BIRCHCLIFF ENERGY LTD. ANNOUNCES UNAUDITED 2022 FULL-YEAR AND FOURTH QUARTER RESULTS AND 2022 RESERVES HIGHLIGHTS

Calgary, Alberta (February 15, 2023) – Birchcliff Energy Ltd. ("**Birchcliff**" or the "**Corporation**") (TSX: BIR) is pleased to announce its unaudited 2022 full-year and fourth quarter financial and operational results and highlights from its independent reserves evaluation effective December 31, 2022.

"2022 was a record year for all of Birchcliff's cash flow metrics. We generated record annual adjusted funds flow(1) of $953.7 million, record annual free funds flow(1) of $589.1 million and record annual net income to common shareholders of $653.7 million, with annual average production of 76,925 boe/d. As a result of the significant free funds flow that we have generated over the past two years, we have retired an aggregate of $768.1 million of total debt(2) and preferred shares since June 30, 2020. In addition, we returned an aggregate of $128.9 million to shareholders in 2022 through our base common share dividend, a special dividend of $0.20 per common share and common share repurchases," commented Jeff Tonken, Chief Executive Officer of Birchcliff.

"Birchcliff was able to replace 127% of its annual production with new proved developed producing ("**PDP**") reserves at year-end 2022, with PDP F&D costs(3) of $10.24/boe, which has resulted in Birchcliff's PDP reserves having an adjusted funds flow recycle ratio(4) of 3.3x, highlighting the profitability of our business."

"For 2023, we remain committed to generating free funds flow, delivering shareholder returns through the payment of our common share dividend and maintaining capital discipline. We are closely monitoring commodity prices and have the flexibility to adjust our 2023 capital program if necessary to achieve these priorities. As set forth in our press release dated January 18, 2023, our board approved an increase to our annual base dividend to $0.80 per common share for 2023 (approximately $213 million in aggregate(5)), which will be declared and paid quarterly at the rate of $0.20 per common share(6), beginning with the first payment date of March 31, 2023 for those shareholders of record as of March 15, 2023. Our F&D capital program of $260 million to $280 million and base dividend of $0.80 per common share for 2023 remain fully funded at an average WTI price of US$70.00/bbl, an average AECO price of CDN$3.00/GJ, an average Dawn price of US$3.25/MMBtu and an average NYMEX HH price of US$3.35/MMBtu(7)(8)."

2022 Full-Year Financial and Operational Highlights

- Achieved annual average production of 76,925 boe/d, a 2% decrease from 2021. Liquids accounted for 19% of Birchcliff's total production in 2022 as compared to 21% in 2021.
- Generated record annual adjusted funds flow of $953.7 million, or $3.59 per basic common share(4), both of which increased by 77% from 2021. Cash flow from operating activities was a record $925.3 million, an 80% increase from 2021.
- Delivered record annual free funds flow of $589.1 million, or $2.22 per basic common share(4), a 90% and 91% increase, respectively, from 2021.
- Earned record annual net income to common shareholders of $653.7 million, or $2.46 per basic common share, a 111% and 110% increase, respectively, from 2021.
- Achieved an operating netback(4) of $32.85/boe and adjusted funds flow per boe(4) of $33.97, a 53% and 80% increase, respectively, from 2021.
- Realized an operating expense(3) of $3.62/boe, a 13% increase from 2021.
- Successfully executed the Corporation's 2022 capital program, bringing on production a total of 39 wells. F&D capital expenditures were $364.6 million in 2022.

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

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

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

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

(5) Based on 266 million common shares outstanding.

(6) Other than the dividend declared for the quarter ending March 31, 2023, the declaration of dividends is subject to the approval of the board of directors (the "**Board**") and is subject to change. See *"Advisories – Forward-Looking Statements"*.

(7) Based on F&D capital expenditures of approximately $270 million in 2023, which is the mid-point of the Corporation's F&D capital expenditures guidance range for 2023.

(8) Holding all other variables constant.

- Retired approximately $449.0 million of total debt and preferred shares in 2022, including reducing total debt by $360.8 million (72%) from $499.4 million at December 31, 2021 and the redemption of all of its issued and outstanding Series A and Series C preferred shares for an aggregate redemption value of $88.2 million.
- Returned $128.9 million to common shareholders in 2022 through dividends and purchases under its normal course issuer bid (the "**NCIB**"), including the purchase of 6,340,192 common shares under the NCIB at an average price of $9.01 per share (before fees).

Q4 2022 Financial and Operational Highlights

- Achieved quarterly average production of 79,799 boe/d, a 1% increase from Q4 2021. Liquids accounted for 19% of Birchcliff's total production in Q4 2022 as compared to 20% in Q4 2021.
- Generated quarterly adjusted funds flow of $217.1 million, or $0.82 per basic common share, both of which increased by 12% from Q4 2021. Cash flow from operating activities was $224.4 million, a 14% increase from Q4 2021.
- Delivered quarterly free funds flow of $110.3 million, or $0.41 per basic common share, a 30% and 32% decrease, respectively, from Q4 2021.
- Earned quarterly net income to common shareholders of $69.5 million, or $0.26 per basic common share, both of which decreased by 35% from Q4 2021.
- Achieved an operating netback of $29.35/boe and adjusted funds flow per boe of $29.57, a 7% and 11% increase, respectively, from Q4 2021.
- Realized an operating expense of $4.06/boe, a 16% increase from Q4 2021.
- F&D capital expenditures were $106.8 million in Q4 2022.
- Returned $61.3 million to common shareholders in Q4 2022 through dividends and purchases under the NCIB, including the payment of a special dividend of $0.20 per common share for an aggregate of approximately $53.2 million and the purchase of 300,000 common shares under the NCIB at an average price of $9.30 per share (before fees).

2022 Year-End Reserves Highlights

- PDP reserves at December 31, 2022 were 224.8 MMboe, an increase of approximately 4% from 217.1 MMboe at December 31, 2021. After taking into account 2022 actual production of 28.1 MMboe[9], Birchcliff added 35.6 MMboe of PDP reserves in 2022, which reflects a reserves replacement of 127%.
- Birchcliff delivered PDP F&D costs of $10.24/boe and an adjusted funds flow recycle ratio of 3.3x, which are attributed to the high-quality nature of Birchcliff's Montney/Doig assets, notwithstanding $80.5 million in F&D capital expenditures that were allocated to DCCET projects that had no production or PDP reserves assigned at year-end 2022 and major facility turnarounds and infrastructure enhancement projects where the benefits are expected to be realized over several years.
- The net present value of future net revenue at December 31, 2022 (before income taxes, discounted at 10%) was $3.3 billion for Birchcliff's PDP reserves, $6.5 billion for its proved reserves and $8.2 billion for its proved plus probable reserves, a 31%, 30% and 28% increase, respectively, from December 31, 2021.
- The net asset value per common share[10] of Birchcliff's PDP and proved reserves at December 31, 2022 (before income taxes, discounted at 10%) was $11.32 and $22.43, respectively, which is 28% and 155% higher than the closing price of its common shares on February 14, 2023 of $8.81 per share and demonstrates the significant value opportunity presented by Birchcliff.
- Birchcliff had a reserves life index at December 31, 2022 of 7.5 years on a PDP basis, 22.3 years on a proved basis and 32.9 years on a proved plus probable basis, based on a forecast production rate of 82,000 boe/d (which represents the mid-point of Birchcliff's annual average production guidance range for 2023 as disclosed in its January 18, 2023 press release).

Birchcliff anticipates filing its annual information form and audited financial statements and related management's discussion and analysis for the year ended December 31, 2022 on March 15, 2023.

*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". With respect to the disclosure of Birchcliff's reserves and related reserves metrics contained in this press release, see "2022 Year-End Reserves", "Presentation of Oil and Gas Reserves" and "Advisories – Oil and Gas Metrics". 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".*

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(9) Consists of 811.4 Mbbls of light oil, 1,707.8 Mbbls of condensate, 2,726.9 Mbbls of NGLs and 136,990.0 MMcf of natural gas.

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

2022 UNAUDITED FINANCIAL AND OPERATIONAL SUMMARY

	Three months ended December 31,		Twelve months ended December 31,	
	2022	**2021**	**2022**	**2021**
OPERATING				
Average production				
Light oil *(bbls/d)*	2,413	2,604	2,223	2,899
Condensate *(bbls/d)*	4,822	5,330	4,679	5,715
NGLs *(bbls/d)*	7,963	7,570	7,471	7,705
Natural gas *(Mcf/d)*	387,604	379,275	375,315	373,217
Total *(boe/d)*	**79,799**	**78,716**	**76,925**	**78,520**
Average realized sales price *(CDN$)*(1)(2)				
Light oil *(per bbl)*	115.24	92.79	119.78	79.24
Condensate *(per bbl)*	114.32	98.66	122.27	85.65
NGLs *(per bbl)*	35.80	38.24	41.09	30.54
Natural gas *(per Mcf)*	6.11	5.52	6.73	4.29
Total *(per boe)*	**43.63**	**40.02**	**47.73**	**32.53**
NETBACK AND COST *($/boe)*(2)				
Petroleum and natural gas revenue(1)	43.64	40.02	47.73	32.53
Royalty expense	(4.86)	(3.93)	(5.74)	(2.66)
Operating expense	(4.06)	(3.50)	(3.62)	(3.19)
Transportation and other expense(3)	(5.37)	(5.06)	(5.52)	(5.18)
Operating netback(3)	**29.35**	**27.53**	**32.85**	**21.50**
G&A expense, net	(1.82)	(1.45)	(1.27)	(0.99)
Interest expense	(0.53)	(0.72)	(0.49)	(1.00)
Realized gain (loss) on financial instruments	2.57	1.37	2.88	(0.75)
Other cash income	-	0.01	-	0.07
Adjusted funds flow(3)	**29.57**	**26.74**	**33.97**	**18.83**
Depletion and depreciation expense	(7.97)	(7.44)	(7.61)	(7.42)
Unrealized gain (loss) on financial instruments	(8.31)	-	4.67	2.94
Other (expense) income(4)	(0.77)	(0.01)	(0.43)	0.03
Dividends on preferred shares	-	(0.23)	(0.18)	(0.24)
Deferred income tax expense	(3.06)	(4.41)	(7.14)	(3.31)
Net income to common shareholders	**9.46**	**14.65**	**23.28**	**10.83**
FINANCIAL				
Petroleum and natural gas revenue *($000s)*(1)	320,358	289,806	1,340,180	932,406
Cash flow from operating activities *($000s)*	224,447	196,142	925,275	515,369
Adjusted funds flow *($000s)*(5)	217,099	193,649	953,683	539,733
Per basic common share *($)*(3)	0.82	0.73	3.59	2.03
Free funds flow *($000s)*(5)	110,337	157,923	589,062	309,254
Per basic common share *($)*(3)	0.41	0.60	2.22	1.16
Net income to common shareholders *($000s)*	69,453	106,102	653,682	310,489
Per basic common share *($)*	0.26	0.40	2.46	1.17
End of period basic common shares *(000s)*	266,047	264,790	266,047	264,790
Weighted average basic common shares *(000s)*	265,922	265,197	265,548	265,990
Dividends on common shares *($000s)*	58,503	2,646	71,788	6,639
Dividends on preferred shares *($000s)*	-	1,717	5,162	6,905
F&D capital expenditures *($000s)*(6)	106,762	35,726	364,621	230,479
Total capital expenditures *($000s)*(5)	107,471	36,075	368,230	232,480
Revolving term credit facilities *($000s)*	131,981	500,870	131,981	500,870
Total debt *($000s)*(7)	138,549	499,397	138,549	499,397

(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 costs set forth in the table above are supplementary financial measures unless otherwise indicated. See *"Non-GAAP and Other Financial Measures"*.

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

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

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

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

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

FULL-YEAR AND Q4 2022 UNAUDITED FINANCIAL AND OPERATIONAL RESULTS

Production

Birchcliff's production averaged 76,925 boe/d in 2022, a 2% decrease from 2021. Birchcliff's production averaged 79,799 boe/d in Q4 2022, a 1% increase from Q4 2021. Birchcliff's production in the full-year and Q4 2022 was slightly below its guidance of 78,000 boe/d and 81,000 to 83,000 boe/d, respectively. Birchcliff's full-year production was negatively impacted by: (i) natural production declines; (ii) a major scheduled turnaround in Q2 2022 at AltaGas' deep-cut sour gas processing facility in Gordondale (the "**AltaGas Facility**") that decreased annual average production in Gordondale by approximately 900 boe/d; and (iii) the timing of new wells brought on production in 2022 as compared to 2021, which resulted from scheduling differences in Birchcliff's drilling and completions program year-over-year. Birchcliff's full-year and Q4 production was positively impacted by incremental production volumes from the 39 new Montney/Doig light oil and liquids-rich natural gas wells brought on production in 2022.

Liquids accounted for 19% of total production in 2022 as compared to 21% in 2021, with a liquids-to-gas ratio in 2022 of 38.3 bbls/MMcf (48% high-value light oil and condensate). Liquids accounted for 19% of Birchcliff's total production in Q4 2022 as compared to 20% in Q4 2021, with a liquids-to-gas ratio in Q4 2022 of 39.2 bbls/MMcf (48% high-value light oil and condensate). The decreases in the liquids production weighting were primarily due to: (i) the Corporation specifically targeting horizontal natural gas wells in liquids-rich zones in Pouce Coupe; and (ii) natural production declines from light oil and liquids-rich natural gas wells producing since December 31, 2021. The full-year liquids production weighting was also negatively impacted by the AltaGas Facility turnaround in Q2 2022, which resulted in lower liquids being produced in the Gordondale area.

Adjusted Funds Flow and Cash Flow From Operating Activities

Birchcliff achieved record adjusted funds flow of $953.7 million in 2022, or $3.59 per basic common share, both of which increased by 77% from 2021. Birchcliff's adjusted funds flow was $217.1 million in Q4 2022, or $0.82 per basic common share, both of which increased by 12% from Q4 2021. Birchcliff's full-year adjusted funds flow was lower than its guidance of $1.02 billion, primarily due to a lower than anticipated average realized natural gas sales price.

Birchcliff's cash flow from operating activities was a record $925.3 million in 2022, an 80% increase from 2021. Birchcliff's cash flow from operating activities was $224.4 million in Q4 2022, a 14% increase from Q4 2021.

The increases in adjusted funds flow and cash flow from operating activities were primarily due to higher reported petroleum and natural gas revenue, partially offset by a higher royalty expense, both of which were largely impacted by a 47% and 9% increase in the average realized sales price received for Birchcliff's production in the full-year and Q4 2022, respectively, as compared to 2021. Birchcliff's average realized sales price benefited from the increases in benchmark oil and natural gas prices in the full-year and Q4 2022. See *"Full-Year and Q4 2022 Unaudited Financial and Operational Results – Commodity Prices"*. Birchcliff's adjusted funds flow and cash flow from operating activities were also positively impacted by a realized gain on financial instruments of $80.7 million and $18.8 million in the full-year and Q4 2022, respectively, as compared to a realized loss on financial instruments of $21.5 million in 2021 and a realized gain on financial instruments of $9.9 million in Q4 2021.

Free Funds Flow

Birchcliff delivered record free funds flow of $589.1 million in 2022, or $2.22 per basic common share, a 90% and 91% increase, respectively, from 2021. The increases were primarily due to higher adjusted funds flow, partially offset by higher F&D capital expenditures in 2022 as compared to 2021. Birchcliff's free funds flow in 2022 was lower than its guidance of $655 million to $665 million, primarily due to lower than anticipated adjusted funds flow.

Birchcliff's free funds flow was $110.3 million in Q4 2022, or $0.41 per basic common share, a 30% and 32% decrease, respectively, from Q4 2021. The decreases were primarily due to higher F&D capital expenditures in Q4 2022 as compared to Q4 2021, as a result of the acceleration of the Corporation's 2023 capital program, which was announced on October 13, 2022, partially offset by higher adjusted funds flow in Q4 2022 as compared to Q4 2021.

Net Income to Common Shareholders

Birchcliff earned record net income to common shareholders of $653.7 million in 2022, or $2.46 per basic common share, a 111% and 110% increase, respectively, from 2021. The increases were primarily due to higher adjusted funds flow and an increase in the unrealized mark-to-market gain on financial instruments which resulted from changes in the fair value of the Corporation's NYMEX HH/AECO 7A basis swap contracts, partially offset by a higher deferred income tax expense in 2022. Birchcliff recorded an unrealized mark-to-market gain on financial instruments of $131.0 million in 2022, a 56% increase from 2021.

Birchcliff earned net income to common shareholders of $69.5 million in Q4 2022, or $0.26 per basic common share, both of which decreased by 35% from Q4 2021. The decreases were primarily due to an unrealized mark-to-market loss on financial instruments which resulted from changes in the fair value of the Corporation's NYMEX HH/AECO 7A basis swap contracts, partially offset by higher adjusted funds flow and a lower deferred income tax expense in Q4 2022. Birchcliff recorded an unrealized mark-to-market loss on financial instruments of $61.0 million in Q4 2022 as compared to a negligible unrealized mark-to-market gain on financial instruments in Q4 2021.

Operating Netback and Selected Cash Costs

Birchcliff's operating netback was $32.85/boe in 2022, a 53% increase from 2021. Birchcliff's operating netback was $29.35/boe in Q4 2022, a 7% increase from Q4 2021. The increases were primarily due to higher per boe petroleum and natural gas revenue and a lower interest expense, partially offset by higher per boe royalty, operating, transportation and other and G&A expenses in the full-year and Q4 2022.

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

	Three months ended December 31,			Twelve months ended December 31,		
($/boe)	2022	2021	% Change	2022	2021	% Change
Royalty expense(1)	4.86	3.93	24	5.74	2.66	116
Operating expense(1)	4.06	3.50	16	3.62	3.19	13
Transportation and other expense(2)	5.37	5.06	6	5.52	5.18	7
G&A expense, net(1)	1.82	1.45	26	1.27	0.99	28
Interest expense(1)	0.53	0.72	(26)	0.49	1.00	(51)

(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 116% and 24% from the full-year and Q4 2021, respectively, primarily due to a higher average realized sales price received for Birchcliff's production. Birchcliff's full-year royalty expense was below its guidance of $6.70/boe to $6.80/boe, primarily due to a lower than anticipated average realized natural gas sales price.

Operating expense per boe increased by 13% and 16% from the full-year and Q4 2021, respectively, primarily due to: (i) inflationary pressures on power prices and fuel, chemicals and lubricants costs used in Birchcliff's field operations, which together increased by 42% and 61% on a per boe basis in the full-year and Q4 2022, respectively; and (ii) higher field labour costs. Operating expense per boe in Q4 2022 was also negatively impacted by higher natural gas processing costs at the AltaGas Facility due to incremental production coming on-stream in Q4 2022. Birchcliff's full-year operating expense was slightly above its guidance of $3.40/boe to $3.50/boe, primarily due to lower than anticipated annual average production.

Transportation and other expense per boe increased by 7% and 6% from the full-year and Q4 2021, respectively, primarily due to higher liquids-handling costs and third-party fractionation processing fees that resulted from inflationary pressures, partially offset by lower liquids pipeline tariffs. Transportation and other expense per boe in the full-year was also negatively impacted by increased take-or-pay fractionation fees and higher NGTL tolling charges for natural gas deliveries. Birchcliff's full-year transportation and other expense was slightly above its guidance of $5.40/boe to $5.50/boe, primarily due to lower than anticipated annual average production.

G&A expense per boe increased by 28% and 26% from the full-year and Q4 2021, respectively, primarily due to higher employee-related expenses, higher corporate costs due to the easing of Birchcliff's COVID-19 restrictions and higher general business costs due to inflationary pressures.

Interest expense per boe decreased by 51% and 26% from the full-year and Q4 2021, respectively, primarily due to a lower average outstanding balance under the Corporation's extendible revolving term credit facilities (the "**Credit Facilities**") as a result of the Corporation's focus on reducing indebtedness. Birchcliff's full-year interest expense was within its guidance of $0.40/boe to $0.50/boe.

Debt and Credit Facilities

Total debt at December 31, 2022 was $138.5 million, a decrease of 72% from $499.4 million at December 31, 2021. Birchcliff's 2022 year-end total debt was above its guidance of $60 million to $70 million, primarily due to a lower than anticipated average realized natural gas sales price. At December 31, 2022, Birchcliff had long-term bank debt under its Credit Facilities of $132.0 million (December 31, 2021: $500.9 million) from available Credit Facilities of $850.0 million (December 31, 2021: $850.0 million), leaving the Corporation with $714.3 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 capital expenditure program 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 December 31,			Twelve months ended December 31,		
	2022	2021	% Change	2022	2021	% Change
Light oil – WTI Cushing *(US$/bbl)*	82.64	79.78	4	94.31	68.70	37
Light oil – MSW (Mixed Sweet) *(CDN$/bbl)*	110.18	96.12	15	119.95	80.67	49
Natural gas – NYMEX HH *(US$/MMBtu)*(1)	6.26	5.83	7	6.64	3.88	71
Natural gas – AECO 5A Daily *(CDN$/GJ)*	4.85	4.41	10	5.04	3.44	47
Natural gas – AECO 7A Month Ahead *(US$/MMBtu)*(1)	4.11	3.93	5	4.28	2.84	51
Natural gas – Dawn Day Ahead *(US$/MMBtu)*(1)	5.16	4.65	11	6.04	3.62	67
Natural gas – ATP 5A Day Ahead *(CDN$/GJ)*	4.53	4.74	(4)	5.14	4.03	28
Exchange rate *(CDN$ to US$1)*	1.3573	1.2598	8	1.3004	1.2537	4
Exchange rate *(US$ to CDN$1)*	0.7368	0.7938	(8)	0.7690	0.7976	(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 Q4 2022, after taking into account the Corporation's financial instruments:

Three months ended December 31, 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)	42,360	12	85,657 Mcf	22	18	5.38/Mcf
Dawn(4)	106,494	30	161,671 Mcf	42	34	7.16/Mcf
NYMEX HH(1)(2)(5)	109,377	30	140,276 Mcf	36	29	8.48/Mcf
Total natural gas(1)	**258,231**	**72**	**387,604 Mcf**	**100**	**81**	**7.24/Mcf**
Light oil	25,588	7	2,413 bbls		3	115.24/bbl
Condensate	50,712	14	4,822 bbls		6	114.32/bbl
NGLs	26,224	7	7,963 bbls		10	35.80/bbl
Total liquids	**102,524**	**28**	**15,198 bbls**		**19**	**73.32/bbl**
Total corporate(1)	**360,755**	**100**	**79,799 boe**		**100**	**49.14/boe**

(1) Effective sales and effective average realized sales price on a total natural gas and total corporate basis and for the AECO and NYMEX HH markets are non-GAAP financial measures and non-GAAP ratios, respectively. 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 Q4 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 Q4 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 an aggregate 152,500 MMBtu/d at an average contract price of NYMEX HH less US$1.23/MMBtu during Q4 2022. Birchcliff's effective average realized sales price for NYMEX HH of CDN$8.48/Mcf (US$5.74/MMBtu) was determined on a gross basis before giving effect to the average NYMEX HH/AECO 7A fixed contract basis differential price of CDN$1.81/Mcf (US$1.23/MMBtu) and includes any realized gains and losses on financial NYMEX HH/AECO 7A basis swap contracts during Q4 2022. After giving effect to the NYMEX HH/AECO 7A basis contact price and including any realized gains and losses on financial NYMEX HH/AECO 7A basis swap contracts during Q4 2022, Birchcliff's effective average realized net sales price for NYMEX HH was CDN$6.67/Mcf (US$4.51/MMBtu) in Q4 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:

	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)
Three months ended December 31, 2022							
AECO	101,194	46	208,042	53	5.29	0.39	4.90
Dawn	106,494	49	161,671	42	7.16	1.41	5.75
Alliance[(5)]	10,134	5	17,891	5	6.16	-	6.16
Total	**217,822**	**100**	**387,604**	**100**	**6.11**	**0.80**	**5.31**
Three months ended December 31, 2021							
AECO	85,230	44	185,870	49	4.98	0.42	4.56
Dawn	88,932	46	156,618	41	6.17	1.47	4.70
Alliance[(5)]	18,391	10	36,787	10	5.43	-	5.43
Total	**192,553**	**100**	**379,275**	**100**	**5.52**	**0.82**	**4.70**

(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

Birchcliff's 2022 capital program was focused on the drilling of high-value, liquids-rich natural gas and light oil wells in Pouce Coupe and Gordondale. In addition, the Corporation directed funds towards two planned facility turnarounds and key infrastructure enhancement projects to increase the overall throughput, reliability and safety of Birchcliff's operating assets. F&D capital expenditures were $364.6 million in 2022, which was within Birchcliff's guidance of $355 million to $365 million.

The following table summarizes the number of wells Birchcliff drilled and brought on production in 2022:

		Total # of wells drilled in 2022	Total # of wells brought on production in 2022
POUCE COUPE			
	Basal Doig/Upper Montney	10	12
	Montney D2	5	2
	Montney D1	16	14
	Montney C	4	2
	Total	**35**	**30**
GORDONDALE			
	Montney D2	5	5
	Montney D1	4	4
	Total	**9**	**9**
	TOTAL	**44**[(1)(2)]	**39**[(3)]

(1) Includes 7 wells that were brought on production in January and February 2023 and 1 well that is currently standing and may be completed as part of the 2023 capital program.

(2) Does not include 2 (0.375 net) Charlie Lake horizontal oil wells that the Corporation participated in during 2022, with production coming on-stream in Q1 2023.

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

Birchcliff was able to safely and efficiently execute on its 2022 capital program despite significant inflationary pressures, labour shortages and supply chain constraints experienced during the year that affected the Canadian oil and gas industry as a whole. The Corporation accomplished this through detailed planning and excellent collaboration with its service providers.

In 2022, Birchcliff successfully developed multiple zones in the lower Montney (D2, D1 and C) and Basal Doig/Upper Montney intervals, targeting brownfield and greenfield reservoir areas. The 2022 capital program was developed using pad-specific well spacing and geo-engineered completions designs to maximize economic resource recovery. The learnings from the 2022 capital program have been significant as they demonstrate both the economic and technical success of the Corporation's approach and provide greater confidence in Birchcliff's robust inventory of multi-layer Montney/Doig opportunities across its land base.

OPERATIONS UPDATE

Gordondale

9-Well Pad (06-35-77-11W6)

As disclosed in the Corporation's press release dated November 9, 2022, Birchcliff brought all 9 (9.0 net) wells on its 06-35 pad on production through Birchcliff's owned and operated infrastructure in late September 2022. The wells from this pad are producing in-line with the Corporation's expectations. The following table summarizes the aggregate and average production rates for the 9 wells from the 06-35 pad:

	IP 30[(1)]	IP 60[(1)]
Aggregate production rate *(boe/d)*	**8,108**	**7,220**
Aggregate natural gas production rate *(Mcf/d)*	40,568	36,923
Aggregate oil production rate *(bbls/d)*	1,349	1,066
Average per well production rate *(boe/d)*	**901**	**802**
Average per well natural gas production rate *(Mcf/d)*	4,508	4,103
Average per well oil production rate *(bbls/d)*	150	118
Condensate-to-gas ratio *(bbls/MMcf)*	**33**	**29**

(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"*.

Pouce Coupe

6-Well Pad (03-06-78-11W6)

As part of the accelerated 2023 capital program that was initiated in Q4 2022, the Corporation brought 4 (4.0 net) wells on its 03-06 pad on production in December 2022 and 1 (1.0 net) well on production in early January 2023. These wells are producing with strong liquids and natural gas rates and are exceeding internal forecasts. The sixth well on this pad is currently standing and may be completed later in the year as part of the 2023 capital program. As the 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 audited 2022 results.

6-Well Pad (14-06-79-12W6)

Birchcliff successfully completed its 6-well 14-06 pad in early January 2023. The pad was drilled in late Q4 2022 in 3 different intervals (3 in the Montney D1, 2 in the Montney D2 and 1 in the Montney C) and targeted condensate-rich natural gas. Flowback operations have commenced and the wells are expected to be on-stream in February 2023, with production flowing through Birchcliff's 100% owned and operated natural gas processing plant in Pouce Coupe (the "**Pouce Coupe Gas Plant**").

Ongoing Drilling and Completions Operations

Birchcliff has completed the drilling of two 4-well pads in its core acreage that will be completed later in Q1 2023 and are anticipated to be brought on production in Q2 2023. The first 4-well pad is located at 04-23-78-12W6 and consists of 2 Montney D1 and 2 Montney D2 wells. The second 4-well pad is located at 15-27-78-13W6 and consists of 2 Montney D1, 1 Montney D2 and 1 Montney C wells.

Birchcliff currently has two drilling rigs at work on its 8-well 04-16-78-13W6 pad. This pad is targeting 4 wells in each of the Basal Doig/Upper Montney and Montney D1 intervals. The Corporation's 2023 capital program is focused on optimizing well spacing to maximize economic resource recovery.

Third-Party Pipeline Outage

On January 19, 2023, Birchcliff was notified that a force majeure event had occurred on a major third-party NGLs transportation pipeline, resulting in an unplanned outage impacting all volumes on the pipeline, which includes the Corporation's NGLs volumes. Birchcliff has been able to reduce the impact of the outage on its production volumes by retaining NGLs within its natural gas stream to the extent possible. The third-party pipeline operator has stated that they expect the pipeline to resume service in late February 2023, subject to regulatory approval. The Corporation continues to monitor the situation to determine the anticipated impact on its annual average production volumes.

2022 YEAR-END RESERVES

Birchcliff retained Deloitte LLP ("**Deloitte**"), independent qualified reserves evaluator, to evaluate and prepare a report on 100% of Birchcliff's light crude oil and medium crude oil, conventional natural gas, shale gas and NGLs reserves. The reserves data set forth below at December 31, 2022 is based upon the evaluation by Deloitte with an effective date of December 31, 2022 as contained in the report of Deloitte dated February 15, 2023 (the "**2022 Reserves Report**"). The forecast commodity prices, inflation and exchange rates utilized were computed using the average of forecasts from Deloitte, McDaniel & Associates Consultants Ltd. ("**McDaniel**"), GLJ Ltd. ("**GLJ**") and Sproule Associates Limited ("**Sproule**") effective January 1, 2023 (the "**2022 IQRE Price Forecast**").

The 2022 Reserves Report has been prepared in accordance with the standards contained in the Canadian Oil and Gas Evaluation Handbook (the "**COGE Handbook**") and National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* ("**NI 51-101**").

For additional information regarding the presentation of Birchcliff's reserves disclosure contained herein, see *"Presentation of Oil and Gas Reserves"* and *"Advisories"* in this press release. The reserves data provided in this press release presents only a portion of the disclosure required under NI 51-101. The disclosure required under NI 51-101 will be contained in Birchcliff's annual information form for the year ended December 31, 2022, which is expected to be filed on the System for Electronic Document Analysis and Retrieval (www.sedar.com) on March 15, 2023. In certain of the tables below, numbers may not add due to rounding.

Reserves Summary

The following table summarizes the estimates of Birchcliff's gross reserves at December 31, 2022 and December 31, 2021, estimated using the forecast price and cost assumptions in effect as at the effective date of the applicable reserves evaluation:

Summary of Gross Reserves
(Forecast Prices and Costs)

Reserves Category	December 31, 2022 *(Mboe)*	December 31, 2021[1] *(Mboe)*	% Change
Proved Developed Producing	224,826	217,145	4
Total Proved	668,545	689,941	(3)
Total Probable	317,867	331,927	(4)
Total Proved Plus Probable	986,412	1,021,868	(3)

(1) Deloitte prepared an evaluation with an effective date of December 31, 2021 as contained in the report of Deloitte dated February 9, 2022 (the "**2021 Reserves Report**"). Deloitte prepared the 2021 Reserves Report using the average of forecasts from Deloitte, McDaniel, GLJ and Sproule effective January 1, 2022 (the "**2021 IQRE Price Forecast**").

Birchcliff has remained focused over the last several years on delivering PDP reserves additions by leveraging its efficient execution and large multi-well pads to improve capital efficiencies and maximize profitability. This focus on PDP reserves, which included converting existing proved undeveloped or probable undeveloped locations into PDP reserves, as well as the optimization of its field development plan, resulted in the Corporation's proved and proved plus probable reserves declining slightly at December 31, 2022 as compared to December 31, 2021. Birchcliff continues to have a large inventory of potential future locations that are not booked in the 2022 Reserves Report that may be added over time depending on the Corporation's drilling programs in subsequent years.

The following table sets forth Birchcliff's light crude oil and medium crude oil, conventional natural gas, shale gas and NGLs reserves at December 31, 2022, estimated using the 2022 IQRE Price Forecast:

Summary of Reserves at December 31, 2022
(Forecast Prices and Costs)

	Light Crude Oil and Medium Crude Oil		Conventional Natural Gas		Shale Gas		NGLs[1]		Total Boe	
Reserves Category	*Gross (Mbbls)*	*Net (Mbbls)*	*Gross (MMcf)*	*Net (MMcf)*	*Gross (MMcf)*	*Net (MMcf)*	*Gross (Mbbls)*	*Net (Mbbls)*	*Gross (Mboe)*	*Net (Mboe)*
Proved										
Developed Producing	6,433	5,130	6,526	6,051	1,076,797	963,829	37,839	29,320	224,826	196,097
Developed Non-Producing	9	9	0	0	5,635	5,184	228	185	1,177	1,058
Undeveloped	9,224	7,495	2,908	2,621	2,296,003	2,015,974	50,167	38,758	442,543	382,685
Total Proved	15,666	12,634	9,434	8,672	3,378,435	2,984,986	88,234	68,263	668,545	579,840
Total Probable	10,354	7,940	5,267	4,767	1,535,665	1,310,222	50,691	38,020	317,867	265,125
Total Proved Plus Probable	26,020	20,574	14,701	13,439	4,914,100	4,295,207	138,925	106,283	986,412	844,965

(1) NGLs includes condensate.

Net Present Values of Future Net Revenue

The following table sets forth the net present values of future net revenue attributable to Birchcliff's reserves at December 31, 2022, estimated using the 2022 IQRE Price Forecast, before deducting future income tax expenses and calculated at various discount rates:

Summary of Net Present Values of Future Net Revenue at December 31, 2022[1]
(Forecast Prices and Costs)

Reserves Category	Before Income Taxes Discounted At (%/year) 0 (*$000s*)	5 (*$000s*)	10 (*$000s*)	15 (*$000s*)	20 (*$000s*)	Unit Value Discounted at 10%/year (*$/boe*)[2]
Proved						
Developed Producing	5,411,147	4,099,497	3,270,335	2,731,169	2,359,084	16.68
Developed Non-Producing	32,220	23,580	18,604	15,449	13,295	17.58
Undeveloped	9,417,320	5,225,962	3,165,262	2,030,121	1,350,164	8.27
Total Proved	14,860,687	9,349,039	6,454,201	4,776,739	3,722,543	11.13
Total Probable	8,151,975	3,452,613	1,701,775	938,455	562,867	6.42
Total Proved Plus Probable	23,012,662	12,801,652	8,155,976	5,715,194	4,285,410	9.65

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

(2) Unit values are based on net reserves volumes.

Pricing Assumptions

The following table sets forth the 2022 IQRE Price Forecast used in the 2022 Reserves Report:

2022 IQRE Price Forecast

Year	Crude Oil: WTI at Cushing Oklahoma (*US$/bbl*)	Crude Oil: Edmonton City Gate (*CDN$/bbl*)	Natural Gas[1]: Alberta AECO Average Price (*CDN$/Mcf*)	Natural Gas[1]: Ontario Dawn Reference Point (*CDN$/Mcf*)	Natural Gas[1]: NYMEX Henry Hub (*US$/Mcf*)	NGLs: Edmonton Ethane (*CDN$/bbl*)	NGLs: Edmonton Propane (*CDN$/bbl*)	NGLs: Edmonton Butane (*CDN$/bbl*)	NGLs: Edmonton Pentanes + Condensate (*CDN$/bbl*)	Currency Exchange Rate (*US$/CDN$*)	Price and Cost Inflation Rates (*%*)
2023	$80.25	$103.16	$4.44	$6.53	$4.93	$13.91	$41.25	$54.35	$105.00	0.74	0.0
2024	$78.19	$97.34	$4.53	$5.92	$4.66	$14.27	$40.16	$52.73	$100.05	0.76	2.5
2025	$76.10	$94.21	$4.37	$5.51	$4.42	$13.77	$40.04	$51.08	$96.97	0.76	2.0
2026	$76.96	$94.90	$4.44	$5.59	$4.50	$14.00	$40.35	$51.47	$98.35	0.77	2.0
2027	$78.50	$96.48	$4.52	$5.70	$4.59	$14.23	$41.01	$52.32	$99.98	0.76	2.0
2028	$80.07	$98.41	$4.61	$5.80	$4.68	$14.52	$41.84	$53.37	$101.98	0.77	2.0
2029	$81.67	$100.38	$4.70	$5.93	$4.78	$14.82	$42.67	$54.43	$104.03	0.77	2.0
2030	$83.30	$102.38	$4.79	$6.04	$4.87	$15.11	$43.52	$55.51	$106.10	0.77	2.0
2031	$84.96	$104.43	$4.88	$6.17	$4.97	$15.42	$44.39	$56.63	$108.22	0.77	2.0
2032	$86.68	$106.16	$4.98	$6.30	$5.08	$15.73	$45.11	$57.54	$110.39	0.77	2.0
2033	$88.40	$108.28	$5.08	$6.41	$5.18	$16.05	$46.02	$58.69	$112.60	0.77	2.0
2034	$90.17	$110.45	$5.19	$6.54	$5.28	$16.37	$46.93	$59.87	$114.85	0.77	2.0
2035	$91.98	$112.65	$5.29	$6.67	$5.38	$16.70	$47.88	$61.06	$117.14	0.77	2.0
2036	$93.82	$114.92	$5.39	$6.81	$5.50	$17.03	$48.84	$62.29	$119.49	0.77	2.0
2037	$95.69	$117.21	$5.50	$6.94	$5.60	$17.37	$49.81	$63.54	$121.88	0.77	2.0
2038	$97.61	$119.55	$5.61	$7.08	$5.71	$17.72	$50.81	$64.80	$124.32	0.77	2.0
2039	$99.56	$121.94	$5.73	$7.22	$5.83	$18.07	$51.82	$66.10	$126.80	0.77	2.0
2040	$101.55	$124.38	$5.83	$7.36	$5.94	$18.43	$52.86	$67.43	$129.34	0.77	2.0
2041	$103.58	$126.87	$5.95	$7.51	$6.07	$18.80	$53.92	$68.76	$131.92	0.77	2.0
2042	$105.66	$129.41	$6.06	$7.67	$6.18	$19.17	$54.99	$70.15	$134.56	0.77	2.0
2043+	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	0.77	2.0

(1) 1 Mcf = 1 MMBtu.

Reconciliation of Changes in Reserves

The following table sets forth the reconciliation of Birchcliff's gross reserves at December 31, 2022 as set forth in the 2022 Reserves Report, estimated using the 2022 IQRE Price Forecast, to Birchcliff's gross reserves at December 31, 2021 as set forth in the 2021 Reserves Report, estimated using the 2021 IQRE Price Forecast:

Reconciliation of Gross Reserves from December 31, 2021 to December 31, 2022
(Forecast Prices and Costs)

Factors	Light Crude Oil and Medium Crude Oil (Mbbls)	Conventional Natural Gas (MMcf)	Shale Gas (MMcf)	NGLs[8] (Mbbls)	Oil Equivalent (Mboe)
GROSS TOTAL PROVED					
Opening balance December 31, 2021	**17,810**	**7,577**	**3,460,484**	**94,121**	**689,941**
Extensions and Improved Recovery[1]	223	0	156,308	3,936	30,210
Technical Revisions[2]	(1,567)	1,603	(127,679)	(5,935)	(28,514)
Discoveries[3]	0	0	0	0	0
Acquisitions[4]	0	70	1,529	26	293
Dispositions[5]	0	0	0	0	0
Economic Factors[6]	11	873	24,094	521	4,693
Production[7]	(811)	(689)	(136,301)	(4,435)	(28,078)
Closing balance December 31, 2022	**15,666**	**9,434**	**3,378,435**	**88,234**	**668,545**
GROSS TOTAL PROBABLE					
Opening balance December 31, 2021	**12,103**	**4,569**	**1,593,344**	**53,505**	**331,927**
Extensions and Improved Recovery[1]	(223)	0	(50,556)	(1,872)	(10,520)
Technical Revisions[2]	(1,533)	278	(16,602)	(1,161)	(5,415)
Discoveries[3]	0	0	0	0	0
Acquisitions[4]	0	16	1,228	25	232
Dispositions[5]	0	0	0	0	0
Economic Factors[6]	7	404	8,251	194	1,643
Production[7]	0	0	0	0	0
Closing balance December 31, 2022	**10,354**	**5,267**	**1,535,665**	**50,691**	**317,867**
GROSS TOTAL PROVED PLUS PROBABLE					
Opening balance December 31, 2021	**29,913**	**12,146**	**5,053,827**	**147,627**	**1,021,868**
Extensions and Improved Recovery[1]	0	0	105,752	2,064	19,690
Technical Revisions[2]	(3,100)	1,881	(144,282)	(7,096)	(33,929)
Discoveries[3]	0	0	0	0	0
Acquisitions[4]	0	86	2,757	51	525
Dispositions[5]	0	0	0	0	0
Economic Factors[6]	18	1,277	32,345	715	6,337
Production[7]	(811)	(689)	(136,301)	(4,435)	(28,078)
Closing balance December 31, 2022	**26,020**	**14,701**	**4,914,100**	**138,925**	**986,412**

(1) Additions to volumes resulting from capital expenditures for: (i) step-out drilling in previously discovered reservoirs; (ii) infill drilling in previously discovered reservoirs that were not drilled as part of an enhanced recovery scheme; and (iii) the installation of improved recovery schemes.

(2) Positive or negative volume revisions to an estimate resulting from new technical data or revised interpretations on previously assigned volumes, performance and operating costs.

(3) Additions to volumes in reservoirs where no reserves were previously booked.

(4) Positive additions to volume estimates because of purchasing interests in oil and gas properties.

(5) Reductions in volume estimates because of selling all or a portion of an interest in oil and gas properties.

(6) Changes to volumes resulting from different price forecasts, inflation rates and regulatory changes.

(7) Reductions in the volume estimates due to actual production.

(8) NGLs includes condensate.

Key highlights include the following:

Extensions and Improved Recovery

Reserves were added from the 39 wells that were brought on production pursuant to the Corporation's successful 2022 capital program, which also resulted in the assignment of reserves to potential future drilling locations offsetting the new wells. In addition, potential future drilling locations that were not included in 2021 Reserves Report were added based on available infrastructure capacity, superior economics and COGE Handbook development guidelines.

Technical Revisions

- The technical revisions in all reserves categories for light crude oil and medium crude oil were primarily the result of the reclassification of 10 oil wells in the 2021 Reserves Report to condensate-rich natural gas wells in the 2022 Reserves Report.
- The technical revisions in all reserves categories for conventional natural gas were primarily the result of the reactivation of several wells during 2022 as a result of strong commodity prices.
- The technical revisions in all reserves categories for shale gas were mainly a result of: (i) an updated reserves forecast for existing wells based on historic performance; (ii) an updated full-field development plan, which included the combining of multiple proved and probable potential future drilling locations utilizing increased well lengths, resulting in the removal of 15 proved undeveloped and 3 probable locations; and (iii) an increase in well performance for existing and potential future drilling locations in the Basal Doig/Upper Montney and Montney D1 intervals in Pouce Coupe.
- The technical revisions in all reserves categories for NGLs were primarily a result of: (i) a reduction in the associated shale gas volumes; (ii) an increase in the liquids capacity at the AltaGas Facility; and (iii) updated NGLs recoveries based on most recent data at the Pouce Coupe Gas Plant.

Economic Factors

The forecast prices for each product type were generally higher in the 2022 IQRE Price Forecast than the 2021 IQRE Price Forecast, which resulted in the economic limit at the end of a well's life being achieved later, thereby increasing the reserves volumes in all reserves categories.

Future Development Costs

Future development costs ("**FDC**") reflect Deloitte's best estimate of what it will cost to bring the proved and proved plus probable reserves on production. Changes in forecast FDC occur annually as a result of development activities, acquisition and disposition activities and capital cost estimates. The following table sets forth development costs deducted in the estimation of Birchcliff's future net revenue attributable to the reserves categories noted below:

Future Development Costs
(Forecast Prices and Costs)

Year	Proved *($000s)*	Proved Plus Probable *($000s)*
2023	258,525	289,650
2024	444,751	457,977
2025	474,233	492,020
2026	821,719	821,719
2027	447,364	469,944
Thereafter	612,441	2,011,059
Total undiscounted	**3,059,033**	**4,542,369**

FDC for proved reserves increased by $160.9 million to $3.06 billion at December 31, 2022 from $2.90 billion at December 31, 2021. FDC for proved plus probable reserves increased by $259.4 million to $4.54 billion at December 31, 2022 from $4.28 billion at December 31, 2021. The increases in FDC for both proved and proved plus probable reserves were largely due to: (i) an increase in DCCET costs for future locations in Gordondale to $5.3 million per well from $5.1 million per well at December 31, 2021 and in Pouce Coupe to $5.3 million per well from $4.7 million per well at December 31, 2021; and (ii) an increase in future sustaining and gas gathering infrastructure capital in Pouce Coupe at December 31, 2022.

The FDC for both proved and proved plus probable reserves are primarily the capital costs required to drill, case, complete, equip and tie-in the net undeveloped locations. The estimates of FDC on a proved and proved plus probable basis also include approximately $256 million (unescalated) for the continued expansion of the Pouce Coupe Gas Plant from the existing 340 MMcf/d to 660 MMcf/d of total throughput. The FDC for the expansion of the Pouce Coupe Gas Plant also include the costs of the related gathering pipelines and maintenance capital.

The following table sets forth the average cost to drill, case, complete, equip and tie-in a multi-stage fractured horizontal well as estimated by Deloitte:

Average Well Cost	December 31, 2022 *($ millions)*	December 31, 2021 *($ millions)*
Pouce Coupe	5.3	4.7
Gordondale	5.3	5.1

Finding and Development Costs

The following table sets forth Birchcliff's F&D costs per boe for its PDP, total proved and total proved plus probable reserves for the five previous financial years, including FDC:

F&D costs *($/boe)*[1]	2022[2]	2021	2020	2019	2018	5-Year Average
Proved Developed Producing	$10.24[3]	$5.88	$10.16	$8.65	$8.75	$8.62
Total Proved	$82.02[4]	$10.50	$7.08	$7.84	$0.64	$8.66
Total Proved Plus Probable	n/a[5]	$13.57	$6.66	$6.22	$1.27	$9.19

(1) Supplementary financial measure. See *"Non-GAAP and Other Financial Measures"*. See *"Advisories – Oil and Gas Metrics"* for a description of the methodology used to calculate F&D costs. Birchcliff had negligible capital and reserves additions associated with its acquisitions and dispositions in 2022, resulting in its FD&A costs approximating F&D costs for PDP, proved and proved plus probable reserves categories.

(2) Birchcliff's F&D capital expenditures were $364.6 million in 2022, which included: (i) $36.1 million in DCCET capital expenditures associated with the acceleration of the Corporation's 2023 capital program for which there was no production or PDP reserves assigned at year-end 2022; and (ii) $44.4 million in major infrastructure turnarounds and gas gathering capital where the benefits are expected to be realized over several years.

(3) Birchcliff added 35.6 MMboe of PDP reserves in 2022, after adding back 2022 actual production of 28.1 MMboe.

(4) Includes the 2022 increase in FDC (excluding acquisitions and dispositions) from 2021 of $159.4 million on a proved basis. Birchcliff added 6.4 MMboe of proved reserves in 2022, after adding back 2022 actual production of 28.1 MMboe.

(5) Includes the 2022 increase in FDC (excluding acquisitions and dispositions) from 2021 of $256.7 million on a proved plus probable basis. Birchcliff's proved plus probable reserves decreased by 7.9 MMboe in 2022, after adding back 2022 actual production of 28.1 MMboe. As a result of the year-over-year decrease in proved plus probable reserves, the calculation for F&D costs for this reserves category was not applicable in 2022.

Recycle Ratios

The following table sets forth Birchcliff's F&D recycle ratios, on an operating netback and adjusted funds flow basis, for its PDP, total proved and total proved plus probable reserves for 2022 and 2021, including FDC:

	Operating Netback Recycle Ratio[1][2]		Adjusted Funds Flow Recycle Ratio[1][3]	
Reserves Category	2022	2021	2022	2021
Proved Developed Producing	3.2x	3.7x	3.3x	3.2x
Total Proved	0.4x	2.0x	0.4x	1.8x
Total Proved Plus Probable	n/a[4]	1.6x	n/a[4]	1.4x

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

(2) Birchcliff's operating netback was $32.85/boe in 2022 as compared to $21.50/boe in 2021.

(3) Birchcliff's adjusted funds flow was $33.97/boe in 2022 as compared to $18.83/boe in 2021.

(4) As a result of the year-over-year decrease in proved plus probable reserves, the calculations for operating netback and adjusted funds flow recycle ratios for this reserves category were not applicable in 2022.

Reserves Replacement

The following table sets forth Birchcliff's 2022 reserves replacement on an F&D basis for its PDP, total proved and total proved plus probable reserves:

Reserves Category	2022 Reserves Replacement[1]
Proved Developed Producing	127%
Total Proved	23%
Total Proved Plus Probable[2]	(28%)

(1) See *"Advisories – Oil and Gas Metrics"* for a description of the methodology used to calculate reserves replacement.

(2) Birchcliff's proved plus probable reserves decreased by 7.9 MMboe in 2022, after adding back 2022 actual production of 28.1 MMboe.

Reserves Life Index

The following table sets forth Birchcliff's reserves life index for its PDP, total proved and total proved plus probable reserves at December 31, 2022:

Reserves Category	Reserves Life Index[1]
Proved Developed Producing	7.5 years
Total Proved	22.3 years
Total Proved Plus Probable	32.9 years

(1) Based on a forecast production rate of 82,000 boe/d, which represents the mid-point of Birchcliff's annual average production guidance range for 2023. See *"Advisories – Oil and Gas Metrics"* for a description of the methodology used to calculate reserves life index.

Net Asset Value

The following table sets forth Birchcliff's net asset value for its PDP, total proved and total proved plus probable reserves at December 31, 2022:

	Proved Developed Producing		Total Proved		Total Proved Plus Probable	
($000s, except per share amounts)	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Reserves, NPV10%[(1)]	3,270,335	2,490,206	6,454,201	4,966,920	8,155,976	6,367,284
Total debt[(2)]	(138,549)	(499,397)	(138,549)	(499,397)	(138,549)	(499,397)
Preferred shares[(3)]	-	(88,268)	-	(88,268)	-	(88,268)
Value of unexercised securities[(4)]	110,136	50,392	110,136	50,392	110,136	50,392
Net asset value[(5)(6)]	**3,241,922**	**1,952,933**	**6,425,788**	**4,429,647**	**8,127,563**	**5,830,011**
Net asset value *(per common share)*[(6)(7)]	**$11.32**	**$6.89**	**$22.43**	**$15.62**	**$28.37**	**$20.56**

(1) Represents the net present value of the future net revenue (before income taxes, discounted at 10%) of Birchcliff's PDP, total proved and total proved plus probable reserves, as applicable, as estimated by Deloitte effective December 31, 2022 and December 31, 2021, using forecast prices and costs.

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

(3) Represents the aggregate redemption value of the Corporation's Series A and Series C preferred shares, which were redeemed by the Corporation on September 30, 2022.

(4) Represents the value of unexercised in-the-money stock options and performance warrants outstanding at December 31, 2022. The closing trading price on the Toronto Stock Exchange of Birchcliff's common shares on December 30, 2022 and December 31, 2021 was $9.43 and $6.46, respectively.

(5) Excludes any value from undeveloped land and seismic.

(6) Net asset value is a non-GAAP financial measure and net asset value per common share is a non-GAAP ratio. See *"Non-GAAP and Other Financial Measures"*.

(7) For 2022, based on 286.4 million common shares, which includes 266.0 million basic common shares outstanding at December 31, 2022 and 20.4 million dilutive common shares from unexercised in-the-money stock options and performance warrants outstanding at December 31, 2022. For 2021, based on 283.6 million common shares, which includes 264.8 million basic common shares outstanding at December 31, 2021 and 18.8 million dilutive common shares from unexercised in-the-money stock options and performance warrants outstanding at December 31, 2021.

Reserves on the Montney/Doig Resource Play

The following table summarizes the estimates of reserves attributable to Birchcliff's horizontal wells on the Montney/Doig Resource Play as contained in the 2022 Reserves Report and the number of horizontal wells to which reserves were attributed:

Montney/Doig Resource Play Reserves Data[(1)(2)]

	Shale Gas *(Bcf)*		Light Crude Oil and Medium Crude Oil Combined *(Mbbls)*		NGLs *(Mbbls)*		Total *(Mboe)*		Existing Horizontal Wells and Potential Future Horizontal Well Locations			
									Gross		Net	
Reserves Category	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Proved Developed Producing	1,062	1,016	6,308	6,575	36,638	37,790	220,017	213,712	513	472	511.4	469.7
Total Proved	3,363	3,448	15,541	17,779	86,958	93,155	663,002	685,673	982	965	980.2	962.4
Total Proved Plus Probable	4,894	5,038	25,861	29,874	137,243	146,334	978,818	1,015,869	1,224	1,205	1,213.4	1,201.4

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

(2) At December 31, 2022, the estimated FDC for Birchcliff's reserves on its Montney/Doig Resource Play is $3,056 million on a total proved basis (as compared to $2,895 million at December 31, 2021) and $4,537 million on a total proved plus probable basis (as compared to $4,278 million at December 31, 2021).

POTENTIAL FUTURE DRILLING OPPORTUNITIES ON THE MONTNEY/DOIG RESOURCE PLAY

Birchcliff's operations are primarily concentrated in its core areas of Pouce Coupe and Gordondale. At December 31, 2022, Birchcliff held 226.7 (214.2 net) sections of contiguous land that have potential for the Montney/Doig Resource Play in Pouce Coupe and Gordondale. The 2022 Reserves Report attributed proved plus probable reserves to 694 potential net future horizontal drilling locations in Pouce Coupe and Gordondale (excluding Elmworth). In addition, at December 31, 2022 Birchcliff had approximately 3,079 potential net future horizontal drilling locations in Pouce Coupe and Gordondale (excluding Elmworth) that have not had any proved or probable reserves attributed to them by Deloitte. Over the past few years, Birchcliff has worked diligently to divest non-core properties and to direct its production to the Pouce Coupe Gas Plant and the AltaGas Facility, resulting in over 99% of Birchcliff's production being associated with Pouce Coupe and Gordondale at December 31, 2022. See *"2022 Year-End Reserves"* and *"Advisories – Potential Future Drilling Locations"*.

ABBREVIATIONS

AECO	benchmark price for natural gas determined at the AECO 'C' hub in southeast Alberta
bbl	barrel
bbls	barrels
bbls/d	barrels per day
Bcf	billion cubic feet
boe	barrel of oil equivalent
boe/d	barrel of oil equivalent per day
condensate	pentanes plus (C5+)
DCCET	drill, case, complete, equip and tie-in
F&D	finding and development
FD&A	finding, development and acquisition
G&A	general and administrative
GAAP	generally accepted accounting principles for Canadian public companies, which are currently International Financial Reporting Standards
GJ	gigajoule
GJ/d	gigajoules per day
HH	Henry Hub
IP	initial production
Mbbls	thousand barrels
Mboe	thousand barrels of oil equivalent
Mcf	thousand cubic feet
Mcf/d	thousand cubic feet per day
MMboe	million barrels of oil equivalent
MMBtu	million British thermal units
MMBtu/d	million British thermal units per day
MMcf	million cubic feet
MMcf/d	million cubic feet per day
MPa	megapascal
MSW	price for mixed sweet crude oil at Edmonton, Alberta
NGLs	natural gas liquids
NPV	net present value
NGTL	NOVA Gas Transmission Ltd.
NYMEX	New York Mercantile Exchange
OPEC	Organization of the Petroleum Exporting Countries
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma, for crude oil of standard grade
000s	thousands
$000s	thousands of dollars

NON-GAAP AND OTHER FINANCIAL MEASURES

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

Non-GAAP Financial Measures

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

Adjusted Funds Flow and 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.

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

	Three months ended December 31,		Twelve months ended December 31,	
($000s)	**2022**	**2021**	**2022**	**2021**
Cash flow from operating activities	**224,447**	**196,142**	**925,275**	**515,369**
Change in non-cash operating working capital	(7,919)	(4,255)	25,662	21,161
Decommissioning expenditures	571	1,762	2,746	3,203
Adjusted funds flow	**217,099**	**193,649**	**953,683**	**539,733**
F&D capital expenditures	(106,762)	(35,726)	(364,621)	(230,479)
Free funds flow	**110,337**	**157,923**	**589,062**	**309,254**

Transportation and Other Expense

Birchcliff defines "transportation and other expense" as transportation expense plus marketing purchases less marketing revenue. Birchcliff primarily enters 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 and marketing activities. The most directly comparable GAAP measure for transportation and other expense is transportation expense. 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 December 31,		Twelve months ended December 31,	
($000s)	**2022**	**2021**	**2022**	**2021**
Transportation expense	**38,793**	**37,454**	**155,864**	**140,574**
Marketing purchases	9,529	5,413	17,866	11,127
Marketing revenue	(8,916)	(6,169)	(18,806)	(13,687)
Transportation and other expense	**39,406**	**36,698**	**154,924**	**138,014**

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 the components of Birchcliff's operating netback for the periods indicated:

	Three months ended December 31,		Twelve months ended December 31,	
($000s)	**2022**	**2021**	**2022**	**2021**
Petroleum and natural gas revenue	320,358	289,806	1,340,180	932,406
Royalty expense	(35,679)	(28,452)	(161,226)	(76,271)
Operating expense	(29,783)	(25,315)	(101,581)	(91,515)
Transportation and other expense	(39,406)	(36,698)	(154,924)	(148,575)
Operating netback	**215,490**	**199,341**	**922,449**	**616,045**

Total Capital Expenditures

Birchcliff defines "total capital expenditures" as exploration and development expenditures, plus acquisitions, less dispositions and plus administrative assets. Management believes that total capital expenditures assists management and investors in assessing Birchcliff's overall capital cost structure associated with its petroleum and natural gas activities. The most directly comparable GAAP measure for total capital expenditures is exploration and development expenditures. The following table provides a reconciliation of exploration and development expenditures, as determined in accordance with GAAP, to total capital expenditures for the periods indicated:

	Three months ended December 31,		Twelve months ended December 31,	
($000s)	**2022**	**2021**	**2022**	**2021**
Exploration and development expenditures(1)	**106,762**	**35,726**	**364,621**	**230,479**
Acquisitions	-	56	2,348	175
Dispositions	-	-	(315)	108
Administrative assets	709	293	1,576	1,718
Total capital expenditures	**107,471**	**36,075**	**368,230**	**232,480**

(1) Disclosed as F&D capital expenditures elsewhere in this press release. See *"Advisories – F&D Capital Expenditures"*.

Net Asset Value

Birchcliff defines "net asset value" as petroleum and natural gas properties and equipment, plus reserves premium adjustment (less reserves discount adjustment) for its PDP, total proved and total proved plus probable reserves (as the case may be), less total debt, less the redemption value of the Series A and Series C preferred shares outstanding at the end of the period (if any) and plus the value of unexercised in-the-money stock options and performance warrants outstanding at the end of the period. Management believes that net asset value assists management and investors in assessing the long-term fair value of Birchcliff's underlying reserves assets after settling its outstanding financial obligations. The most directly comparable GAAP measure for net asset value is petroleum and natural gas properties and equipment. The following table provides a reconciliation of petroleum and natural gas properties and equipment, as determined in accordance with GAAP, to net asset value for the periods indicated:

	Proved Developed Producing		Total Proved		Total Proved Plus Probable	
($000s)	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Petroleum and natural gas properties and equipment	**2,972,592**	**2,852,232**	**2,972,592**	**2,852,232**	**2,972,592**	**2,852,232**
Reserves premium (discount) adjustment(1)	297,708	(362,026)	3,481,608	2,114,688	5,183,408	3,515,052
Total debt	(138,549)	(499,397)	(138,549)	(499,397)	(138,549)	(499,397)
Preferred shares(2)	-	(88,268)	-	(88,268)	-	(88,268)
Value of unexercised securities	110,136	50,392	110,136	50,392	110,136	50,392
Net asset value	**3,241,887**	**1,952,933**	**6,425,787**	**4,429,647**	**8,127,587**	**5,830,011**

(1) Represents the premium or discount, as the case may be, between the net present value of future net revenue (before income taxes, discounted at 10%) of Birchcliff's PDP, total proved and total proved plus probable reserves, as the case may be, and the petroleum and natural gas properties and equipment disclosed on the financial statements.

(2) Represents the aggregate redemption value of the Corporation's Series A and Series C preferred shares, which were redeemed by the Corporation on September 30, 2022.

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 most directly comparable GAAP measure for effective total natural gas sales and effective total corporate sales is natural gas sales. 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 December 31	
($000s)	**2022**	**2021**
Natural gas sales	**217,822**	**192,553**
Realized gain on financial instruments	18,764	11,531
Notional fixed basis costs(1)	21,645	21,687
Effective total natural gas sales	**258,231**	**225,771**
Light oil sales	25,588	22,232
Condensate sales	50,712	48,377
NGLs sales	26,224	26,634
Effective total corporate sales	**360,755**	**323,014**

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

Non-GAAP Ratios

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

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

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

Birchcliff calculates "adjusted funds flow per basic common share" as aggregate adjusted funds flow in the period divided by the weighted average 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 weighted average 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.

Operating Netback Recycle Ratio and Adjusted Funds Flow Recycle Ratio

Birchcliff calculates "recycle ratio" as operating netback per boe or adjusted funds flow per boe in the period, as the case may be, divided by F&D costs for its PDP, proved and proved plus probable reserves, as the case may be, in the period. Management believes that recycle ratios assist management and investors in assessing Birchcliff's ability to profitably find and develop its PDP, proved and proved plus probable reserves.

Net Asset Value Per Common Share

Birchcliff calculates "net asset value per common share" as the net asset value in each category of reserves divided by the aggregate of the basic common shares and in-the money dilutive common shares attributable to stock options and performance warrants outstanding at the end of the period. Management believes that net asset value per common share assists management and investors in comparing Birchcliff's common share trading price to the underlying fair market value of its net assets on a per common share 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: average realized commodity sales price per bbl, Mcf and boe, as the case may be; petroleum and natural gas revenue per boe; royalty expense per boe; operating expense per boe; G&A expense, net per boe; interest expense per boe; realized gain (loss) on financial instruments per boe; other cash income per boe; depletion and depreciation expense per boe; unrealized gain (loss) on financial instruments per boe; other (expense) income per boe; dividends on preferred shares per boe; natural gas transportation costs per Mcf; natural gas sales netback per Mcf; PDP F&D costs per boe; total proved F&D costs per boe; and total proved plus probable F&D costs per boe.

Capital Management Measures

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

Total Debt

Birchcliff calculates "total debt" as the amount outstanding under the Corporation's Credit Facilities (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, less the current liability portion of other liabilities and less capital securities (if any) at the end of the period. Management believes that total debt 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)*	**December 31, 2022**	**December 31, 2021**
Revolving term credit facilities	**131,981**	**500,870**
Working capital deficit (surplus)[(1)]	(7,902)	53,312
Fair value of financial instruments - assets[(2)]	17,729	69
Fair value of financial instruments - liability[(2)]	(1,345)	16,586
Other liabilities[(2)]	(1,914)	-
Capital securities	-	(38,268)
Total debt[(3)]	**138,549**	**499,397**

(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 accrued liabilities and less cash, accounts receivable and prepaid expenses and deposits at the end of the period.

PRESENTATION OF OIL AND GAS RESERVES

Deloitte prepared the 2022 Reserves Report and the 2021 Reserves Report. In addition, Deloitte prepared a reserves evaluation in respect of Birchcliff's oil and natural gas properties effective December 31, 2020. Such evaluations were prepared in accordance with the standards contained in NI 51-101 and the COGE Handbook that were in effect at the relevant time. Reserves estimates stated herein are extracted from the relevant evaluation.

There are numerous uncertainties inherent in estimating quantities of oil, natural gas and NGLs reserves and the future net revenue attributed to such reserves. The reserves and associated future net revenue information set forth in this press release are estimates only. In general, estimates of economically recoverable oil, natural gas and NGLs reserves and the future net revenue therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserves recovery, the timing and amount of capital expenditures, marketability of oil, natural gas and NGLs, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially from actual results. For these reasons, estimates of the economically recoverable oil, natural gas and NGLs reserves attributable to any particular group of properties, the classification of such reserves based on risk of recovery and estimates of future net revenue associated with reserves prepared by different engineers, or by the same engineer at different times, may vary. Birchcliff's actual production, revenue, taxes and development and operating expenditures with respect to its reserves will vary from estimates thereof and such variations could be material.

It should not be assumed that the undiscounted or discounted net present value of future net revenue attributable to the Corporation's reserves estimated by the Corporation's independent qualified reserves evaluator represent the fair market value of those reserves. There is no assurance that the forecast prices and costs assumptions will be attained and variances could be material. Actual oil, natural gas and NGLs reserves may be greater than or less than the estimates provided herein and variances could be material. With respect to the disclosure of reserves contained herein relating to portions of Birchcliff's properties, the estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.

In this press release, unless otherwise stated all references to "reserves" are to Birchcliff's gross company reserves (Birchcliff's working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of Birchcliff).

The information set forth in this press release relating to the reserves, future net revenue and future development costs of Birchcliff constitutes forward-looking statements and is subject to certain risks and uncertainties. See *"Advisories – Forward-Looking Statements"*.

Certain terms used herein but not defined are defined in NI 51-101, CSA Staff Notice 51-324 – *Revised Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities* ("**CSA Staff Notice 51-324**") and/or the COGE Handbook and, unless the context otherwise requires, shall have the same meanings herein as in NI 51-101, CSA Staff Notice 51-324 and the COGE Handbook, as the case may be.

ADVISORIES

Unaudited Information

All financial information contained in this press release for the fourth quarter and year ended December 31, 2022, such as F&D costs, recycle ratio, net asset value, adjusted funds flow, F&D capital expenditures, free funds flow, operating expense and total debt, is based on unaudited estimated financial information which has been disclosed in accordance with GAAP and has not been reviewed by the Corporation's auditor. These estimated results are subject to change upon completion of the audited financial statements for the year ended December 31, 2022, and changes could be material. Birchcliff anticipates filing its audited financial statements and related management's discussion and analysis for the year ended December 31, 2022 on SEDAR on March 15, 2023.

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 F&D costs, reserves life index, reserves replacement, recycle ratio, net asset value and netbacks, which have been determined by Birchcliff as set out below. 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 shareholders 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.

- With respect to F&D costs:
  - F&D costs for PDP, proved or proved plus probable reserves, as the case may be, are calculated by taking the sum of: (i) exploration and development costs (F&D capital expenditures) incurred in the period; and (ii) where appropriate, the change during the period in FDC for the reserves category; divided by the additions to the reserves category after adding back production in the period. F&D costs exclude the effects of acquisitions and dispositions.
  - In calculating the amounts of F&D costs for a year, the additions during the year in estimated reserves and the change during the period in estimated FDC are based upon the evaluations of Birchcliff's reserves prepared by its independent qualified reserves evaluators, effective December 31 of such year. Birchcliff calculates the 5-year average F&D costs per boe as total aggregate F&D capital expenditures divided by total aggregate reserves additions for the 5-year period, on a PDP, total proved and total proved plus probable basis, as the case may be.
  - The aggregate of the exploration and development costs incurred in the most recent financial year and the change during that year in estimated FDC generally will not reflect total F&D costs related to reserves additions for that year.
  - F&D costs may be used as a measure of the Corporation's efficiency with respect to finding and developing its reserves.
- Reserves life index is calculated by dividing PDP, proved or proved plus probable reserves, as the case may be, estimated by Birchcliff's independent qualified reserves evaluator at December 31, 2022, by the mid-point of the average annual production guidance range for the period indicated. Reserves life index may be used as a measure of the Corporation's sustainability.
- Reserves replacement is calculated by dividing PDP, proved or proved plus probable reserves additions, as the case may be, before production by total annual production in the applicable period. Reserves replacement may be used as a measure of the Corporation's sustainability and its ability to replace its PDP, proved or proved plus probable reserves, as the case may be.
- For information regarding recycle ratios and how such metrics are calculated, see *"Non-GAAP and Other Financial Measures"*.
- For information regarding net asset value and how such metric is calculated, see *"Non-GAAP and Other Financial Measures"*.
- For information regarding netbacks and how such metrics are calculated, see *"Non-GAAP and Other Financial Measures".*

Potential Future Drilling Locations

This press release discloses potential net future horizontal drilling locations, specifically: in Pouce Coupe and Gordondale, 694 potential net future horizontal drilling locations to which proved plus probable reserves have been attributed by Deloitte, and approximately 3,079 unbooked potential net future horizontal drilling locations.

Proved plus probable locations consist of proposed drilling locations identified in the 2022 Reserves Report that have proved and/or probable reserves, as applicable, attributed to them. Unbooked locations are internal estimates based on Birchcliff's prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal technical analysis review. Unbooked locations have been identified by management as an estimate of Birchcliff's multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. Unbooked locations do not have proved or probable reserves attributed to them in the 2022 Reserves Report.

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

Initial Production Rates

Any references in this 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 9-well 06-35 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 1 and 2 days), divided by 30 or 60 (as applicable), which were then added together to determine the aggregate production rates for the 9-well pad and then divided by 9 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 9 wells were stabilized between 3.1 and 3.2 MPa for IP 30 production rates and between 2.9 and 3.1 MPa for IP 60 production rates. Approximate casing pressures for the 9 wells were stabilized between 6.1 and 10.2 MPa for IP 30 production rates and between 5.5 and 8.8 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.

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 NI 51-101; (ii) except where otherwise stated, references to "liquids" mean "light crude oil and medium crude oil" and "natural gas liquids" (including condensate) as such terms are defined in NI 51-101; and (iii) references to "natural gas" mean "shale gas", which also includes an immaterial amount of "conventional natural gas", as such terms are defined in NI 51-101. In addition, NI 51-101 includes condensate within the product type of natural gas liquids. In certain cases, 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.

F&D Capital Expenditures

Unless otherwise stated, references in this press release to "F&D capital expenditures" denotes exploration and development expenditures as disclosed in the Corporation's financial statements in accordance with GAAP, and is primarily comprised of capital for land, seismic, workovers, drilling and completions, well equipment and facilities and capitalized G&A costs and excludes any net acquisitions and dispositions, administrative assets and the capitalized portion of cash incentive payments that have not been approved by the Board. 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:

- Birchcliff's plans and other aspects of its anticipated future financial performance, results, operations, focus, objectives, strategies, opportunities, priorities and goals, including: statements regarding Birchcliff's 2023 outlook and guidance (including: that for 2023, Birchcliff remains committed to generating free funds flow, delivering shareholder returns through the payment of its common share dividend and maintaining capital discipline; that Birchcliff has the flexibility to adjust its 2023 capital program as necessary to achieve its priorities; that the annual base dividend of $0.80 per common share for 2023 will be declared and paid quarterly at the rate of $0.20 per common share, beginning with the first payment date of March 31, 2023 for those shareholders of record as of March 15, 2023; and that the Corporation's F&D capital program of $260 million to $280 million and base dividend of $0.80 per common share for 2023 remain fully funded at an average WTI price of US$70.00/bbl, an average AECO price of CDN$3.00/GJ, an average Dawn price of US$3.25/MMBtu and an average NYMEX HH price of US$3.35/MMBtu; that the unutilized credit capacity under the Credit Facilities provides the Corporation with significant financial flexibility and additional capital resources to fund its capital expenditure program and dividend payments if required in the future; and Birchcliff's production guidance for 2023);
- statements under the heading "*Operations Update*" and elsewhere in this press release regarding Birchcliff's 2023 capital program and its exploration, production and development activities and the timing thereof (including: estimates of F&D capital expenditures; that the sixth well on the Corporation's 03-06 pad that is currently standing may be completed later in the year as part of the 2023 capital program; that Birchcliff anticipates providing further details regarding the results of its wells on the 03-06 pad with the release of its audited 2022 results; that the wells on the 14-06 pad are expected to be on-stream in February 2023; that the Corporation's two 4-well pads will be completed later in Q1 2023 and are anticipated to be brought on production in Q2 2023; and that the Corporation's 2023 capital program is focused on optimizing well spacing to maximize economic resource recovery); and statements regarding the force majeure event that occurred on a major third-party NGLs transportation pipeline (including the anticipated timing for the system to resume service);
- the performance and other characteristics of Birchcliff's oil and natural gas properties and expected results from its assets (including statements regarding the potential or prospectivity of Birchcliff's properties) and estimates of potential future drilling locations and opportunities;
- the information set forth under the heading "*2022 Year-End Reserves*" and elsewhere in this press release relating to the Corporation's reserves (including: that the Corporation's large inventory of unbooked potential future drilling locations may have reserves attributed over time depending on the Corporation's drilling programs in subsequent years; that the benefits of major facility turnarounds and infrastructure enhancement projects are expected to be realized over several years; estimates of reserves; estimates of the net present values of future net revenue associated with Birchcliff's reserves; forecasts for prices, inflation and exchange rates; FDC; and reserves life index); and
- that Birchcliff anticipates filing its annual information form and audited financial statements and related management's discussion and analysis for the year ended December 31, 2022 on March 15, 2023.

Information relating to reserves is forward-looking as it involves the implied assessment, based on certain estimates and assumptions, that the reserves exist in the quantities predicted or estimated and that the reserves can profitably be produced in the future. See *"Presentation of Oil and Gas Reserves"*.

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 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 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 the estimate of capital expenditures for 2023, such estimate assumes that the 2023 capital program will be carried out as currently contemplated and excludes any net potential acquisitions and dispositions and the capitalized portion of cash incentive payments that have not been approved by the Board. The amount and allocation of capital expenditures for exploration and development activities by area and the number and types of wells to be drilled and brought on production is dependent upon results achieved and is subject to review and modification by management on an ongoing basis throughout the year. Actual spending may vary due to a variety of factors, including commodity prices, economic conditions, results of operations and costs of labour, services and materials.
- With respect to Birchcliff's production guidance for 2023, such guidance assumes that: the Corporation's capital program will be carried out as currently contemplated; no unexpected outages occur in the infrastructure that Birchcliff relies on to produce its wells and that any transportation service curtailments or unplanned outages that occur will be short in duration or otherwise insignificant; the construction of new infrastructure meets timing and operational expectations; existing wells continue to meet production expectations; and future wells scheduled to come on production meet timing, production and capital expenditure expectations.
- With respect to statements of future wells to be drilled and brought on production and estimates of potential future drilling locations and opportunities, such statements and estimates assume: the continuing validity of the geological and other technical interpretations performed by Birchcliff's technical staff, which indicate that commercially economic volumes can be recovered from Birchcliff's lands as a result of drilling future wells; and that commodity prices and general economic conditions will warrant proceeding with the drilling of such wells.
- With respect to estimates of reserves volumes and the net present values of future net revenue associated with Birchcliff's reserves, the key assumption is the validity of the data used by Deloitte in the 2022 Reserves Report.

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; 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; political uncertainty and uncertainty associated with government policy changes; actions by government authorities; an inability of the Corporation to comply with existing and future laws and the cost of compliance with such laws; 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 the Board to declare dividends and change the Corporation's dividend policy and the risk that the amount of dividends may be less than currently forecast; 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.

The declaration and payment of any future dividends are subject to the discretion of the Board 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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