**BIRCHCLIFF ENERGY LTD. ANNOUNCES EXCELLENT Q3 2022 RESULTS,
INCLUDING RECORD Q3 ADJUSTED FUNDS FLOW AND FREE FUNDS FLOW**

Calgary, Alberta (November 9, 2022) – Birchcliff Energy Ltd. ("**Birchcliff**" or the "**Corporation**") (TSX: BIR) is pleased to announce its Q3 2022 financial and operational results.

"Birchcliff continued to deliver exceptional results in the third quarter, highlighted by quarterly average production of 78,079 boe/d, which resulted in record Q3 adjusted funds flow(1) of $267.4 million ($1.01 per basic common share(2)), record Q3 free funds flow(1) of $182.0 million ($0.69 per basic common share(2)) and record quarterly net income to common shareholders of $244.6 million ($0.92 per basic common share)," commented Jeff Tonken, Chief Executive Officer of Birchcliff.

Mr. Tonken continued: "As previously announced on October 13, 2022, Birchcliff paid a special cash dividend of $0.20 per share to our common shareholders on October 28, 2022. Additionally, we have commenced the execution of our 2023 capital program, which we expect will result in annual average production of 81,000 to 83,000 boe/d in 2023, a 5% increase over 2022(3). After the payment of Birchcliff's targeted 2023 annual common share dividend of $0.80 per share ($0.20 per share quarterly), we are forecasting that we will have a cash surplus(4) of approximately $295 million to $325 million at December 31, 2023(5). We are maintaining our 2022 guidance and preliminary 2023 guidance that we provided on October 13, 2022 and we expect to announce the details of our 2023 capital program and updated five year plan for 2023 to 2027 on January 18, 2023."

Q3 2022 HIGHLIGHTS

- Achieved quarterly average production of 78,079 boe/d, an 8% decrease from Q3 2021. Liquids accounted for 19% of Birchcliff's total production in Q3 2022, consistent with Q3 2021.
- Generated record Q3 adjusted funds flow of $267.4 million, or $1.01 per basic common share, a 59% and 60% increase, respectively, from Q3 2021. Quarterly cash flow from operating activities was $273.0 million, a 75% increase from Q3 2021.
- Delivered record Q3 free funds flow of $182.0 million, or $0.69 per basic common share, a 21% and 23% increase, respectively, from Q3 2021.
- Earned record quarterly net income to common shareholders of $244.6 million, or $0.92 per basic common share, each a 77% increase from Q3 2021.
- F&D capital expenditures were $85.3 million in Q3 2022, which included drilling 8 (8.0 net) wells and bringing 19 (19.0 net) wells on production.
- Achieved an operating netback(2) of $32.31/boe, a 37% increase from Q3 2021.
- Achieved adjusted funds flow per boe(2) of $37.22, a 73% increase from Q3 2021.
- Realized an operating expense(6) of $3.50/boe, an 18% increase from Q3 2021.
- Redeemed all of its issued and outstanding cumulative redeemable preferred shares, Series A and Series C on September 30, 2022 for an aggregate redemption price of $88.2 million.
- Significantly reduced total debt(7) at September 30, 2022 to $186.1 million, a reduction of $451.8 million (71%) from September 30, 2021 and $80.8 million (30%) from June 30, 2022. The Corporation retired approximately $169.0 million of total debt and preferred shares in Q3 2022.

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

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

(3) Based on an annual average production rate of 78,000 boe/d in 2022 and 82,000 boe/d in 2023, which is the mid-point of Birchcliff's preliminary annual average production guidance range for 2023.

(4) Equivalent to "total surplus", which is a capital management measure. See "*Non-GAAP and Other Financial Measures*".

(5) See *"Outlook and Guidance – Preliminary 2023 Guidance"* and *"Advisories – Forward-Looking Statements"* for further information regarding Birchcliff's preliminary 2023 guidance and its commodity price and exchange rate assumptions.

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

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

- In Q3 2022, Birchcliff returned $10.3 million to common shareholders through dividends and purchases under its normal course issuer bid (the "**NCIB**"), including the purchase of 525,400 common shares under the NCIB at an average price of $9.44 per share (before fees). In the first nine months of 2022, Birchcliff returned $67.7 million to common shareholders through dividends and the purchase of 6,040,192 common shares under the NCIB at an average price of $9.00 per share (before fees).

Birchcliff's unaudited interim condensed financial statements for the three and nine months ended September 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".*

Q3 2022 FINANCIAL AND OPERATIONAL SUMMARY

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
OPERATING				
Average production				
Light oil *(bbls/d)*	2,254	2,878	2,159	2,998
Condensate *(bbls/d)*	4,601	5,990	4,631	5,844
NGLs *(bbls/d)*	7,593	6,889	7,305	7,750
Natural gas *(Mcf/d)*	381,788	415,005	371,174	371,175
Total *(boe/d)*	**78,079**	**84,924**	**75,957**	**78,454**
Average realized sales price *(CDN$)*(1)(2)				
Light oil *(per bbl)*	115.94	83.52	121.49	75.28
Condensate *(per bbl)*	115.84	88.04	125.06	81.65
NGLs *(per bbl)*	38.18	35.13	43.04	28.01
Natural gas *(per Mcf)*	6.83	4.46	6.95	3.86
Total *(per boe)*	**47.26**	**33.70**	**49.18**	**30.00**
NETBACK AND COST *($/boe)*(2)				
Petroleum and natural gas revenue(1)	47.26	33.71	49.18	30.00
Royalty expense	(6.04)	(2.50)	(6.05)	(2.23)
Operating expense	(3.50)	(2.96)	(3.46)	(3.09)
Transportation and other expense(3)	(5.41)	(4.73)	(5.58)	(5.22)
Operating netback(3)	**32.31**	**23.52**	**34.09**	**19.46**
G&A expense, net	(0.98)	(0.70)	(1.08)	(0.83)
Interest expense	(0.44)	(0.92)	(0.48)	(1.10)
Realized gain (loss) on financial instruments	6.33	(0.32)	2.99	(1.46)
Other cash income (expense)	-	(0.07)	-	0.09
Adjusted funds flow(3)	**37.22**	**21.51**	**35.52**	**16.16**
Depletion and depreciation expense	(7.48)	(7.31)	(7.49)	(7.42)
Unrealized gain on financial instruments	15.30	9.02	9.26	3.93
Other (expense) income(4)	(0.39)	0.05	(0.28)	0.03
Dividends on preferred shares	(0.24)	(0.22)	(0.25)	(0.25)
Deferred income tax expense	(10.36)	(5.34)	(8.59)	(2.91)
Net income to common shareholders	**34.05**	**17.71**	**28.17**	**9.54**
FINANCIAL				
Petroleum and natural gas revenue *($000s)*(1)	339,531	263,348	1,019,822	642,600
Cash flow from operating activities *($000s)*	272,965	155,606	700,828	319,227
Adjusted funds flow *($000s)*(5)	267,350	168,076	736,584	346,084
Per basic common share *($)*(3)	1.01	0.63	2.78	1.30
Free funds flow *($000s)*(5)	182,020	150,050	478,725	151,331
Per basic common share *($)*(3)	0.69	0.56	1.80	0.57
Net income to common shareholders *($000s)*	244,582	138,367	584,229	204,387
Per basic common share *($)*	0.92	0.52	2.20	0.77
End of period basic common shares *(000s)*	265,877	265,573	265,877	265,573
Weighted average basic common shares *(000s)*	265,298	266,547	265,422	266,258
Dividends on common shares *($000s)*	5,317	1,330	13,285	3,993
Dividends on preferred shares *($000s)*	1,730	1,717	5,162	5,188
F&D capital expenditures *($000s)*(6)	85,330	18,026	257,859	194,753
Total capital expenditures *($000s)*(5)	86,485	18,622	260,759	196,407
Long-term debt *($000s)*	196,989	648,327	196,989	648,327
Total debt *($000s)*(7)	186,064	637,905	186,064	637,905

(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.

(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".*

Q3 2022 FINANCIAL AND OPERATIONAL RESULTS

Production

Birchcliff's production averaged 78,079 boe/d in Q3 2022, an 8% decrease from 84,924 boe/d in Q3 2021. The decrease was primarily due to the timing of new wells brought on production in Q3 2022 as compared to Q3 2021, which resulted from scheduling differences in Birchcliff's drilling and completions program year-over-year. During Q3 2022, the Corporation brought a total 19 wells on production, which included the 10-well 04-04 pad brought onstream in August 2022 and the 9-well 06-35 pad brought onstream in late September 2022, as compared to 22 wells in Q3 2021, the majority of which were brought on production earlier in that quarter. Production was positively impacted by incremental production volumes from new Montney/Doig wells brought on production since September 30, 2021, partially offset by natural production declines.

Liquids accounted for 19% of Birchcliff's total production in Q3 2022, consistent with Q3 2021, with a liquids-to-gas ratio in Q3 2022 of 37.8 bbls/MMcf (47% high-value light oil and condensate).

Adjusted Funds Flow and Cash Flow From Operating Activities

Birchcliff achieved record Q3 adjusted funds flow of $267.4 million, or $1.01 per basic common share, in Q3 2022, a 59% and 60% increase, respectively, from $168.1 million and $0.63 per basic common share in Q3 2021. Birchcliff's cash flow from operating activities was $273.0 million in Q3 2022, a 75% increase from $155.6 million in Q3 2021. The increases were primarily due to higher petroleum and natural gas revenue and a realized gain on financial instruments of $45.5 million in Q3 2022 as compared to a realized loss on financial instruments of $2.5 million in Q3 2021, partially offset by a higher royalty expense in Q3 2022. The increases in petroleum and natural gas revenue and royalty expense were largely the result of a 40% increase in the average realized sales price received for Birchcliff's production in Q3 2022 as compared to Q3 2021. The Corporation's average realized sales price in Q3 2022 benefited from significant increases in benchmark oil and natural gas prices as compared to Q3 2021. See *"Q3 2022 Financial and Operational Results – Commodity Prices".*

Free Funds Flow

Birchcliff delivered record Q3 free funds flow of $182.0 million, or $0.69 per basic common share, in Q3 2022, a 21% and 23% increase, respectively, from $150.1 million and $0.56 per basic common share in Q3 2021. The increases were primarily due to higher adjusted funds flow, partially offset by higher F&D capital expenditures in Q3 2022 as compared to Q3 2021.

Net Income to Common Shareholders

Birchcliff earned record quarterly net income to common shareholders of $244.6 million, or $0.92 per basic common share, in Q3 2022, each a 77% increase from $138.4 million and $0.52 per basic common share in Q3 2021. The increases were primarily due to higher adjusted funds flow and a higher unrealized mark-to-market gain on financial instruments. Birchcliff recorded an unrealized mark-to-market gain on financial instruments of $109.9 million in Q3 2022 as compared to a $70.5 million in Q3 2021. Net income to common shareholders was negatively impacted by an increase in deferred income tax expense of $32.6 million in Q3 2022.

Operating Netback and Selected Cash Costs

In Q3 2022, Birchcliff's operating netback was $32.31/boe, a 37% increase from $23.52/boe in Q3 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 largely impacted by a 40% increase in the average realized sales price received for Birchcliff's production in Q3 2022.

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

	Three months ended September 30,		
($/boe)	**2022**	**2021**	**% Change**
Royalty expense(1)	6.04	2.50	142%
Operating expense(1)	3.50	2.96	18%
Transportation and other expense(2)	5.41	4.73	14%
G&A expense, net(1)	0.98	0.70	40%
Interest expense(1)	0.44	0.92	(52%)

(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 142% from Q3 2021, primarily due to the increase in the average realized sales price received for Birchcliff's liquids and natural gas production in Q3 2022.

Operating expense per boe increased by 18% from Q3 2021, primarily due to inflationary pressures on power and other fuel supply costs, which together increased by 71% on a per boe basis. Operating expense per boe was also negatively impacted by higher municipal property taxes and regulatory fees.

Transportation and other expense per boe increased by 14% from Q3 2021, primarily due to higher liquids transportation costs as a result of inflationary pressures that increased liquids-handling costs in Q3 2022 and higher fractionation processing fees and take-or-pay commitments.

Net G&A expense per boe increased by 40% from Q3 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 52% from Q3 2021, primarily due to a lower average outstanding balance under the Corporation's extendible revolving credit facilities (the "**Credit Facilities**") in Q3 2022.

Debt and Credit Facilities

Total debt at September 30, 2022 was $186.1 million, a decrease of 71% from $637.9 million at September 30, 2021. At September 30, 2022, Birchcliff had long-term debt under the Credit Facilities of $197.0 million (September 30, 2021: $648.3 million) from available Credit Facilities of $850.0 million (September 30, 2021: $850.0 million), leaving the Corporation with $648.9 million of unutilized credit capacity after adjusting for outstanding letters of credit and unamortized deferred financing fees. This unutilized credit capacity provides Birchcliff with significant financial flexibility and additional capital resources to fund its working capital requirements, capital expenditure programs and dividend payments if required in the future. The Credit Facilities do not contain any financial maintenance covenants and do not mature until May 11, 2025.

Commodity Prices

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

	Three months ended September 30,		
	2022	**2021**	**% Change**
Light oil – WTI Cushing *(US$/bbl)*	91.55	71.06	29%
Light oil – MSW (Mixed Sweet) *(CDN$/bbl)*	116.82	83.32	40%
Natural gas – NYMEX HH *(US$/MMBtu)*(1)	8.20	4.01	104%
Natural gas – AECO 5A Daily *(CDN$/GJ)*	3.95	3.41	16%
Natural gas – AECO 7A Month Ahead *(US$/MMBtu)*(1)	4.46	2.83	58%
Natural gas – Dawn Day Ahead *(US$/MMBtu)*(1)	7.37	4.07	81%
Natural gas – ATP 5A Day Ahead *(CDN$/GJ)*	3.96	4.01	(1%)
Exchange rate *(CDN$ to US$1)*	1.3054	1.2504	4%
Exchange rate *(US$ to CDN$1)*	0.7660	0.7997	(4%)

(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 Q3 2022, after taking into account the Corporation's financial instruments:

Three months ended September 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)	33,527	8%	82,571 Mcf	22%	18%	4.41/Mcf
Dawn(4)	148,258	36%	160,526 Mcf	42%	34%	10.04/Mcf
NYMEX HH(1)(2)(5)	125,342	31%	138,691 Mcf	36%	29%	9.82/Mcf
Total natural gas(1)	**307,127**	**75%**	**381,788 Mcf**	**100%**	**81%**	**8.74/Mcf**
Light oil	24,037	6%	2,254 bbl		3%	115.94/bbl
Condensate	49,031	12%	4,601 bbl		6%	115.84/bbl
NGLs	26,673	7%	7,593 bbl		10%	38.18/bbl
Total liquids	**99,741**	**25%**	**14,448 bbls**		**19%**	**75.04/bbl**
Total corporate(1)	**406,868**	**100%**	**78,079 boe**		**100%**	**56.64/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 swap contracts for 5,000 MMBtu/d at an average contract price of NYMEX HH less US$1.205/MMBtu during Q3 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 Q3 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 include financial and physical NYMEX HH/AECO 7A basis swap contracts for 152,500 MMBtu/d at an average contract price of NYMEX HH less US$1.227/MMBtu during Q3 2022. Birchcliff's effective average realized sales price for NYMEX HH of CDN$9.82/Mcf (US$6.77/MMBtu) was determined on a gross basis before giving effect to the average NYMEX HH/AECO 7A fixed contract basis differential price of CDN$1.76/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$8.06/Mcf (US$5.54/MMBtu) in Q3 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 September 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	83,550	35%	203,296	53%	4.50	0.39	4.11
Dawn	148,258	62%	160,526	42%	10.04	1.42	8.61
Alliance(5)	7,965	3%	17,966	5%	4.82	-	4.82
Total	**239,773**	**100%**	**381,788**	**100%**	**6.83**	**0.81**	**6.02**
Three months ended September 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	65,886	39%	186,718	45%	3.87	0.43	3.44
Dawn	78,554	46%	158,631	38%	5.38	1.48	3.90
Alliance(5)	26,001	15%	69,656	17%	4.06	-	4.06
Total	**170,441**	**100%**	**415,005**	**100%**	**4.46**	**0.76**	**3.70**

(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 $85.3 million in Q3 2022, which included drilling 8 (8.0 net) wells and bringing 19 (19.0 net) wells on production. In addition, the Corporation participated in the drilling and completion of 2 (0.375 net) Charlie Lake horizontal oil wells in Pouce Coupe. See *"Operations Update"*.

OPERATIONS UPDATE

2022 Capital Program Update

Birchcliff has successfully drilled and brought on production all of the wells under its initial 2022 capital program. During Q3 2022, the Corporation brought 19 (19.0 net) wells on production, with strong natural gas and condensate rates and an average payout of less than a year, driven by efficient execution and robust commodity prices.

The following table sets forth the wells that were drilled and brought on production as part of the Corporation's 2022 capital program:

				Total # of wells drilled under initial 2022 capital program	Total # of wells brought on production under initial 2022 capital program
POUCE COUPE					
	13-29 pad	Basal Doig/Upper Montney		0	2
		Montney D1		1	4
			Total	**1**	**6**(1)
	01-08 pad	Basal Doig/Upper Montney		4	4
		Montney D1		5	5
		Montney C		1	1
			Total	**10**	**10**
	04-04 pad	Basal Doig/Upper Montney		6	6
		Montney D1		3	3
		Montney C		1	1
			Total	**10**	**10**
GORDONDALE					
	06-35 pad	Montney D2		5	5
		Montney D1		4	4
			Total	**9**	**9**
			TOTAL	**30**	**35**(1)(2)

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

(2) Does not include the 2 (0.375 net) Charlie Lake horizontal oil wells that the Corporation participated in during Q3 2022. See *"Q3 2022 Financial and Operational Results – Capital Activities and Investment"*.

Pouce Coupe Area

<u>6-well pad (13-29-77-12W6)</u>

Birchcliff's 13-29 pad was brought on production in Q1 2022. The initial 30 and 60 day production rates for the wells from this 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 strong natural gas and condensate production rates.

<u>10-well pad (01-08-78-13W6)</u>

Birchcliff's 01-08 pad was drilled and brought on production in Q2 2022. The initial 30 and 60 day production rates for the wells from this pad were disclosed in the Corporation's press release dated August 10, 2022. The performance of this pad continues to be in-line with the Corporation's expectations, with strong natural gas and condensate production rates.

<u>10-well pad (04-04-78-13W6)</u>

During Q3 2022, the Corporation brought all 10 wells on its 04-04 pad on production through Birchcliff's owned and operated infrastructure. The wells from this pad have now been producing for over 60 days and have produced ahead of the Corporation's expectations, with strong natural gas and condensate production rates. The outperformance of this pad is significant as it demonstrates both the economical and technical success of a modified completions technique being used to target brownfield reservoir areas in the Upper and Lower Montney. During the initial 30 and 60 days of production, the pad was flowing inline postfracture 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 04-04 pad:

	IP 30(1)	IP 60(1)
Aggregate production rate *(boe/d)*	**11,655**	**10,020**
Aggregate natural gas production rate *(Mcf/d)*	66,880	57,565
Aggregate condensate production rate *(bbls/d)*	509	425
Average per well production rate *(boe/d)*	**1,166**	**1,002**
Average per well natural gas production rate *(Mcf/d)*	6,688	5,757
Average per well condensate production rate *(bbls/d)*	51	43
Condensate-to-gas ratio *(bbls/MMcf)*	**8**	**7**

(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".*

Gordondale Area

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

Birchcliff's 06-35 pad was drilled in Q2 and Q3 2022 and brought on production in late September 2022. The wells from this pad have now been producing for over 30 days and have produced in-line with the Corporation's expectations. As these wells have not yet produced for over 60 days, Birchcliff anticipates providing further details regarding the results of these wells with the release of its Q4 2022 results.

2023 Capital Program Acceleration

As previously announced on October 13, 2022, Birchcliff's board of directors approved an additional $80 million of F&D capital expenditures to commence the execution of the Corporation's 2023 capital program. It is expected that the accelerated capital expenditures will result in Birchcliff drilling 14 (14.0 net) wells in 2022 of the 36 (36.0 net) total wells planned for the Corporation's 2023 capital program, and bringing 6 (6.0 net) of those wells on production in late December 2022. Accelerating Birchcliff's 2023 capital program will result in incremental production early in 2023, allowing the Corporation to take advantage of stronger expected natural gas prices that are typically seen in the winter months. It has also allowed Birchcliff to significantly decrease the risks related to the price and availability of drilling and other oilfield services during a period of very tight supply. In addition, the Corporation has secured multi-year contracts with its key service providers to ensure the efficient execution of its medium and long-term plans.

The following table summarizes the additional 14 wells expected to be drilled and 6 wells to be brought on production in 2022:

	2023 Capital Program Acceleration	
Area	**Wells to be drilled in 2022**	**Wells to be brought on production in 2022**
Pouce Coupe		
Montney D1 horizontal natural gas wells	7	3
Montney D2 horizontal natural gas wells	5	3
Montney C horizontal natural gas wells	2	0
TOTAL – POUCE COUPE	**14**	**6**

As of the date hereof, Birchcliff has completed the drilling of 6 (6.0 net) Montney/Doig horizontal wells in Pouce Coupe on its 6-well 03-06 pad. Completion operations are scheduled for this pad during November 2022 and all 6 wells are expected to be brought on production in late December 2022.

Birchcliff's two drilling rigs are currently drilling 6 (6.0 net) Montney/Doig horizontal wells in Pouce Coupe on its 6 well 14-06 pad, which are expected to be completed and brought on production in Q1 2023.

Birchcliff also plans to drill 1 (1.0 net) well and 3 (3.0 net) surface holes on each of the Corporation's two 4-well pads in Pouce Coupe (15-27 and 04-23) in 2022. These additional wells are expected to be completed and brought on production in the first half of 2023.

For additional details on Birchcliff's 2022 and 2023 capital programs, see *"Outlook and Guidance"*.

OUTLOOK AND GUIDANCE

Birchcliff is maintaining its guidance for 2022 and its preliminary guidance for 2023, both as previously disclosed on October 13, 2022.

2022 Guidance

Birchcliff is on track to achieve its 2022 annual average production guidance of 78,000 boe/d, which is expected to generate approximately $1.02 billion of adjusted funds flow and $655 million to $665 million of free funds flow, based on the assumptions set forth herein. The Corporation anticipates F&D capital expenditures to be between $355 million and $365 million, which includes $80 million being spent to prepare for the efficient execution of the Corporation's 2023 capital program. The following table sets forth Birchcliff's guidance and commodity price assumptions for 2022, as well as its free funds flow sensitivity:

2022 Guidance and Commodity Price Assumptions

	2022 guidance and assumptions[(1)]
Production	
Annual average production *(boe/d)*	78,000
% Light oil	3%
% Condensate	6%
% NGLs	10%
% Natural gas	81%
Q4 average production *(boe/d)*	81,000 – 83,000
Average Expenses *($/boe)*	
Royalty[(2)]	6.70 – 6.80
Operating[(2)]	3.40 – 3.50
Transportation and other[(3)]	5.40 – 5.50
Interest[(2)]	0.40 – 0.50
Adjusted Funds Flow *(millions)*[(4)]	$1,020
F&D Capital Expenditures *(millions)*[(5)]	$355 – $365
Free Funds Flow *(millions)*[(4)]	$655 – $665
Common Share Dividends *(millions)*[(6)]	$72
Excess Free Funds Flow *(millions)*[(4)(6)]	$585 – $595
Total Debt at Year End *(millions)*[(7)]	$60 – $70
Natural Gas Market Exposure	
AECO exposure as a % of total natural gas production	15%
Dawn exposure as a % of total natural gas production	42%
NYMEX HH exposure as a % of total natural gas production	38%
Alliance exposure as a % of total natural gas production	5%
Commodity Prices	
Average WTI price *(US$/bbl)*	95.00
Average WTI-MSW differential *(CDN$/bbl)*	2.50
Average AECO price *(CDN$/GJ)*	5.25
Average Dawn price *(US$/MMBtu)*	6.35
Average NYMEX HH price *(US$/MMBtu)*	6.85
Exchange rate *(CDN$ to US$1)*	1.30

Forward Three Months' Free Funds Flow Sensitivity[(8)]

Forward three months' sensitivity	Estimated change to 2022 free funds flow *(millions)*
Change in WTI US$1.00/bbl	$1.0
Change in NYMEX HH US$0.10/MMBtu	$1.3
Change in Dawn US$0.10/MMBtu	$1.8
Change in AECO CDN$0.10/GJ	$1.2
Change in CDN/US exchange rate CDN$0.01	$1.3

(1) 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 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) Assumes that a dividend of $0.02 per common share is paid for the quarter ending December 31, 2022 and that there are 266 million common shares outstanding. The declaration of dividends is subject to the approval of the board of directors and is subject to change. See *"Advisories – Forward-Looking Statements"*.

(7) Capital management measure. See *"Non-GAAP and Other Financial Measures"*. The estimate of total debt at December 31, 2022 is expected to be comprised of any amounts outstanding under the Credit Facilities and adjusted working capital, which is expected to be largely comprised of cash, accounts receivable and accounts payable and accrued liabilities at the end of the year.

(8) 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 $655 million to $665 million, holding all other variables constant. The sensitivity is based on the 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.

Preliminary 2023 Guidance

Birchcliff is currently targeting F&D capital expenditures of $240 million to $270 million in 2023, which will allow the Corporation to bring approximately 30 wells on production in 2023. With the addition of the 6 wells that will be brought on production in late December 2022, the Corporation expects to deliver annual average production of 81,000 to 83,000 boe/d in 2023, a 5% increase over 2022. Birchcliff is currently forecasting approximately $855 million of adjusted funds flow and $585 million to $615 million of free funds flow in 2023, based on the assumptions set forth herein.

Birchcliff's preliminary guidance for 2023 is based on its preliminary planning and takes into account expected increases in materials, labour and services costs as compared to the current year. Birchcliff continues to work through its plans for 2023 and expects to announce the details of its 2023 capital program and updated five year plan for 2023 to 2027 on January 18, 2023.

Preliminary 2023 Guidance and Commodity Price Assumptions

	Preliminary 2023 guidance and assumptions(1)
Annual Average Production *(boe/d)*	81,000 – 83,000
Average Expenses *($/boe)*	
Royalty(2)	4.95 – 5.15
Operating(2)	3.40 – 3.60
Transportation and other(3)	5.20 – 5.40
Interest(2)	negligible
Current income tax(2)	1.55 – 1.75
Adjusted Funds Flow *(millions)*(4)	$855
F&D Capital Expenditures *(millions)*(5)	$240 – $270
Free Funds Flow *(millions)*(4)	$585 – $615
Common Share Dividends *(millions)*(6)	$213
Excess Free Funds Flow *(millions)*(4)(6)	$370 – $400
Total Surplus at Year End *(millions)*(7)	$295 – $325
Natural Gas Market Exposure	
AECO exposure as a % of total natural gas production	23%
Dawn exposure as a % of total natural gas production	41%
NYMEX HH exposure as a % of total natural gas production	36%
Commodity Prices	
Average WTI price *(US$/bbl)*	80.00
Average WTI-MSW differential *(CDN$/bbl)*	5.00
Average AECO price *(CDN$/GJ)*	4.80
Average Dawn price *(US$/MMBtu)*	5.30
Average NYMEX HH price *(US$/MMBtu)*	5.55
Exchange rate *(CDN$ to US$1)*	1.35

Forward Twelve Months' Free Funds Flow Sensitivity[8]

Forward twelve months' sensitivity	Estimated change to 2023 free funds flow *(millions)*
Change in WTI US$1.00/bbl	$4.0
Change in NYMEX HH US$0.10/MMBtu	$7.5
Change in Dawn US$0.10/MMBtu	$7.7
Change in AECO CDN$0.10/GJ	$3.3
Change in CDN/US exchange rate CDN$0.01	$7.7

(1) Birchcliff's preliminary 2023 guidance for its adjusted funds flow, free funds flow, excess free funds flow, total surplus and natural gas market exposure in 2023 is based on an annual average production rate of 82,000 boe/d, which is the mid-point of Birchcliff's preliminary annual average production guidance range for 2023. 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 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) Assumes that an annual common share dividend of $0.80 per share is paid in 2023 and that there are 266 million common shares outstanding. The declaration of dividends is subject to the approval of the board of directors and is subject to change. See *"Advisories – Forward-Looking Statements"*.

(7) Capital management measure. See *"Non-GAAP and Other Financial Measures"*. The estimate of total surplus at December 31, 2023 is expected to be comprised of adjusted working capital, which is expected to be largely comprised of cash, accounts receivable and accounts payable and accrued liabilities at the end of the year. Birchcliff previously referred to total surplus as "surplus".

(8) 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 2023 of $585 million to $615 million, holding all other variables constant. The sensitivity is based on the 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.

Forecast Royalties, Taxes and Fees

Birchcliff currently forecasts that total royalties and other taxes and fees to be paid to the Province of Alberta in 2022 and 2023 will be in the amount of approximately $206 million and $168 million, respectively. Royalties are comprised of payments in respect of production and revenue from Birchcliff's oil and natural gas wells producing in Alberta. Other taxes and fees primarily include municipal property taxes, regulatory compliance and administration fees, surface and mineral lease rentals and land sale bonuses paid to acquire development rights in the Province.

Birchcliff currently forecasts that corporate income taxes to be paid to the Federal Government in 2023 will be in the amount of approximately $49 million. The Corporation expects to have sufficient tax pools available to offset taxable income in 2022 and therefore no corporate income taxes are expected to paid in 2022.

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
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, 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 special dividends, increases to the Corporation's base dividend, common share buybacks, acquisitions 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 September 30,		Nine months ended September 30,		Twelve months ended December 31,
($000s)	**2022**	**2021**	**2022**	**2021**	**2021**
Cash flow from operating activities	**272,965**	**155,606**	**700,828**	**319,227**	**515,369**
Change in non-cash operating working capital	(6,448)	12,305	33,581	25,416	21,161
Decommissioning expenditures	833	165	2,175	1,441	3,203
Adjusted funds flow	**267,350**	**168,076**	**736,584**	**346,084**	**539,733**
F&D capital expenditures	(85,330)	(18,026)	(257,859)	(194,753)	(230,479)
Free funds flow	**182,020**	**150,050**	**478,725**	**151,331**	**309,254**
Dividends on common shares	(5,317)	(1,330)	(13,285)	(3,993)	(6,639)
Excess free funds flow	**176,703**	**148,720**	**465,440**	**147,338**	**302,615**

Birchcliff has disclosed full year 2022 and 2023 guidance for adjusted funds flow, free funds flow and excess free funds flow, which are forward-looking non-GAAP financial measures. See "*Outlook and Guidance*". The most directly comparable financial measure for these measures, as disclosed in the Corporation's financial statements, is cash flow from operating activities. The table above provides a reconciliation of the equivalent historical non-GAAP financial measures from cash flow from operating activities, as determined in accordance with GAAP, for the twelve months ended December 31, 2021. Birchcliff anticipates the forward-looking non-GAAP financial measures to exceed their respective historical amounts for the twelve months ended December 31, 2021, primarily due to higher anticipated benchmark oil and natural gas prices which are expected to increase the average realized sales prices the Corporation receives for its production. The commodity price assumptions on which the Corporation's 2022 and preliminary 2023 guidance are based are set forth in the tables under the heading *"Outlook and Guidance"*.

Total Capital Expenditures

Birchcliff defines "total capital expenditures" as F&D capital expenditures, plus acquisition, less dispositions and plus administrative assets. Management believes that total capital expenditures assist management and investors in assessing Birchcliff's overall capital cost structure associated with its petroleum and natural gas activities. The following table provides a reconciliation of F&D capital expenditures, as determined in accordance with GAAP, to total capital expenditures for the periods indicated:

	Three months ended September 30,		Nine months ended September 30,	
($000s)	**2022**	**2021**	**2022**	**2021**
F&D capital expenditures[(1)]	**85,330**	**18,026**	**257,859**	**194,753**
Acquisitions	848	228	2,348	228
Dispositions	-	-	(315)	-
Administrative assets	307	368	867	1,426
Total capital expenditures	**86,485**	**18,622**	**260,759**	**196,407**

(1) Disclosed as exploration and development expenditures in the financial statements.

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 September 30,		Nine months ended September 30,	
($000s)	**2022**	**2021**	**2022**	**2021**
Transportation expense	**39,379**	**37,960**	**117,071**	**113,809**
Marketing purchases	2,124	8,840	8,337	12,621
Marketing revenue	(2,613)	(9,861)	(9,890)	(14,553)
Transportation and other expense	**38,890**	**36,939**	**115,518**	**111,877**

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 September 30,		Nine months ended September 30,	
($000s)	**2022**	**2021**	**2022**	**2021**
Petroleum and natural gas revenue	339,531	263,348	1,019,822	642,600
Royalty expense	(43,379)	(19,500)	(125,547)	(47,819)
Operating expense	(25,155)	(23,164)	(71,798)	(66,200)
Transportation and other expense	(38,890)	(36,939)	(115,518)	(111,877)
Operating netback – Corporate	**232,107**	**183,745**	**706,959**	**416,704**

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 September 30,	
($000s)	**2022**	**2021**[1]
Natural gas sales	**239,773**	**170,441**
Realized gain (loss) on financial instruments	45,490	(2,469)
Notional fixed basis costs[2]	21,864	23,262
Effective total natural gas sales	**307,127**	**191,234**
Light oil sales	24,037	22,112
Condensate sales	49,031	48,517
NGLs sales	26,673	22,267
Effective total corporate sales	**406,868**	**284,130**

(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 swap contracts 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 cash income (expense) per boe; depletion and depreciation expense per boe; unrealized gain on financial instruments per boe; other (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 Total Surplus

Birchcliff calculates "total debt (surplus)" as the amount outstanding under the Corporation's Credit Facilities (if any) plus working capital deficit (less working capital surplus) plus the fair value of the current asset portion of financial instruments less the fair value of the current liability portion of financial instruments and less capital securities (if any) at the end of the period. Management believes that total debt (surplus) assists management and investors in assessing Birchcliff's overall liquidity and financial position at the end of the period. The following table provides a reconciliation of the amount outstanding under the Credit Facilities, as determined in accordance with GAAP, to total debt for the periods indicated:

As at, *($000s)*	September 30, 2022	June 30, 2022	December 31, 2021	September 30, 2021
Revolving term credit facilities	**196,989**	**276,030**	**500,870**	**648,327**
Working capital deficit (surplus)[1]	(80,650)	18,633	53,312	16,058
Fair value of financial instruments – asset[2]	69,725	13,099	69	17,565
Fair value of financial instruments – liability[2]	-	(2,663)	(16,586)	(5,717)
Capital securities	-	(38,205)	(38,268)	(38,328)
Total debt[3]	**186,064**	**266,894**	**499,397**	**637,905**

(1) Current liabilities less current assets.

(2) Reflects the current portion only.

(3) Total debt can also be derived from the amounts outstanding under the Corporation's Credit Facilities plus accounts payable and less cash, accounts receivable and accrued liabilities and prepaid expenses and deposits at the end of the period.

ADVISORIES

Unaudited Information

All financial and operational information contained in this press release for the three and nine months ended September 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) 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. 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 04-04 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 3.5 and 4.1 MPa for IP 30 production rates and between 3.5 and 3.8 MPa for IP 60 production rates. Approximate casing pressures for the 10 wells were stabilized between 8.6 and 13.5 MPa for IP 30 production rates and between 8.1 and 13.2 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", "deliver" 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 the execution of its 2023 capital program will result in annual average production of 81,000 to 83,000 boe/d in 2023, a 5% increase over 2022; that after the payment of Birchcliff's targeted 2023 annual common share dividend of $0.80 per share ($0.20 per share quarterly), it will have a cash surplus of approximately $295 million to $325 million at December 31, 2023; that the Corporation expects to announce the details of its 2023 capital program and updated five year plan for 2023 to 2027 on January 18, 2023; and that the unutilized credit capacity under the Corporation's Credit Facilities provides it with significant financial flexibility and additional capital resources to fund its working capital requirements, capital expenditure programs and dividend payments if required in the future;
- the information set forth under the heading *"Operations Update"* regarding Birchcliff's capital programs and exploration and development activities and the timing thereof, including: that the wells brought on production in Q3 2022 have an average payout of less than a year, driven by efficient execution and robust commodity prices; that Birchcliff anticipates providing further details regarding the results of the 9 wells on its 06-35 pad with the release of its Q4 2022 results; estimates of capital expenditures; that it is expected that the accelerated capital expenditures approved by the Corporation's board of directors will result in Birchcliff drilling 14 (14.0 net) wells in 2022 of the 36 (36.0 net) total wells planned for the Corporation's 2023 capital program, and bringing 6 (6.0 net) of those wells on production in late December 2022; that accelerating its 2023 capital program will result in incremental production early in 2023, allowing the Corporation to take advantage of stronger expected natural gas prices that are typically seen in the winter months and allowing it to significantly decrease the risks related to the price and availability of drilling and other oilfield services during a period of very tight supply; and the timing of the drilling, completions activities and bringing on production of the additional 14 wells and targeted production types;
- the information set forth under the heading *"Outlook and Guidance – 2022 Guidance"* and elsewhere in this press release as it relates to Birchcliff's outlook and guidance for 2022, including: estimates of annual and Q4 average production, production commodity mix, average expenses, adjusted funds flow, F&D capital expenditures, free funds flow, common share dividends, excess free funds flow, total debt at year end 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 free funds flow; that the estimate of total debt at December 31, 2022 is expected to be comprised of any amounts outstanding under the Credit Facilities and adjusted working capital, which is expected to be largely comprised of cash, accounts receivable and accounts payable and accrued liabilities at the end of the year; that the Corporation is on track to achieve its 2022 annual average production guidance of 78,000 boe/d, which is expected to generate approximately $1.02 billion of adjusted funds flow and $655 million to $665 million of free funds flow, based on the assumptions set forth herein; and that the Corporation anticipates F&D capital expenditures to be between $355 million and $365 million, which includes $80 million being spent to prepare for the efficient execution of the Corporation's 2023 capital program;
- the information set forth under the heading *"Outlook and Guidance – Preliminary 2023 Guidance"* and elsewhere in this press release as it relates to Birchcliff's preliminary outlook and guidance for 2023, including: estimates of annual average production, average expenses, adjusted funds flow, F&D capital expenditures, free funds flow, common share dividends, excess free funds flow, total surplus at year end 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 free funds flow; that the estimate of total surplus at December 31, 2023 is expected to be comprised of adjusted working capital, which is expected to be largely comprised of

cash, accounts receivable and accounts payable and accrued liabilities at the end of the year; that Birchcliff is currently targeting F&D capital expenditures of $240 million to $270 million in 2023, which will allow the Corporation to bring approximately 30 wells on production in 2023; that with the addition of the 6 wells that will be brought on production in late December 2022, the Corporation expects to deliver annual average production of 81,000 to 83,000 boe/d in 2023, a 5% increase over 2022; that Birchcliff is currently forecasting approximately $855 million of adjusted funds flow and $585 million to $615 million of free funds flow in 2023, based on the assumptions set forth herein; and that Birchcliff continues to work through its plans for 2023 and expects to announce the details of its 2023 capital program and updated five year plan for 2023 to 2027 on January 18, 2023;

- the information set forth under the heading *"Outlook and Guidance – Forecast Royalties, Taxes and Fees"*, including: that Birchcliff currently forecasts that total royalties and other taxes and fees to be paid to the Province of Alberta in 2022 and 2023 will be in the amount of approximately $206 million and $168 million, respectively; that Birchcliff currently forecasts that corporate income taxes to be paid to the Federal Government in 2023 will be in the amount of approximately $49 million; and that the Corporation expects to have sufficient tax pools available to offset taxable income in 2022 and therefore no corporate income taxes are expected to paid in 2022; and
- the performance and other characteristics of Birchcliff's oil and natural gas properties and expected results from its assets.

With respect to the forward-looking statements contained in this press release, assumptions have been made regarding, among other things: the degree to which the Corporation's results of operations and financial condition will be disrupted by circumstances attributable to the COVID-19 pandemic; prevailing and future commodity prices and differentials, exchange rates, interest rates, inflation rates, royalty rates and tax rates; the state of the economy, financial markets and the exploration, development and production business; the political environment in which Birchcliff operates; the regulatory framework regarding royalties, taxes, environmental, climate change and other laws; the Corporation's ability to comply with existing and future environmental, climate change and other laws; future cash flow, debt and dividend levels; future operating, transportation, G&A and other expenses; Birchcliff's ability to access capital and obtain financing on acceptable terms; the timing and amount of capital expenditures and the sources of funding for capital expenditures and other activities; the sufficiency of budgeted capital expenditures to carry out planned operations; the successful and timely implementation of capital projects and the timing, location and extent of future drilling and other operations; results of operations; Birchcliff's ability to continue to develop its assets and obtain the anticipated benefits therefrom; the performance of existing and future wells; reserves volumes and Birchcliff's ability to replace and expand reserves through acquisition, development or exploration; the impact of competition on Birchcliff; the availability of, demand for and cost of labour, services and materials; the approval of the board of directors of future 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 October 13, 2022):
  - The following commodity prices and exchange rate are assumed: an average WTI price of US$95.00/bbl; an average WTI-MSW differential of CDN$2.50/bbl; an average AECO price of CDN$5.25/GJ; an average Dawn price of US$6.35/MMBtu; an average NYMEX HH price of US$6.85/MMBtu; and an exchange rate (CDN$ to US$1) of 1.30. 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 September 30, 2022 and forward strip benchmark commodity prices and CDN/US exchange rate as of October 5, 2022 for the period from October 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 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 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 set forth herein are met. Birchcliff's estimate of adjusted funds flow takes into account the effects of its physical and financial basis swap contracts outstanding as at October 13, 2022 and excludes annual cash incentive payments that have not been approved by Birchcliff's board of directors.
- Birchcliff's estimate of total debt 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 in 2022; (ii) there are 266 million common shares outstanding, with no further buybacks of common shares occurring during 2022; (iii) a dividend of $0.02 per common share is paid for the quarter ending December 31, 2022, with no further special dividends paid during 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 $355 million to $365 million; and (vii) the targets for production, production commodity mix, 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 total debt at December 31, 2022 excludes annual cash incentive payments that have not been approved by Birchcliff's board of directors.
- Birchcliff's guidance regarding its natural gas market exposure for 2022 assumes: (i) 175,000 GJ/d being sold on a physical basis at the Dawn price; (ii) 22,040 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 Birchcliff's preliminary guidance for 2023 (as provided on October 13, 2022):
  - The following commodity prices and exchange rate are assumed: an average WTI price of US$80.00/bbl; an average WTI-MSW differential of CDN$5.00/bbl; an average AECO price of CDN$4.80/GJ; an average Dawn price of US$5.30/MMBtu; an average NYMEX HH price of US$5.55/MMBtu; and an exchange rate (CDN$ to US$1) of 1.35. These commodity price and exchange rate assumptions are based on anticipated full-year averages, which include forward strip benchmark commodity prices and CDN/US exchange rate as of October 5, 2022 for the period from January 1, 2023 to December 31, 2023.
  - Birchcliff's preliminary production guidance for 2023 is subject to similar assumptions set forth herein for Birchcliff's 2022 production guidance.
  - Birchcliff's estimate of F&D capital expenditures for 2023 assumes that Birchcliff's 2023 capital program will be carried out as currently contemplated.
  - Birchcliff's estimates of adjusted funds flow, free funds flow and excess free funds flow for 2023 assume that: Birchcliff's 2023 capital program will be carried out as currently contemplated and the level of capital spending for 2023 set forth herein will be achieved; and the targets for production, expenses and natural gas market exposure and the commodity price and exchange rate assumptions set forth herein are met. Birchcliff's estimate of adjusted funds flow takes into account the effects of its physical and financial basis swap contracts outstanding as at October 13, 2022 and excludes annual cash incentive payments that have not been approved by Birchcliff's board of directors.
  - Birchcliff's estimate of total surplus at December 31, 2023 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 full debt repayment in 2023; (ii) there are 266 million common shares outstanding, with no buybacks of common shares occurring during 2023; (iii) an annual common share dividend of $0.80 per share is paid in 2023, with no special dividends paid during 2023; (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 2023; (v) there are no proceeds received from the exercise of stock options or performance warrants during 2023; (vi) the 2023 capital program will be carried out as currently contemplated with F&D capital expenditures of $240 million to $270 million; and (vii) the targets for production, 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 total surplus at December 31, 2023 excludes annual cash incentive payments that have not been approved by Birchcliff's board of directors.
  - Birchcliff's guidance regarding its natural gas market exposure for 2023 assumes: (i) 175,000 GJ/d being sold on a physical basis at the Dawn price; and (ii) 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.
- Birchcliff's forecasts of royalties to be paid in 2022 and 2023 are based on the current royalty regime in Alberta and Birchcliff's forecast of taxes to be paid in 2023 is based on the current tax regimes in the Province of Alberta and in Canada. In addition,

such forecasts are based on the Corporation's guidance and commodity price assumptions for 2022 and 2023 as set forth herein.

- 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; the uncertainty of estimates and projections relating to production, revenue, costs, expenses and reserves; the risk that any of the Corporation's material assumptions prove to be materially inaccurate (including the Corporation's commodity price and exchange rate assumptions for 2022 and 2023); the potential for changes to the Corporation's preliminary estimate of F&D capital expenditures for 2023, which could impact the Corporation's other preliminary 2023 guidance; 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. The declaration and payment of any future 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 are listed for trading on the Toronto Stock Exchange under the symbol "BIR".

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