9 million, a decrease of 65% from $770.9 million at June 30, 2021. At June 30, 2022, Birchcliff had long-term bank debt under the Credit Facilities of $276.0 million (June 30, 2021: $720.9 million) from available Credit Facilities of $850.0 million (June 30, 2021: $850.0 million), leaving $569.4 million of unutilized credit capacity after adjusting for outstanding letters of credit and unamortized fees.

During Q2 2022, Birchcliff's syndicate of lenders completed its regular semi-annual review of the borrowing base limit under the Credit Facilities. As a result of this review, the agreement governing the Credit Facilities was amended effective May 3, 2022 to extend the maturity dates of each of the syndicated extendible revolving term credit facility and the extendible revolving working capital facility from May 11, 2024 to May 11, 2025. In addition, the lenders confirmed the borrowing base limit at $850.0 million. The Credit Facilities do not contain any financial maintenance covenants.

Commodity Prices

The following table sets forth the average benchmark commodity index prices and exchange rate for the periods indicated:

			Three months ended June 30,
	2022	**2021**	**% Change**
Light oil – WTI Cushing *(US$/bbl)*	109.08	66.07	65%
Light oil – MSW (Mixed Sweet) *(CDN$/bbl)*	137.55	76.77	79%
Natural gas – NYMEX HH *(US$/MMBtu)*(1)	7.17	2.83	153%
Natural gas – AECO 5A Daily *(CDN$/GJ)*	6.86	2.98	130%
Natural gas – AECO 7A Month Ahead *(US$/MMBtu)*(1)	4.94	2.32	113%
Natural gas – Dawn Day Ahead *(US$/MMBtu)*(1)	7.21	2.80	158%
Natural gas – ATP 5A Day Ahead *(CDN$/GJ)*	7.48	2.68	179%
Exchange rate *(CDN$ to US$1)*	1.2688	1.2281	3%
Exchange rate *(US$ to CDN$1)*	0.7881	0.8143	(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 2022, after taking into account the Corporation's financial instruments:

Three months ended June 30, 2022						
	Effective sales *(CDN$000s)*	**Percentage of total sales** *(%)*	**Effective production** *(per day)*	**Percentage of total natural gas production** *(%)*	**Percentage of total corporate production** *(%)*	**Effective average realized sales price** *(CDN$)*
Market						
AECO[(1)(2)(3)]	48,133	11%	67,748 Mcf	18%	15%	7.81/Mcf
Dawn[(4)]	141,145	33%	159,817 Mcf	44%	36%	9.71/Mcf
NYMEX HH[(1)(2)(5)]	136,627	32%	138,691 Mcf	38%	32%	10.83/Mcf
Total natural gas[(1)]	**325,905**	**76%**	**366,256 Mcf**	**100%**	**83%**	**9.78/Mcf**
Light oil	22,935	5%	1,855 bbls		2%	135.91/bbl
Condensate	56,620	13%	4,500 bbls		6%	138.28/bbl
NGLs	27,887	6%	6,349 bbls		9%	48.26/bbl
Total liquids	**107,442**	**24%**	**12,704 bbls**		**17%**	**92.94/bbl**
Total corporate[(1)]	**433,347**	**100%**	**73,746 boe**		**100%**	**64.57/boe**

(1) Effective sales and effective average realized sales price are non-GAAP financial measures and non-GAAP ratios, respectively, as identified in the above table. See "*Non-GAAP and Other Financial Measures*".

(2) AECO sales and production that effectively received NYMEX HH pricing under Birchcliff's long-term physical NYMEX HH/AECO 7A basis swap contracts have been included as effective sales and production in the NYMEX HH market. Birchcliff sold physical NYMEX HH/AECO 7A basis swaps for 5,000 MMBtu/d at an average contract price of NYMEX HH less US$1.205/MMBtu during Q2 2022.

(3) Birchcliff has short-term physical sales agreements with third-party marketers to sell and deliver into the Alliance pipeline system. All of Birchcliff's short-term physical Alliance sales and production during Q2 2022 received AECO premium pricing and have therefore been included as effective sales and production in the AECO market.

(4) Birchcliff has agreements for the firm service transportation of an aggregate of 175,000 GJ/d of natural gas on TransCanada PipeLines' Canadian Mainline, whereby natural gas is transported to the Dawn trading hub in Southern Ontario.

(5) NYMEX HH sales and production includes financial and physical NYMEX HH/AECO 7A basis swaps for 152,500 MMBtu/d at an average contract price of NYMEX HH less US$1.227/MMBtu during Q2 2022. Birchcliff's effective average realized sales price for NYMEX HH of CDN$10.83/Mcf (US$7.76/MMBtu) was determined on a gross basis before giving effect to the average NYMEX HH/AECO 7A fixed contract basis differential price of CDN$1.70/Mcf (US$1.23/MMBtu). After giving effect to the NYMEX HH/AECO 7A basis contact price, Birchcliff's effective average realized net sales price for NYMEX HH was CDN$9.13/Mcf (US$6.53/MMBtu) in Q2 2022.

The following table sets 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, 2022							
	Natural gas sales[(1)] *(CDN$000s)*	**Percentage of natural gas sales** *(%)*	**Natural gas production** *(Mcf/d)*	**Percentage of natural gas production** *(%)*	**Average realized natural gas sales price**[(1)(2)] *(CDN$/Mcf)*	**Natural gas transportation costs**[(2)(3)] *(CDN$/Mcf)*	**Natural gas sales netback**[(2)(4)] *(CDN$/Mcf)*
AECO	131,062	46	186,717	51	7.71	0.45	7.35
Dawn	141,145	49	159,817	44	9.71	1.50	8.20
Alliance[(5)]	14,648	5	19,722	5	8.16	-	8.16
Total	**286,855**	**100**	**366,256**	**100**	**8.61**	**0.89**	**7.72**
Three months ended June 30, 2021							
	Natural gas sales[(1)] *(CDN$000s)*	**Percentage of natural gas sales** *(%)*	**Natural gas production** *(Mcf/d)*	**Percentage of natural gas production** *(%)*	**Average realized natural gas sales price**[(1)(2)] *(CDN$/Mcf)*	**Natural gas transportation costs**[(2)(3)] *(CDN$/Mcf)*	**Natural gas sales netback**[(2)(4)] *(CDN$/Mcf)*
AECO	43,721	39	147,178	42	3.28	0.49	2.79
Dawn	53,025	48	159,197	45	3.66	1.55	2.11
Alliance[(5)]	14,810	13	46,319	13	3.51	-	3.51
Total	**111,556**	**100**	**352,694**	**100**	**3.48**	**0.91**	**2.57**

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

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

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

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

(5) Birchcliff has short-term physical sales agreements with third-party marketers to sell and deliver into the Alliance pipeline system. Alliance sales are recorded net of transportation tolls.

Capital Activities and Investment

F&D capital expenditures were $84.2 million in Q2 2022. In Q2 2022, Birchcliff drilled 12 (12.0 net) wells and brought 10 (10.0 net) wells on production. In addition, Birchcliff safely and efficiently completed significant turnarounds in Pouce Coupe and Gordondale. See *"Operations Update"*.

OPERATIONS UPDATE

As at the date hereof, Birchcliff has successfully completed the drilling of all 30 (30.0 net) wells under its 2022 capital program and has completed 26 (26.0 net) wells (which includes 5 wells that were drilled and rig released in Q4 2021). During Q3 2022, Birchcliff anticipates that it will finish well completions and bring on production 10 (10.0 net) wells in Pouce Coupe and 9 (9.0 net) wells in Gordondale. Similar to the wells previously brought on production this year, these 19 (19.0 net) wells are expected to deliver strong natural gas and condensate rates with an average payout of less than a year, driven by successful execution and robust commodity prices. As part of its long-term planning strategy, the Corporation has secured multi-year contracts with its key service providers to ensure the efficient execution of its short and long-term plans.

The following table sets forth the wells that are part of the Corporation's 2022 capital program, including the anticipated timing of the remaining wells to be completed and brought on production in 2022:

			Total # of wells to be brought on production in 2022	Status at August 10, 2022		
				Drilled	**Completed**	**On production**
POUCE COUPE						
13-29 pad	Basal Doig/Upper Montney		2	0	2	2
	Montney D1		4	1	4	4
		Total	**6**[1]	**1**	**6**	**6**
01-08 pad	Basal Doig/Upper Montney		4	4	4	4
	Montney D1		5	5	5	5
	Montney C		1	1	1	1
		Total	**10**	**10**	**10**	**10**
04-04 pad	Basal Doig/Upper Montney		6	6	6	Q3
	Montney D1		3	3	3	Q3
	Montney C		1	1	1	Q3
		Total	**10**	**10**	**10**	
GORDONDALE						
06-35 pad	Montney D2		5	5	Q3	Q3
	Montney D1		4	4	Q3	Q3
		Total	**9**	**9**		
		TOTAL	**35**[1]	**30**	**26**	**16**

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

Pouce Coupe Area

6-well pad (13-29-77-12W6)

Birchcliff's 13-29 pad was brought on production in Q1 2022. The initial 30 and 60 day production rates for the wells from the 13-29 pad were disclosed in the Corporation's press release dated May 11, 2022. The performance of this pad continues to exceed the Corporation's expectations, with very strong natural gas and condensate production rates. In addition, Birchcliff continues to see stabilized production rates for an extended duration, which allows for strong stable production profiles and less backout of Birchcliff's existing area production.

10-well pad (01-08-78-13W6)

Birchcliff's 01-08 pad in Pouce Coupe was drilled in Q2 2022 and brought on production in April and May 2022 through Birchcliff's owned and operated infrastructure. The wells from the 01-08 pad have now been producing for over 60 days and have produced in-line with the Corporation's forecast. During the initial 30 and 60 days of production, the pad was flowing inline post-fracture condensate, raw natural gas and frac water. The production rates of the wells are stabilized and the frac water flowing back to surface continues to diminish over time. The following table summarizes the aggregate and average production rates for the 10 wells from the 01-08 pad:

	IP 30(1)	IP 60(1)
Aggregate production rate *(boe/d)*	**9,079**	**8,261**
Aggregate natural gas production rate *(Mcf/d)*	52,552	47,921
Aggregate condensate production rate *(bbls/d)*	358	288
Average per well production rate *(boe/d)*	**908**	**826**
Average per well natural gas production rate *(Mcf/d)*	5,255	4,792
Average per well condensate production rate *(bbls/d)*	36	29
Condensate-to-gas ratio *(bbls/MMcf)*	**7**	**6**

(1) Represents the cumulative volumes for each well measured at the wellhead separator for the 30 or 60 days (as applicable) of production immediately after each well was considered stabilized after producing fracture treatment fluid back to surface in an amount such that flow rates of hydrocarbons became reliable. See *"Advisories – Initial Production Rates"*.

10-well pad (04-04-78-13W6)

The Corporation recently finished completion operations on its 04-04 pad in Pouce Coupe and all 10 wells are expected to be brought on production in Q3 2022. Birchcliff anticipates providing further details regarding the results of these wells with the release of its Q3 2022 results.

Gordondale Area

9-well pad (06-35-77-11W6)

Birchcliff's 06-35 pad in Gordondale was drilled in Q2 and Q3 2022 and is expected to be completed and brought on production before the end of Q3 2022. These wells are offsetting high-rate light oil and natural gas producing wells drilled by Birchcliff in the southeastern portion of Gordondale in the previous three years. Birchcliff anticipates providing further details regarding the results of these wells with the release of its Q3 2022 results.

Turnarounds

During Q2 2022, Birchcliff safely and efficiently completed significant turnarounds in Pouce Coupe and Gordondale. In April 2022, Birchcliff completed a turnaround at its 100% owned and operated natural gas processing plant in Pouce Coupe, ahead of schedule and on budget, while effectively mitigating the impact to production volumes. In May and June 2022, the Corporation completed a significant turnaround in Gordondale at two of Birchcliff's major oil batteries, while a turnaround was completed by AltaGas at the AltaGas Facility.

The completion of these turnarounds was particularly challenging in the current environment due to labour shortages and cost pressures and Birchcliff commends its field staff and contractors for their great teamwork, coordination and dedication to safety in efficiently completing them. The AltaGas turnaround will allow Birchcliff to maximize liquids recovery through the deep-cut plant and increase overall plant reliability throughout the remainder of 2022 and onwards.

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+)
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
IP	initial production
Mcf	thousand cubic feet
Mcf/d	thousand cubic feet per day
MMBtu	million British thermal units
MMBtu/d	million British thermal units per day
MMcf	million cubic feet
MPa	megapascal
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
OPEC	Organization of the Petroleum Exporting Countries
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma, for crude oil of standard grade
000s	thousands
$000s	thousands of dollars

NON-GAAP AND OTHER FINANCIAL MEASURES

This press release uses various "non-GAAP financial measures", "non-GAAP ratios", "supplementary financial measures" and "capital management measures" (as such terms are defined in NI 52-112), which are described in further detail below. These measures facilitate management's comparisons to the Corporation's historical operating results in assessing its results and strategic and operational decision-making and may be used by financial analysts and others in the oil and natural gas industry to evaluate the Corporation's performance.

Non-GAAP Financial Measures

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

Adjusted Funds Flow, Free Funds Flow and Excess Free Funds Flow

Birchcliff defines "adjusted funds flow" as cash flow from operating activities before the effects of decommissioning expenditures and changes in non-cash operating working capital. Birchcliff eliminates settlements of decommissioning expenditures from cash flow from operating activities as the amounts can be discretionary and may vary from period to period depending on its capital programs and the maturity of its operating areas. The settlement of decommissioning expenditures is managed with Birchcliff's capital budgeting process which considers available adjusted funds flow. Changes in non-cash operating working capital are eliminated in the determination of adjusted funds flow as the timing of collection and payment are variable and by excluding them from the calculation, the Corporation believes that it is able to provide a more meaningful measure of its operations and ability to generate cash on a continuing basis. Adjusted funds flow can also be derived from petroleum and natural gas revenue less royalty expense, operating expense, transportation and other expense, net G&A expense, interest expense and any realized losses (plus realized gains) on financial instruments and plus any other cash income and expense sources. Management believes that adjusted funds flow assists management and investors in assessing Birchcliff's financial performance after deducting all operating and corporate cash costs, as well as its ability to generate the cash necessary to fund sustaining and/or growth capital expenditures, repay debt, settle decommissioning obligations, buy back common shares and pay dividends.

Birchcliff defines "free funds flow" as adjusted funds flow less F&D capital expenditures. Management believes that free funds flow assists management and investors in assessing Birchcliff's ability to generate shareholder returns through a number of initiatives, including but not limited to, debt repayment, preferred share redemptions, common share buybacks, the payment of dividends and acquisitions.

Birchcliff defines "excess free funds flow" as free funds flow less common share dividends paid. Management believes that excess free funds flow assists management and investors in assessing Birchcliff's ability to further enhance shareholder returns after the payment of common share dividends, which may include dividend increases, common share buybacks and other opportunities that would complement or otherwise improve the Corporation's business and enhance long-term shareholder value.

The following table provides a reconciliation of cash flow from operating activities, as determined in accordance with GAAP, to adjusted funds flow, free funds flow and excess free funds flow for the periods indicated:

	Three months ended June 30,		Six months ended June 30,	
($000s)	**2022**	**2021**	**2022**	**2021**
Cash flow from operating activities	**273,711**	**81,013**	**427,863**	**163,621**
Change in non-cash operating working capital	11,199	8,982	40,029	13,111
Decommissioning expenditures	625	193	1,342	1,276
Adjusted funds flow	**285,535**	**90,188**	**469,234**	**178,008**
F&D capital expenditures	(84,247)	(80,887)	(172,529)	(176,727)
Free funds flow	**201,288**	**9,301**	**296,705**	**1,281**
Dividends on common shares	(5,310)	(1,333)	(7,968)	(2,663)
Excess free funds flow	**195,978**	**7,968**	**288,737**	**(1,382)**

Transportation and Other Expense

Birchcliff defines "transportation and other expense" as transportation expense plus marketing purchases less marketing revenue. Birchcliff may enter into certain marketing purchase and sales arrangements with the objective of reducing any available transportation and/or fractionation fees associated with its take-or-pay commitments. Management believes that transportation and other expense assists management and investors in assessing Birchcliff's total cost structure related to transportation activities. The following table provides a reconciliation of transportation expense, as determined in accordance with GAAP, to transportation and other expense for the periods indicated:

	Three months ended June 30,		Six months ended June 30,	
($000s)	**2022**	**2021**	**2022**	**2021**
Transportation expense	**39,855**	**38,165**	**77,692**	**75,849**
Marketing purchases	2,644	1,734	6,213	3,781
Marketing revenue	(3,043)	(2,234)	(7,277)	(4,692)
Marketing gain	**(399)**	**(500)**	**(1,064)**	**(911)**
Transportation and other expense	**39,456**	**37,665**	**76,628**	**74,938**

Operating Netback

Birchcliff defines "operating netback" as petroleum and natural gas revenue less royalty expense, operating expense and transportation and other expense. Management believes that operating netback assists management and investors in assessing Birchcliff's operating profits after deducting the cash costs that are directly associated with the sale of its production, which can then be used to pay other corporate cash costs or satisfy other obligations. The following table provides a breakdown of Birchcliff's operating netback for the periods indicated:

	Three months ended June 30,		Six months ended June 30,	
($000s)	**2022**	**2021**	**2022**	**2021**
Petroleum and natural gas revenue	394,315	193,643	680,291	379,252
Royalty expense	(52,010)	(16,692)	(82,168)	(28,319)
Operating expense	(22,796)	(21,538)	(46,643)	(43,036)
Transportation and other expense	(39,456)	(37,665)	(76,628)	(74,938)
Operating netback – Corporate	**280,053**	**117,748**	**474,852**	**232,959**

Effective Sales – Total Corporate, Total Natural Gas, AECO Market and NYMEX HH Market

Birchcliff defines "effective sales" in the AECO market and NYMEX HH market as the sales amount received from the production of natural gas that is effectively attributed to the AECO and NYMEX HH market pricing, respectively, and does not consider the physical sales delivery point in each case. Effective sales in the NYMEX HH market includes realized gains and losses on financial instruments and excludes the notional fixed basis costs associated with the underlying financial contract in the period. Birchcliff defines "effective total natural gas sales" as the aggregate of the effective sales amount received in each natural gas market. Birchcliff defines "effective total corporate sales" as the aggregate of the effective total natural gas sales and the sales amount received from the production of light oil, condensate and NGLs. Management believes that disclosing effective sales for each natural gas market assists management and investors in assessing Birchcliff's natural gas diversification and commodity price exposure to each market. The following table provides a reconciliation of natural gas sales, as determined in accordance with GAAP, to effective total natural gas sales and effective total corporate sales for the periods indicated:

	Three months ended June 30,	
($000s)	**2022**	**2021**[(1)]
Natural gas sales	286,855	111,556
Realized gain (loss) on financial instruments	16,687	(13,392)
Notional fixed basis costs[(2)]	22,363	22,502
Effective total natural gas sales	**325,905**	**120,666**
Light oil sales	22,935	19,255
Condensate sales	56,620	45,241
NGLs sales	27,887	17,582
Effective total corporate sales	**433,347**	**202,744**

(1) Prior period amounts have been adjusted to include the aggregate notional fixed basis cost for comparison purposes.

(2) Reflects the aggregate notional fixed basis cost associated with Birchcliff's financial and physical NYMEX HH/AECO 7A basis swaps in the period.

Non-GAAP Ratios

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

Adjusted Funds Flow Per Boe and Adjusted Funds Flow Per Basic Common Share

Birchcliff calculates "adjusted funds flow per boe" as aggregate adjusted funds flow in the period divided by the production (boe) in the period. Management believes that adjusted funds flow per boe assists management and investors in assessing Birchcliff's financial profitability and sustainability on a cash basis by isolating the impact of production volumes to better analyze its performance against prior periods on a comparable basis. The Corporation previously referred to adjusted funds flow per boe as "adjusted funds flow netback".

Birchcliff calculates "adjusted funds flow per basic common share" as aggregate adjusted funds flow in the period divided by the basic common shares outstanding at the end of the period. Management believes that adjusted funds flow per basic common share assists management and investors in assessing Birchcliff's financial strength on a per common share basis.

Free Funds Flow Per Basic Common Share

Birchcliff calculates "free funds flow per basic common share" as aggregate free funds flow in the period divided by the basic common shares outstanding at the end of the period. Management believes that free funds flow per basic common share assists management and investors in assessing Birchcliff's financial strength and its ability to generate shareholder returns on a per common share basis.

Transportation and Other Expense Per Boe

Birchcliff calculates "transportation and other expense per boe" as aggregate transportation and other expense in the period divided by the production (boe) in the period. Management believes that transportation and other expense per boe assists management and investors in assessing Birchcliff's cost structure as it relates to its transportation and marketing activities by isolating the impact of production volumes to better analyze its performance against prior periods on a comparable basis.

Operating Netback Per Boe

Birchcliff calculates "operating netback per boe" as aggregate operating netback in the period divided by the production (boe) in the period. Management believes that operating netback per boe assists management and investors in assessing Birchcliff's operating profitability and sustainability by isolating the impact of production volumes to better analyze its performance against prior periods on a comparable basis.

Effective Average Realized Sales Price – Total Corporate, Total Natural Gas, AECO Market and NYMEX HH Market

Birchcliff calculates "effective average realized sales price" as effective sales, in each of total corporate, total natural gas, AECO market and NYMEX HH market, as the case may be, divided by the effective production in each of the markets during the period. Management believes that disclosing effective average realized sales price for each natural gas market assists management and investors in comparing Birchcliff's commodity price realizations in each natural gas market on a per unit basis.

Supplementary Financial Measures

NI 52-112 defines a supplementary financial measure as a financial measure that: (i) is, or is intended to be, disclosed on a periodic basis to depict the historical or expected future financial performance, financial position or cash flow of an entity; (ii) is not disclosed in the financial statements of the entity; (iii) is not a non-GAAP financial measure; and (iv) is not a non-GAAP ratio. The supplementary financial measures used in this press release are either a per unit disclosure of a corresponding GAAP measure, or a component of a corresponding GAAP measure, presented in the financial statements. Supplementary financial measures that are disclosed on a per unit basis are calculated by dividing the aggregate GAAP measure (or component thereof) by the applicable unit for the period. Supplementary financial measures that are disclosed on a component basis of a corresponding GAAP measure are a granular representation of a financial statement line item and are determined in accordance with GAAP.

The supplementary financial measures used in this press release include: operating expense per boe average realized sales price per bbl, Mcf and boe; petroleum and natural gas revenue per boe; royalty expense per boe; G&A expense, net per boe; interest expense per boe; realized gain (loss) on financial instruments per boe; other income (expense) per boe; depletion and depreciation expense per boe; unrealized gain on financial instruments per boe; other non-cash (expense) income per boe; dividends on preferred shares per boe; deferred income tax expense per boe; net income to common shareholders per boe; average realized natural gas sales price per Mcf; natural gas transportation costs per Mcf; and natural gas sales netback per Mcf.

Capital Management Measures

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

Total Debt and Adjusted Working Capital Deficit (Surplus)

Birchcliff calculates "total debt" as the amount outstanding under the Corporation's Credit Facilities plus adjusted working capital deficit (surplus). "Adjusted working capital deficit (surplus)" is calculated as working capital deficit (current assets less current liabilities) less fair value of financial instruments and capital securities. Surplus as disclosed in this press release is equivalent to adjusted working capital surplus. Management believes that total debt assists management and investors in assessing Birchcliff's overall liquidity and financial position at the end of the period. Management believes that adjusted working capital deficit (surplus) assists management and investors in assessing Birchcliff's short-term liquidity. The following table provides a reconciliation of the amount outstanding under the Credit Facilities and working capital deficit, as determined in accordance with GAAP, to total debt and adjusted working capital deficit (surplus), respectively:

As at, *($000s)*	June 30, 2022	March 31, 2022	December 31, 2021	June 30, 2021
Revolving term credit facilities	276,030	397,752	500,870	720,920
Working capital deficit	18,633	46,213	53,312	131,796
Fair value of financial instruments	10,436	3,249	(16,517)	(43,491)
Capital securities	(38,205)	(28,216)	(38,268)	(38,328)
Adjusted working capital deficit (surplus)	**(9,136)**	**11,246**	**(1,473)**	**49,977**
Total debt	**266,894**	**408,998**	**499,397**	**770,897**

ADVISORIES

Unaudited Information

All financial and operational information contained in this press release for the three and six months ended June 30, 2022 and 2021 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.

Boe Conversions

Boe amounts have been calculated by using the conversion ratio of 6 Mcf of natural gas to 1 bbl of oil. Boe amounts may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

MMBtu Pricing Conversions

$1.00 per MMBtu equals $1.00 per Mcf based on a standard heat value Mcf.

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 and Other Financial Measures".*

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) except where otherwise stated, 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.

Initial Production Rates

Any references in this press release to initial production rates or other short-term production rates are useful in confirming the presence of hydrocarbons; however, such rates are not determinative of the rates at which such wells will continue to produce and decline thereafter and are not indicative of the long-term performance or the ultimate recovery of such wells. In addition, such rates may also include recovered "load oil" or "load water" fluids used in well completion stimulation. While encouraging, readers are cautioned not to place undue reliance on such rates in calculating the aggregate production for Birchcliff. Such rates are based on field estimates and may be based on limited data available at this time.

With respect to the production rates for the Corporation's 10-well (10-08) pad in Pouce Coupe disclosed herein, such rates represent the cumulative volumes for each well measured at the wellhead separator for the 30 and 60 days (as applicable) of production immediately after each well was considered stabilized after producing fracture treatment fluid back to surface in an amount such that flow rates of hydrocarbons became reliable (between 0 and 4 days), divided by 30 or 60 (as applicable), which were then added together to determine the aggregate production rates for the 10-well pad and then divided by 10 to determine the per well average production rates. The production rates excluded the hours and days when the wells did not produce. Approximate tubing pressures for the 10 wells were stabilized between 3.4 and 4.3 MPa for IP 30 production rates and between 3.1 and 3.6 MPa for IP 60 production rates. Approximate casing pressures for the 10 wells were stabilized between 8.0 and 11.3 MPa for IP 30 production rates and between 7.3 and 10.3 MPa for IP 60 production rates. To-date, no pressure transient or well-test interpretation has been carried out on any of the wells. The natural gas volumes represent raw natural gas volumes as opposed to sales gas volumes.

F&D Capital Expenditures

Unless otherwise stated, references in this press release to "F&D capital expenditures" denotes exploration and development expenditures determined in accordance with GAAP. Management believes that F&D capital expenditures assists management and investors in assessing Birchcliff capital cost outlay associated with its exploration and development activities for the purposes of finding and developing its reserves.

Forward-Looking Statements

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

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

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

- Birchcliff's plans and other aspects of its anticipated future financial performance, results, operations, focus, objectives, strategies, opportunities, priorities and goals, including: that Birchcliff remains confident that it will reach zero total debt and be in a cash surplus position in Q4 2022, based on the strength of forward commodity prices; and that Birchcliff continues to target increasing its annual common share dividend in 2023 to at least $0.80 per share ($212 million annually), subject to commodity prices and the approval of its board of directors;
- the information set forth under the heading *"Outlook and Guidance"* and elsewhere in this press release as it relates to Birchcliff's updated outlook and guidance for 2022 and 2023, including: that Birchcliff's 2023 budget will be geared towards maximizing its ability to generate free funds flow, increasing shareholder returns and fully utilizing the processing capacity of the Corporation's existing infrastructure; that Birchcliff plans to provide a corporate update and release its preliminary 2023 budget on October 13, 2022 after the completion of the Corporation's preliminary 2023 budget planning process; that the Corporation anticipates significant production additions in the second half of 2022 and is maintaining its previous guidance for annual average production at 78,000 to 80,000 boe/d; that Birchcliff is able to take full advantage of strong commodity prices because it has no fixed price commodity hedges in place and it does not currently intend to hedge any future production; estimates of annual and Q4 average production, production commodity mix, average

expenses, adjusted funds flow, F&D capital expenditures, free funds flow, excess free funds flow, surplus at year end and natural gas market exposure in 2022; that the estimate of surplus at December 31, 2022 is expected to be largely comprised of cash on hand plus accounts receivable less accounts payable at the end of the year; and the expected impact of changes in commodity prices and the CDN/US exchange rate on Birchcliff's estimate of free funds flow in 2022;

- the announced redemption of the Series A and Series C Preferred Shares, including the anticipated timing thereof; and
- the information set forth under the heading *"Operations Update"* regarding Birchcliff's 2022 capital program and its exploration and development activities and the timing thereof, including: the number and types of wells to be drilled, completed and brought on production in 2022; that the wells to be brought on production in Q3 2022 are expected to deliver strong natural gas and condensate rates with an average payout of less than a year, driven by successful execution and robust commodity prices; that the wells from Birchcliff's 04-04 pad are expected to be brought on production in Q3 2022; that Birchcliff's 06-35 pad is expected to be completed and brought on production before the end of Q3 2022; that Birchcliff anticipates providing further details regarding the results of the wells from its 04-04 pad and 06-35 pad with the release of its Q3 2022 results; and that the AltaGas turnaround will allow Birchcliff to maximize liquids recovery through the deep-cut plant and increase overall plant reliability throughout the remainder of 2022 and onwards.

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

- With respect to Birchcliff's 2022 guidance (as updated on August 10, 2022):
  - The following commodity prices and exchange rate are assumed: an average WTI price of US$99.00/bbl; an average WTI-MSW differential of CDN$3.60/bbl; an average AECO price of CDN$5.60/GJ; an average Dawn price of US$6.65/MMBtu; an average NYMEX HH price of US$6.95/MMBtu; and an exchange rate (CDN$ to US$1) of 1.28. These commodity price and exchange rate assumptions are based on anticipated full-year averages, which include settled benchmark commodity prices and exchange rate for the period from January 1, 2022 to July 31, 2022 and forward strip benchmark commodity prices and CDN/US exchange rate as of August 2, 2022 for the period from August 1, 2022 to December 31, 2022.
  - Birchcliff's production guidance for 2022 assumes that: the 2022 capital program will be carried out as currently contemplated; no unexpected outages occur in the infrastructure that Birchcliff relies on to produce its wells and that any transportation service curtailments or unplanned outages that occur will be short in duration or otherwise insignificant; the construction of new infrastructure meets timing and operational expectations; existing wells continue to meet production expectations; and future wells scheduled to come on production meet timing, production and capital expenditure expectations.
  - Birchcliff's updated estimates of adjusted funds flow, free funds flow and excess free funds flow for 2022 assume that: the 2022 capital program will be carried out as currently contemplated and the level of capital spending for 2022 set forth herein will be achieved; and the targets for production, production commodity mix, expenses and natural gas market exposure and the commodity price and exchange rate assumptions are met. Birchcliff's updated estimate of excess free funds flow for 2022 also assumes that: (i) a quarterly common share dividend of $0.02 per

share is paid for the quarters ending September 30, 2022 and December 31, 2022; and (ii) there are 265 million common shares outstanding, with no further buybacks of common shares occurring during 2022. Birchcliff's updated estimate of adjusted funds flow takes into account the effects of its physical and financial basis swap contracts outstanding as at August 10, 2022 and excludes annual cash incentive payments that have not been approved by Birchcliff's board of directors.

  - Birchcliff's updated estimate of capital expenditures for 2022 assumes that the 2022 capital program will be carried out as currently contemplated. The amount and allocation of capital expenditures for exploration and development activities by area and the number and types of wells to be drilled and brought on production is dependent upon results achieved and is subject to review and modification by management on an ongoing basis throughout the year. Actual spending may vary due to a variety of factors, including commodity prices, economic conditions, results of operations and costs of labour, services and materials.
  - Birchcliff's updated estimate of surplus at December 31, 2022 assumes that: (i) any free funds flow remaining after the payment of dividends, asset retirement obligations and other amounts for administrative assets, financing fees and capital lease obligations is allocated towards debt reduction; (ii) there are 265 million common shares outstanding, with no further buybacks of common shares occurring during 2022, and a quarterly common share dividend of $0.02 per share is paid for the quarters ending September 30, 2022 and December 31, 2022; (iii) there are 2,000,000 Series A and 1,528,219 Series C Preferred Shares outstanding, with such shares redeemed by the Corporation on September 30, 2022, and a quarterly dividend of $0.527677 per Series A Preferred Share and $0.441096 per Series C Preferred Share is paid for the quarter ending September 30, 2022; (iv) no significant acquisitions or dispositions are completed by the Corporation and there is no repayment of debt using the proceeds from equity issuances during 2022; (v) there are no further proceeds received from the exercise of stock options or performance warrants during 2022; (vi) the 2022 capital program will be carried out as currently contemplated with F&D capital expenditures of $275 million to $285 million; and (vii) the targets for production, production commodity mix, capital expenditures, adjusted funds flow, free funds flow and natural gas market exposure and the commodity price and exchange rate assumptions set forth herein are met. Birchcliff's estimate of surplus at December 31, 2022 does not include annual cash incentive payments that have not been approved by Birchcliff's board of directors.
  - Birchcliff's guidance regarding its natural gas market exposure assumes: (i) 175,000 GJ/d being sold on a physical basis at the Dawn price; (ii) 18,029 GJ/d being sold at Alliance on a physical basis at the AECO 5A price plus a premium; and (iii) 152,500 MMBtu/d being contracted on a financial and physical basis at an average fixed basis differential price between AECO 7A and NYMEX HH of approximately US$1.23/MMBtu.
- With respect to statements of future wells to be drilled and brought on production, such statements assume: the continuing validity of the geological and other technical interpretations performed by Birchcliff's technical staff, which indicate that commercially economic volumes can be recovered from Birchcliff's lands as a result of drilling future wells; and that commodity prices and general economic conditions will warrant proceeding with the drilling of such wells.

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), epidemics and global conflict (including the Russian invasion of Ukraine) 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; risks associated with increasing costs, whether due to high inflation rates, supply chain disruptions or other factors; fluctuations in exchange and interest rates; stock market volatility; loss of market demand; an inability to access sufficient capital from internal and external sources on terms acceptable to the Corporation; risks associated with Birchcliff's Credit Facilities, including a failure to comply with covenants under the agreement governing the Credit Facilities and the risk that the borrowing base limit may be redetermined; fluctuations in the costs of borrowing; operational risks and liabilities inherent in oil and natural gas operations; the occurrence of unexpected events such as fires, severe weather, explosions, blow-outs, equipment failures, transportation incidents and other similar events; an inability to access sufficient water or other fluids needed for operations; uncertainty that development activities in connection with Birchcliff's assets will be economic; an inability to access or implement some or all of the technology necessary to operate its assets and achieve expected future results; the accuracy of estimates of reserves, future net revenue and production levels; geological, technical, drilling, construction and processing problems; uncertainty of geological and technical data; horizontal drilling and completions techniques and the failure of drilling results to meet expectations for reserves or production; uncertainties related to Birchcliff's future potential drilling locations; delays or changes in plans with respect to exploration or development projects or capital expenditures; the accuracy of cost estimates and variances in Birchcliff's actual costs and economic returns from those anticipated; incorrect assessments of the value of acquisitions and exploration and development programs; changes to the regulatory framework in the locations where the Corporation operates, including changes to tax laws, Crown royalty rates, environmental laws, climate change laws, carbon tax regimes, incentive programs and other regulations that affect the oil and natural gas industry; actions by government authorities, including those with respect to the COVID-19 pandemic; an inability of the Corporation to comply with existing and future environmental, climate change and other laws; the cost of compliance with current and future environmental laws; political uncertainty and uncertainty associated with government policy changes; dependence on facilities, gathering lines and pipelines; uncertainties and risks associated with pipeline restrictions and outages to third-party infrastructure that could cause disruptions to production; the lack of available pipeline capacity and an inability to secure adequate and cost-effective processing and transportation for Birchcliff's products; an inability to satisfy obligations under Birchcliff's firm marketing and transportation arrangements; shortages in equipment and skilled personnel; the absence or loss of key employees; competition for, among other things, capital, acquisitions of reserves, undeveloped lands, equipment and skilled personnel; management of Birchcliff's growth; environmental and climate change risks, claims and liabilities; potential litigation; default under or breach of agreements by counterparties and potential enforceability issues in contracts; claims by Indigenous peoples; the reassessment by taxing or regulatory authorities of the Corporation's prior transactions and filings; unforeseen title defects; third-party claims regarding the Corporation's right to use technology and equipment; uncertainties associated with the outcome of litigation or other proceedings involving Birchcliff; uncertainties associated with counterparty credit risk; risks associated with Birchcliff's risk management and market diversification activities; risks associated with the declaration and payment of future dividends, including the discretion of Birchcliff's board of directors to declare dividends and change the Corporation's dividend policy; the failure to obtain any required approvals in a timely manner or at all; the failure to complete or realize the anticipated benefits of acquisitions and dispositions and the risk of unforeseen difficulties in integrating acquired assets into Birchcliff's operations; negative public perception of the oil and natural gas industry and fossil fuels; the Corporation's reliance on hydraulic fracturing; market competition, including from alternative energy sources; changing demand for petroleum products; the availability of insurance and the risk that certain losses may not be insured; breaches or failure of information systems and security (including risks associated with cyber-attacks); risks associated with the ownership of the Corporation's securities; and the accuracy of the Corporation's accounting estimates and judgments.

While Birchcliff anticipates approval by the board of directors of the proposed increase to the annual common share dividend to $0.80 per share in 2023, the payment of such dividend remains subject to the approval of the board of directors. In addition, the proposed increase to the common share dividend in 2023 is subject to commodity prices and Birchcliff achieving its target of zero total debt in Q4 2022. The declaration and payment of any proposed dividends are subject to the discretion of the board of directors and may not be approved or may vary depending on a variety of factors and conditions existing from time to time, including commodity prices, free funds flow, current and forecast commodity prices, fluctuations in working capital, financial requirements of Birchcliff, applicable laws (including solvency tests under the *Business Corporations Act* (Alberta) for the declaration and payment of dividends) and other factors beyond Birchcliff's control. The payment of dividends to shareholders is not assured or guaranteed and dividends may be reduced or suspended entirely. 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. The agreement governing the Credit Facilities provides that 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.

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

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

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

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

ABOUT BIRCHCLIFF:

Birchcliff is a Calgary, Alberta based intermediate oil and natural gas company with operations focused on the Montney/Doig Resource Play in Alberta. Birchcliff's common shares and Series A and Series C Preferred Shares are listed for trading on the Toronto Stock Exchange under the symbols "BIR", "BIR.PR.A" and "BIR.PR.C", respectively.

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