BIRCHCLIFF ENERGY LTD. ANNOUNCES 2024 BUDGET AND GUIDANCE AND UPDATED FIVE-YEAR OUTLOOK AND DECLARES $0.10 PER COMMON SHARE DIVIDEND FOR Q1 2024

Calgary, Alberta (January 17, 2024) – Birchcliff Energy Ltd. ("**Birchcliff**" or the "**Corporation**") (TSX: BIR) is pleased to announce its 2024 budget and guidance and its updated five-year outlook for 2024 to 2028 (the "**Five-Year Outlook**"). Birchcliff is also pleased to announce that its board of directors (the "**Board**") has declared a quarterly cash dividend of $0.10 per common share for the quarter ending March 31, 2024.

Chris Carlsen, Birchcliff's President and Chief Executive Officer, commented: "Birchcliff's 2024 capital budget and updated Five-Year Outlook reflect our commitment to maintaining a strong balance sheet and capital discipline, while focusing on sustainable shareholder returns and the continued development of our world-class asset base. Our updated Five-Year Outlook targets disciplined production growth of 16%(1) over the period, with annual average production of approximately 87,500 boe/d in 2028, which would fully utilize the Corporation's available existing processing and transportation capacity. Our Five-Year Outlook provides for potential cumulative free funds flow(2) generation of $870 million over the five-year period, which has the potential to result in substantial shareholder returns through common share dividends of approximately $535 million and cumulative excess free funds flow(2) (after the payment of dividends) of approximately $335 million, based on our current pricing assumptions.(3)

"Birchcliff continues to target $240 million to $260 million in F&D capital expenditures in 2024. We have adjusted our 2024 capital spending plans since our preliminary guidance was provided on November 14, 2023 by reducing capital expenditures in the first half of the year. Our revised 2024 capital plan allows us to bring substantial production on later in the year when commodity prices are anticipated to be higher. This change affords us the flexibility to monitor commodity prices and capital costs during the first half of the year, which provides us with optionality to reduce capital spending if there is further deterioration in commodity prices. Due to this revised capital spending profile in 2024, we now anticipate that annual average production will remain relatively flat in 2024 at 74,000 to 77,000 boe/d, which we expect will generate free funds flow of $80 million to $100 million in the year based on our current pricing assumptions.(4)(5)

"In 2023, we successfully and efficiently executed our capital program and, as we committed to, returned $213.3 million to our shareholders through common share dividends. In order to protect Birchcliff's strong balance sheet during the current period of low natural gas prices, which is projected to continue during 2024, our Board has approved an annual base dividend amount of $0.40 per common share for 2024 (approximately $107 million in aggregate) and declared a quarterly cash dividend of $0.10 per common share for the quarter ending March 31, 2024. We remain bullish on the long-term outlook for natural gas as LNG export capacity increases in North America and we are committed to sustainable shareholder returns as a pillar of our long-term strategy.

"We look forward to announcing our unaudited financial and operational results for the year ended December 31, 2023 on February 14, 2024."

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(1) Based on an annual average production rate of 75,500 boe/d in 2024, which is the mid-point of Birchcliff's annual average production guidance range for 2024, and an annual average production rate of 87,500 boe/d in 2028.

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

(3) See *"Updated Five-Year Outlook"* and *"Advisories – Forward-Looking Statements"* for further information regarding the Corporation's Five-Year Outlook and the commodity price, exchange rate and other assumptions underlying such outlook.

(4) Based on an annual average production rate of 75,500 boe/d in 2024, which is the mid-point of Birchcliff's annual average production guidance range for 2024.

(5) See *"2024 Guidance"* and *"Advisories – Forward-Looking Statements"* for further information regarding the Corporation's 2024 guidance and the commodity price, exchange rate and other assumptions underlying such guidance.

KEY HIGHLIGHTS

2024 F&D Capital Budget and Guidance[5]

- 2024 F&D capital spending is expected to be $240 million to $260 million.
- Annual average production of 74,000 to 77,000 boe/d expected in 2024.
- 2024 adjusted funds flow[2] of approximately $340 million[4] and free funds flow of $80 million to $100 million.
- Approved 2024 annual base dividend of $0.40 per common share (approximately $107 million in aggregate).[6]
- Focused on balance sheet strength, with 2024 year-end total debt[7] of $405 million to $425 million, which is anticipated to be less than 1.0 times forward annual adjusted funds flow.[8]
- Extendible revolving term credit facilities (the "**Credit Facilities**") with an aggregate borrowing base of $850 million provide significant financial flexibility. The Credit Facilities have a maturity date of May 11, 2025 and do not contain any financial maintenance covenants.

Updated Five-Year Outlook[3]

- Potential cumulative adjusted funds flow of approximately $2.4 billion and cumulative free funds flow of approximately $870 million over the five-year period.
- Contemplates potential cumulative shareholder returns of approximately $535 million[6] through common share dividends and cumulative excess free funds flow (after the payment of dividends) of approximately $335 million, in each case over the five-year period.
- Targets disciplined production growth of 16% over the five-year period, with 2028 annual average production of approximately 87,500 boe/d.
- Maintains capital discipline, with moderate F&D capital expenditures of $240 million to $300 million per year during the first three years and $325 million to $375 million per year during the last two years in order to fill the Corporation's available existing infrastructure and reduce per boe operating and transportation costs.
- Protects strong balance sheet with total debt reduction to well below 1.0 times forward annual adjusted funds flow over the five-year period.
- Significant market exposure to the NYMEX HH and Dawn trading hubs, which are priced in U.S. dollars, with growth volumes expected to be sold at AECO to align with the anticipated positive pricing impact of Canadian LNG exports.

*This press release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. For further information regarding the forward-looking statements and forward-looking information contained herein, see "Advisories – Forward-Looking Statements". With respect to the disclosure of Birchcliff's production contained in this press release, see "Advisories – Production". In addition, this press release uses various "non-GAAP financial measures", "non-GAAP ratios" 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. For further information regarding the non-GAAP and other financial measures used in this press release, see "Non-GAAP and Other Financial Measures".*

DECLARATION OF Q1 2024 QUARTERLY DIVIDEND

The Board has approved an annual base dividend of $0.40 per common share for 2024. This annual base dividend will be declared and paid quarterly at the rate of $0.10 per common share, at the discretion of the Board. In connection therewith, the Board has declared a quarterly cash dividend of $0.10 per common share for the quarter ending March 31, 2024. The dividend will be payable on March 28, 2024 to shareholders of record at the close of business on March 15, 2024. The ex-dividend date is March 14, 2024. The dividend has been designated as an eligible dividend for the purposes of the *Income Tax Act* (Canada).

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(6) Assumes that an annual base dividend of $0.40 per common share is paid during 2024 or over the five-year period, as the case may be, and that there are 267 million common shares outstanding, with no special dividends paid. The declaration of future dividends is subject to the approval of the Board and is subject to change.

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

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

2024 GUIDANCE

For 2024, Birchcliff remains focused on maintaining balance sheet strength, capital discipline, generating free funds flow and delivering returns to shareholders. Based on its targeted F&D capital expenditures of $240 million to $260 million and as a result of the Corporation adjusting its capital spending profile by moving capital into the second half of 2024, Birchcliff expects annual average production of 74,000 to 77,000 boe/d in 2024. Birchcliff's production profile for 2024 is designed to deliver higher production in Q4 when the Corporation anticipates higher commodity prices.

Birchcliff is currently forecasting that it will generate approximately $340 million of adjusted funds flow and $80 million to $100 million of free funds flow in 2024 based on its targeted levels of F&D capital expenditures and annual average production.

Any excess free funds flow generated in 2024 is anticipated to be used to further invest in the Corporation's business, increase shareholder returns in the form of enhanced common share dividends and/or reduce indebtedness. Such decisions will be made based on what Birchcliff believes will provide the most value to shareholders, giving consideration to commodity prices and other relevant factors. In addition, excess free funds flow may be used to repurchase common shares under the Corporation's normal course issuer bid to help offset the number of common shares it issues throughout the year pursuant to the exercise of stock options in order to minimize or eliminate dilution to shareholders.

The following tables set forth Birchcliff's guidance, commodity price assumptions and free funds flow sensitivity for 2024:

	2024 guidance and assumptions(1)
Production	
Annual average production *(boe/d)*	74,000 – 77,000
% Light oil	3%
% Condensate	6%
% NGLs	10%
% Natural gas	81%
Average Expenses *($/boe)*	
Royalty	2.30 – 2.50
Operating	3.85 – 4.05
Transportation and other(2)	5.50 – 5.70
Adjusted Funds Flow *(millions)*(3)	$340
F&D Capital Expenditures *(millions)*	$240 – $260
Free Funds Flow *(millions)*(3)	$80 – $100
Annual Base Dividend *(millions)*(4)	$107
Total Debt at Year End *(millions)*(5)	$405 – $425
Natural Gas Market Exposure(6)	
AECO exposure as a % of total natural gas production	17%
Dawn exposure as a % of total natural gas production	44%
NYMEX HH exposure as a % of total natural gas production	37%
Alliance exposure as a % of total natural gas production	2%
Commodity Prices(7)	
Average WTI price *(US$/bbl)*	75.00
Average WTI-MSW differential *(CDN$/bbl)*	5.45
Average AECO price *(CDN$/GJ)*	2.50
Average Dawn price *(US$/MMBtu)*	2.80
Average NYMEX HH price *(US$/MMBtu)*	3.00
Exchange rate *(CDN$ to US$1)*	1.33

Forward twelve months' free funds flow sensitivity[7][8]	Estimated change to 2024 free funds flow *(millions)*
Change in WTI US$1.00/bbl	$3.6
Change in NYMEX HH US$0.10/MMBtu	$6.8
Change in Dawn US$0.10/MMBtu	$7.9
Change in AECO CDN$0.10/GJ	$2.6
Change in CDN/US exchange rate CDN$0.01	$4.6

(1) Birchcliff's guidance for its production commodity mix, adjusted funds flow, free funds flow, total debt and natural gas market exposure in 2024 is based on an annual average production rate of 75,500 boe/d in 2024, which is the mid-point of Birchcliff's annual average production guidance range for 2024. For further information regarding the risks and assumptions relating to the Corporation's guidance, see *"Advisories – Forward-Looking Statements"*.

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

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

(4) Assumes that an annual base dividend of $0.40 per common share is paid and that there are 267 million common shares outstanding, with no special dividends paid. The declaration of future dividends is subject to the approval of the Board and is subject to change.

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

(6) Birchcliff's natural gas market exposure for 2024 takes into account its outstanding financial basis swap contracts.

(7) Birchcliff's commodity price and exchange rate assumptions and free funds flow sensitivity for 2024 are based on anticipated full-year averages using the Corporation's anticipated forward benchmark commodity prices and the CDN/US exchange rate as of January 8, 2024.

(8) Illustrates the expected impact of changes in commodity prices and the CDN/US exchange rate on the Corporation's forecast of free funds flow for 2024, holding all other variables constant. The sensitivity is based on the commodity price and exchange rate assumptions set forth in the table above. The calculated impact on free funds flow is only applicable within the limited range of change indicated. Calculations are performed independently and may not be indicative of actual results. Actual results may vary materially when multiple variables change at the same time and/or when the magnitude of the change increases.

Birchcliff's 2024 guidance for its production has been adjusted from its preliminary guidance of 77,000 to 79,000 boe/d as a result of revisions to the timing of the Corporation's 2024 capital program, as discussed above and under the heading *"2024 F&D Capital Budget"*. Birchcliff's 2024 guidance for F&D capital expenditures is unchanged from its preliminary guidance. Primarily as a result of a decreased commodity price forecast for 2024, Birchcliff's 2024 guidance for its adjusted funds flow, free funds flow and annual base dividend is lower than its preliminary guidance of $500 million, $240 million to $260 million and $213 million, respectively.

Changes in assumed commodity prices and variances in production forecasts can have an impact on the Corporation's forecasts of adjusted funds flow and free funds flow and the Corporation's other guidance, which impact could be material. In addition, any acquisitions or dispositions completed over the course of 2024 could have an impact on Birchcliff's 2024 guidance and assumptions set forth herein, which impact could be material. For further information, see *"Advisories – Forward-Looking Statements".*

2024 F&D CAPITAL BUDGET

The Board has approved a disciplined F&D capital budget of $240 million to $260 million for 2024. This level of capital spending will allow the Corporation to bring 29 wells on production in 2024. Birchcliff's 2024 capital program has been revised since its preliminary guidance was provided on November 14, 2023 by delaying the drilling of 13 wells until late Q2 and into Q3, with these wells expected to come on production in Q4 2024. Birchcliff's revised 2024 capital spending profile is designed to ensure that the Corporation's capital is deployed optimally and also affords Birchcliff the flexibility to monitor commodity prices and capital costs during the first half of the year, providing it with optionality to reduce capital spending during the year if there is further deterioration in the commodity price environment.

The following table sets forth details regarding Birchcliff's expected capital spending allocation in 2024:

Classification	Capital *(millions)*
DCCET[1][2]	$190 – $195
Facilities and infrastructure	$15 – $20
Maintenance and optimization[3]	$15 – $20
Land and seismic[4]	$5
Other[5]	$15 – $20
Total F&D Capital Expenditures[6]	**$240 – $260**

(1) On a DCCET basis, the average well cost in 2024 is estimated to be approximately $7.4 million for each of Pouce Coupe and Gordondale. These costs can vary depending on factors such as the size of the associated multi-well pads, horizontal well length, the costs of construction, the existence of pipelines and other infrastructure and the distance to existing or planned pipelines and other infrastructure.

(2) Includes the completion, equipping and tie-in costs of approximately $20 million associated with 5 wells that were drilled and rig released in Q4 2023.

(3) Maintenance and optimization includes capital to enhance production, reduce operating expense and maximize netbacks.

(4) Land and seismic includes capital for crown sales and rental payments but does not include other property acquisitions and dispositions.

(5) Other primarily includes capitalized G&A.

(6) Net property acquisitions and dispositions have not been included in the table above as these amounts are generally unbudgeted. See *"Advisories – F&D Capital Expenditures"* and *"Advisories – Forward-Looking Statements"*.

Birchcliff's 2024 drilling program is designed to target high rate-of-return wells with attractive paybacks and strong capital efficiency metrics. Two drilling rigs will be utilized to deliver a level-loaded capital program focused on efficient execution, with optimized capital spending throughout the year while taking advantage of any potential reductions in service costs in the second half of 2024. The wells brought on production as part of Birchcliff's 2024 capital program are expected to yield strong production benefitting from the Corporation's latest wellbore design, which incorporates longer lateral lengths, reduced stage spacing and increased proppant loading where appropriate.

In Pouce Coupe, Birchcliff plans to drill 18 wells and bring 23 wells on production from 4 pads, targeting wells placed in Lower Montney, Middle Montney and Basal Doig/Upper Montney intervals. The Corporation expects that the first 5-well pad will be brought on production in late January 2024 and the second 5-well pad will be brought on production in late Q1 2024, with the remaining 13 wells on two pads brought on production in Q4 2024, aligned with the anticipated improvement in commodity prices.

In Gordondale, Birchcliff plans to drill and bring 6 wells on production from two pads, targeting wells placed in Lower Montney intervals. These wells are expected to be brought on production in Q2 2024.

The following table sets forth the number and types of wells Birchcliff expects to drill and bring on production in 2024:

Area	Total Wells to be Drilled in 2024	Total Wells to be Brought on Production in 2024(1)
Pouce Coupe		
Basal Doig/Upper Montney horizontal natural gas wells	1	1
Montney D4 horizontal natural gas wells	1	1
Montney D1 horizontal natural gas wells	14	19
Montney C horizontal natural gas wells	2	2
Total – Pouce Coupe	**18**	**23**
Gordondale		
Montney D2 horizontal natural gas wells	1	1
Montney D1 horizontal natural gas wells	1	1
Montney D1 horizontal oil wells	4	4
Total – Gordondale	**6**	**6**
TOTAL – COMBINED	**24**	**29**

(1) Includes 5 wells that were drilled and rig released in Q4 2023 in Pouce Coupe.

In addition to its 2024 DCCET capital program, Birchcliff anticipates allocating $15 million to $20 million to facilities and longer-term infrastructure projects, which includes capital to tie a third-party NGLs pipeline directly into the Corporation's 100% owned and operated natural gas processing plant in Pouce Coupe. This connection is expected to reduce NGLs trucking activity and improve corporate netbacks by lowering NGLs transportation costs.

In addition to the Corporation's 2024 F&D capital budget, Birchcliff has allocated approximately $3 million to abandonment and reclamation activities in 2024.

Elmworth

Birchcliff's F&D capital budget does not include any significant capital with respect to the Corporation's Elmworth Montney land position. Birchcliff may consider allocating some capital in 2024 to continue to build, protect and optimize its Elmworth Montney land position, including through drilling and completions activity, strategic A&D transactions and Crown land sales. As previously disclosed in the Corporation's press release dated November 14, 2023, Birchcliff has initiated the formal planning for the construction of a proposed 100% owned and operated natural gas processing plant in the area, including determining processing capacity, takeaway capacity and specific timelines for consultation and construction. Birchcliff currently has a successful acid gas disposal well and an AER approved Acid Gas Disposal Scheme in the Elmworth area, which is a key component for a natural gas processing plant.

UPDATED FIVE-YEAR OUTLOOK[(9)]

Birchcliff has updated its Five-Year Outlook for 2024 to 2028. The Five-Year Outlook continues to be focused on maintaining the Corporation's strong balance sheet, free funds flow generation and delivering significant returns to shareholders, while targeting disciplined production growth to fully utilize the Corporation's available existing processing and transportation capacity, which is expected to result in lower per boe operating and transportation costs.

Birchcliff's updated Five-Year Outlook has the potential to generate substantial shareholder returns through common share dividends of approximately $535 million over the period and maintain the Corporation's strong balance sheet, with potential cumulative adjusted funds flow of approximately $2.4 billion, cumulative free funds flow of approximately $870 million and cumulative excess free funds flow (after the payment of dividends) of approximately $335 million. Over the five-year period, total debt is anticipated to be reduced to well below 1.0 times forward annual adjusted funds flow. Birchcliff does not anticipate that it will be required to pay any material Canadian income taxes until 2027.

The Five-Year Outlook contemplates moderate F&D capital spending of $240 million to $300 million annually for the first three years, increasing to $325 million to $375 million annually in 2027 and 2028, which would allow the Corporation to bring between 170 and 180 wells on production over the five-year period. These capital expenditures are expected to result in production growth of approximately 16% over the period, with 2028 annual average production of approximately 87,500 boe/d. The production growth contemplated in the Five-Year Outlook is planned to occur primarily in 2027 and 2028 commensurate with the moderate increases in capital spending in these years.

Birchcliff's production growth during the five-year period coincides with anticipated increases in commodity prices and demand for Canadian natural gas as a result of LNG projects coming online in North America. The Corporation continues to benefit from its diversified natural gas sales with exposure to AECO, NYMEX HH and Dawn prices. The incremental natural gas from Birchcliff's planned production growth over the next five years is expected to be sold at AECO, which gives the Corporation increased exposure to the anticipated positive pricing impact of Canadian LNG exports. The Corporation is looking forward to the increases in LNG export capacity in North America that are expected in the next five years and is committed to contributing to the development of the needed infrastructure in Canada. Birchcliff is a partner in Rockies LNG Partners, which is collaborating with the Nisga'a Nation, a modern treaty Nation in British Columbia, and Western LNG, an experienced LNG developer, to develop the Ksi Lisims LNG export project, a 12 million tonne per year (approximately 1.7 to 2.0 Bcf/d) net zero emissions LNG export project on the West Coast of British Columbia.

Birchcliff's Five-Year Outlook does not currently include any significant capital allocated to the Corporation's Elmworth Montney land position. It is anticipated that capital will be deployed in Elmworth during the five-year period to continue to build, protect and optimize Birchcliff's land position, as well as progressing its plans for the development of a 100% owned and operated natural gas processing plant in the area.

Additional information regarding Birchcliff's Five-Year Outlook is contained in the Corporation's corporate presentation, which can be found at https://www.birchcliffenergy.com/investors/corporate-presentation.

OPERATIONAL UPDATE

In early Q4 2023, Birchcliff brought 7 wells on production in Pouce Coupe and 2 wells on production in Gordondale. The Corporation is pleased with the strong initial results from these pads as they are in-line with or ahead of internal expectations.

As a result of unplanned third-party outages, including a third-party compressor outage that is expected to continue until mid to late January 2024, the Corporation's average production for Q4 2023 is anticipated to be 76,000 to 77,000 boe/d, resulting in annual average production of 75,500 to 76,000 boe/d, which is slightly behind previous

(9) For illustrative purposes only and should not be relied upon as indicative of future results. The internal projections, expectations and beliefs underlying the Five-Year Outlook are subject to change in light of ongoing results and prevailing economic and industry conditions. Birchcliff's F&D capital budgets for 2025 to 2028 have not been finalized and are subject to approval by the Board. Accordingly, the levels of F&D capital expenditures set forth herein are subject to change, which could have an impact on the forecasted production, adjusted funds flow, free funds flow, excess free funds flow and other metrics set forth herein. For further information regarding the risks and assumptions relating to the Five-Year Outlook, see *"Advisories – Forward-Looking Statements"*.

guidance. Birchcliff's 2023 F&D capital expenditures are estimated to be approximately $305 million, which includes the capitalized portion of cash incentive payments accrued in 2023.

7-Well Pad (09-04)

Birchcliff successfully brought its 7-well 09-04 pad on production in early Q4 2023. The pad was drilled in 2 different Lower Montney zones, with 4 wells in the Montney D1 and 3 wells in the Montney C. The following table summarizes the aggregate and average production rates for the wells from the pad:

	Wells: IP 30[(1)]	Wells: IP 60[(1)]
Aggregate production rate *(boe/d)*	**5,834**	**5,466**
Aggregate natural gas production rate *(Mcf/d)*	32,463	30,525
Aggregate condensate production rate *(bbls/d)*	424	360
Average per well production rate *(boe/d)*	**833**	**778**
Average per well natural gas production rate *(Mcf/d)*	4,638	4,361
Average per well condensate production rate *(bbls/d)*	61	51
Condensate-to-gas ratio *(bbls/MMcf)*	**13**	**11**

(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".*

2-Well Pad (02-27)

Birchcliff successfully brought its 2-well 02-27 pad on production in early Q4 2023. The pad was drilled in 2 different Lower Montney zones, with 1 well in each of the Montney D1 and Montney D2. The following table summarizes the aggregate and average production rates for the wells from the pad:

	Wells: IP 30[(1)]	Wells: IP 60[(1)]
Aggregate production rate *(boe/d)*	**2,630**	**2,533**
Aggregate natural gas production rate *(Mcf/d)*	13,619	13,393
Aggregate condensate production rate *(bbls/d)*	361	302
Average per well production rate *(boe/d)*	**1,315**	**1,267**
Average per well natural gas production rate *(Mcf/d)*	6,810	6,697
Average per well condensate production rate *(bbls/d)*	181	151
Condensate-to-gas ratio *(bbls/MMcf)*	**31**	**26**

(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".*

Ongoing Activities

The Corporation successfully completed drilling its 5-well 04-30 pad in Pouce Coupe in December 2023. Completions operations are currently underway on the pad, with the wells scheduled to come on production in late January. The pad was drilled in the Lower Montney interval targeting condensate-rich natural gas.

Drilling operations at the Corporation's 5-well 16-17 pad in Pouce Coupe commenced in January 2024 utilizing two drilling rigs, with completions operations scheduled to commence in February. The pad is targeting condensate-rich natural gas, with 3 wells in the Lower Montney interval, 1 well in the Middle Montney interval and 1 well in the Basal Doig/Upper Montney interval. The wells are anticipated to be brought on production in late Q1 2024.

Birchcliff would like to take this opportunity to thank its field employees, consultants and service providers for their dedication and for ensuring that the Corporation's operations continued to be safely and efficiently executed during the recent period of extreme cold weather experienced in Alberta.

ESG REPORT

Birchcliff is proud of its continued progress in accomplishing its ESG goals, including being an industry leader with respect to emissions intensity and its commitment to maintain strong community relationships. On December 15, 2023, Birchcliff released its 2022 ESG Report, which can be found on Birchcliff's website at www.birchcliffenergy.com/esg. Birchcliff's ESG report contains detailed information regarding the Corporation's completed and ongoing environmental, social and governance initiatives and the results of the Corporation's ESG performance for the year ended December 31, 2022.

ABBREVIATIONS

A&D	acquisitions and dispositions
AECO	benchmark price for natural gas determined at the AECO ‘C’ hub in southeast Alberta
AER	Alberta Energy Regulator
bbl	barrel
bbls	barrels
bbls/d	barrels per day
Bcf/d	billion cubic feet per day
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
ESG	environmental, social and governance
F&D	finding and development
G&A	general and administrative
GAAP	generally accepted accounting principles for Canadian public companies, which are currently International Financial Reporting Standards as issued by the International Accounting Standards Board
GJ	gigajoule
GJ/d	gigajoules per day
HH	Henry Hub
IP	initial production
LNG	liquefied natural gas
Mcf	thousand cubic feet
Mcf/d	thousand cubic feet per day
MMcf	million cubic feet
MMBtu	million British thermal units
MMBtu/d	million British thermal units per day
MSW	price for mixed sweet crude oil at Edmonton, Alberta
NGLs	natural gas liquids consisting of ethane (C2), propane (C3) and butane (C4) and specifically excluding condensate
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 of dollars

NON-GAAP AND OTHER FINANCIAL MEASURES

This press release uses various “non-GAAP financial measures”, “non-GAAP ratios” and “capital management measures” (as such terms are defined in NI 52-112), which are described in further detail below.

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. Investors are cautioned that non-GAAP financial measures should not be construed as alternatives to or more meaningful than the most directly comparable GAAP financial measures as indicators of Birchcliff’s performance. Set forth below is a description of the non-GAAP financial measures used in this press release.

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

Birchcliff defines “adjusted funds flow” as cash flow from operating activities before the effects of decommissioning expenditures, retirement benefit payments 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. Birchcliff eliminates retirement benefit payments from cash flow from operating activities as such payments reflect costs for past service and contributions made by eligible participants under the Corporation’s post-employment benefit plan, which are not indicative of the current period. Birchcliff has not historically adjusted for retirement benefit payments in the calculation of adjusted funds flow as previously no payments had been made to executive officers pursuant to their respective executive employment agreements. 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. 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 common share dividends, acquisitions and other opportunities that would complement or otherwise improve the Corporation's business and enhance long-term shareholder value.

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

The most directly comparable GAAP financial measure to adjusted funds flow, free funds flow and excess free funds flow is cash flow from operating activities. The following table provides a reconciliation of cash flow from operating activities to adjusted funds flow, free funds flow and excess free funds flow for the twelve months ended December 31, 2022:

($000s)	**Twelve months ended December 31, 2022**
Cash flow from operating activities	**925,275**
Change in non-cash operating working capital	25,662
Decommissioning expenditures	2,746
Adjusted funds flow	**953,683**
F&D capital expenditures	(364,621)
Free funds flow	**589,062**
Dividends on common shares	(71,788)
Excess free funds flow	**517,274**

Birchcliff has disclosed in this press release forecasts of adjusted funds flow, free funds flow and excess free funds flow for the period from 2024 to 2028, which are forward-looking non-GAAP financial measures. The equivalent historical non-GAAP financial measures are adjusted funds flow, free funds flow and excess free funds flow for the twelve months ended December 31, 2022. Birchcliff anticipates that, on an annualized basis, the forward-looking non-GAAP financial measures for adjusted funds flow, free funds flow and excess free funds flow disclosed herein will be lower than their respective historical amounts primarily due to lower anticipated benchmark oil and natural gas prices, which are expected to decrease the average realized sales prices the Corporation receives for its production. The forward-looking non-GAAP financial measure for excess free funds flow disclosed herein is also expected to be lower on an annualized basis as a result of a higher targeted annual common share dividend payment forecast during 2024 to 2028 as compared to its historical amount in 2022. The commodity price assumptions on which the Corporation's 2024 guidance is based are set forth under the heading *"2024 Guidance"* and the commodity price assumptions on which the Five-Year Outlook is based are set forth under the heading *"Advisories – Forward-Looking Statements"*.

Transportation and Other Expense

Birchcliff defines "transportation and other expense" as transportation expense plus marketing purchases less marketing revenue. Birchcliff may enter into certain marketing purchase and sales arrangements with the objective of reducing any unused transportation or fractionation fees associated with its take-or-pay commitments and/or increasing the value of its production through value-added downstream initiatives. 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 financial measure to transportation and other expense is transportation expense. The following table provides a reconciliation of transportation expense to transportation and other expense for the twelve months ended December 31, 2022:

	Twelve months ended December 31,
($000s)	**2022**
Transportation expense	**155,864**
Marketing purchases	17,866
Marketing revenue	(18,806)
Transportation and other expense	**154,924**

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. Set forth below is a description of the non-GAAP ratios used in this press release.

Total Debt to Forward Annual Adjusted Funds Flow

Birchcliff calculates "total debt to forward annual adjusted funds flow" as total debt at the end of the respective year divided by the anticipated annual adjusted funds flow for the immediately following year. Management believes that total debt to forward annual adjusted funds flow assists management and investors in assessing Birchcliff's overall debt position and the strength of the Corporation's balance sheet. Birchcliff uses this ratio in its capital allocation decisions, including capital spending levels, returns to shareholders and other financial considerations.

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.

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 Credit Facilities plus working capital deficit (less working capital surplus) plus the fair value of the current asset portion of financial instruments less the fair value of the current liability portion of financial instruments and less the current portion of capital lease obligations 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 as at December 31, 2022:

As at, *($000s)*	December 31, 2022
Revolving term credit facilities	**131,981**
Working capital surplus(1)	(7,902)
Fair value of financial instruments – asset(2)	17,729
Fair value of financial instruments – liability(2)	(1,345)
Capital lease obligations(3)	(1,914)
Total debt	**138,549**

(1) Current liabilities less current assets.

(2) Reflects the current portion only.

(3) Reflects the current portion only, which is included in *"other liabilities"* in the financial statements.

ADVISORIES

Currency

Unless otherwise indicated, all dollar amounts are expressed in Canadian dollars, 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. 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. As such, they should not be used to make comparisons. Management uses these oil and gas metrics for its own performance measurements and to provide investors with measures to compare Birchcliff's performance over time; however, such measures are not reliable indicators of Birchcliff's future performance, which may not compare to Birchcliff's performance in previous periods, and therefore should not be unduly relied upon.

Production

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

Initial Production Rates

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

With respect to the production rates for the Corporation's 7-well 09-04 and 2-well 02-27 pads disclosed herein, such rates represent the cumulative volumes for each well on the respective pad 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, divided by 30 or 60 (as applicable). The wells on each pad were then added together to determine the aggregate production rates for the pad and then divided by 7 or 2, respectively, to determine the per well average production rates. The production rates excluded the hours and days when the wells did not produce. To-date, no pressure transient or well-test interpretation has been carried out on any of the wells. The natural gas volumes represent raw natural gas volumes as opposed to sales gas volumes.

F&D Capital Expenditures

Unless otherwise stated, references in this press release to "F&D capital expenditures" denotes exploration and development expenditures 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 acquisitions, 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's 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: Birchcliff's commitment to maintaining a strong balance sheet and capital discipline, while focusing on sustainable shareholder returns and the continued development of its world-class asset base; that the Corporation projects the current period of low natural gas prices to continue during 2024; and that the Corporation remains bullish on the long-term outlook for natural gas as LNG export capacity increases in North America and is committed to sustainable shareholder returns as a pillar of its long-term strategy;

- statements with respect to dividends, including: that Birchcliff's annual base dividend of $0.40 per common share for 2024 will be declared and paid quarterly at the rate of $0.10 per common share; that the annual base dividend for 2024 will be approximately $107 million in aggregate; and that the Corporation's Five-Year Outlook contemplates potential cumulative shareholder returns of approximately $535 million through common share dividends;

- the information set forth under the heading *"2024 Guidance"* and elsewhere in this press release as it relates to Birchcliff's guidance for 2024, including: forecasts of annual average production, production commodity mix, average expenses, adjusted funds flow, F&D capital expenditures, free funds flow, annual base dividend, total debt at year end and natural gas market exposure; that Birchcliff is focused on balance sheet strength, with 2024 year-end total debt of $405 million to $425 million, which is anticipated to be less than 1.0 times forward annual adjusted funds flow; that the Credit Facilities provide significant financial flexibility; that for 2024, Birchcliff remains focused on maintaining balance sheet strength, capital discipline, generating free funds flow and delivering returns to shareholders; that based on its targeted F&D capital expenditures and as a result of the Corporation adjusting its capital spending profile by moving capital into the second half of 2024, Birchcliff expects annual average production of 74,000 to 77,000 boe/d in 2024; that Birchcliff's production profile for 2024 is designed to deliver higher production in Q4 when the Corporation anticipates higher commodity prices; that Birchcliff is currently forecasting that it will generate approximately $340 million of adjusted funds flow and $80 million to $100 million of free funds flow in 2024 based on its targeted levels of F&D capital expenditures and annual average production; that any excess free funds flow generated in 2024 is anticipated to be used to further invest in the Corporation's business, increase shareholder returns in the form of enhanced common share dividends and/or reduce indebtedness and that such decisions will be made based on what Birchcliff believes will provide the most value to shareholders, giving consideration to commodity prices and other relevant factors; that excess free funds flow may be used to repurchase common shares under the Corporation's normal course issuer bid to help offset the number of common shares it issues throughout the year pursuant to the exercise of stock options in order to minimize or eliminate dilution to shareholders; and the expected impact of changes in commodity prices and the CDN/US exchange rate on Birchcliff's forecast of free funds flow;
- the information set forth under the headings *"2024 Guidance", "2024 F&D Capital Budget"* and *"Operational Update"* and elsewhere in this press release as it relates to Birchcliff's 2024 capital program and its exploration, production and development activities and the timing thereof, including: the focus of, the objectives of, the anticipated results from and expected benefits of the 2024 capital program; statements regarding the Corporation's revised 2024 capital spending plans (including: that capital expenditures in the first half of the year will be reduced; that the revised capital plan allows Birchcliff to bring substantial production on later in the year when commodity prices are anticipated to be higher; that this change affords Birchcliff the flexibility to monitor commodity prices and capital costs during the first half of the year, which provides it with optionality to reduce capital spending if there is further deterioration in commodity prices; that due to Birchcliff's revised capital spending profile in 2024, it is anticipated that annual average production will remain relatively flat in 2024 at 74,000 to 77,000 boe/d; and that Birchcliff's revised 2024 capital spending profile is designed to ensure that the Corporation's capital is deployed optimally); that the F&D capital budget of $240 million to $260 million will allow the Corporation to bring 29 wells on production in 2024; estimates of capital expenditures (including Birchcliff's expected capital spending allocation and average well costs in 2024); that Birchcliff's 2024 drilling program is designed to target high rate-of-return wells with attractive paybacks and strong capital efficiency metrics; that two drilling rigs will be utilized to deliver a level-loaded capital program focused on efficient execution, with optimized capital spending throughout the year while taking advantage of any potential reductions in service costs in the second half of 2024; that the wells brought on production as part of Birchcliff's 2024 capital program are expected to yield strong production benefitting from the Corporation's latest wellbore design, which incorporates longer lateral lengths, reduced stage spacing and increased proppant loading where appropriate; that 13 wells on two pads will be brought on production in Q4 2024, aligned with anticipated improvement in commodity prices; the number and types of wells to be drilled and brought on production, targeted product types and the number of well pads in 2024; the expected timing for the wells to be drilled, completed and brought on production; that Birchcliff's facilities and longer-term infrastructure spending includes capital to tie a third-party NGLs pipeline directly into its 100% owned and operated natural gas processing plant in Pouce Coupe, which is expected to reduce NGLs trucking activity and improve corporate netbacks by lowering NGLs transportation costs; that Birchcliff may consider allocating some capital in 2024 to continue to build, protect and optimize its Elmworth Montney land position, including through drilling and completions activity, strategic A&D transactions and Crown land sales; and that Birchcliff has initiated the formal planning for the construction of a proposed 100% owned and operated natural gas processing plant in the

Elmworth area, including determining processing capacity, takeaway capacity and specific timelines for consultation and construction;

- the information set forth under the heading *"Updated Five-Year Outlook"* and elsewhere in this press release as it relates to Birchcliff's updated Five-Year Outlook, including: estimates of cumulative common share dividends, cumulative adjusted funds flow, cumulative free funds flow, cumulative excess free funds flow, production growth, F&D capital expenditures and the number of wells to be brought on production over the five-year period; that the updated Five-Year Outlook targets disciplined production growth of 16% over the period, with annual average production of approximately 87,500 boe/d in 2028, which would fully utilize the Corporation's available existing processing and transportation capacity; that the Five-Year Outlook maintains capital discipline, with moderate F&D capital expenditures of $240 million to $300 million per year during the first three years and $325 million to $375 million per year during the last two years in order to fill the Corporation's available existing infrastructure and reduce per boe operating and transportation costs; that the Five-Year Outlook continues to be focused on maintaining the Corporation's strong balance sheet, free funds flow generation and delivering significant returns to shareholders, while targeting disciplined production growth to fully utilize the Corporation's available existing processing and transportation capacity, which is expected to result in lower per boe operating and transportation costs; that Birchcliff's updated Five-Year Outlook has the potential to generate substantial shareholder returns through common share dividends of approximately $535 million over the period and maintains the Corporation's strong balance sheet, with potential cumulative adjusted funds flow of approximately $2.4 billion, cumulative free funds flow of approximately $870 million and cumulative excess free funds flow (after the payment of dividends) of approximately $335 million over the period; that over the five-year period, total debt is anticipated to be reduced to well below 1.0 times forward annual adjusted funds flow; that Birchcliff does not anticipate that it will be required to pay any material Canadian income taxes until 2027; that the production growth contemplated in the Five-Year Outlook is planned to occur primarily in 2027 and 2028 commensurate with the moderate increases in capital spending in these years; that Birchcliff's production growth during the five-year period coincides with anticipated increases in commodity prices and demand for Canadian natural gas as a result of LNG projects coming online in North America; that the Corporation continues to benefit from its diversified natural gas sales with exposure to AECO, NYMEX HH and Dawn prices; that the incremental natural gas from Birchcliff's planned production growth over the next five years is expected to be sold at AECO, which gives the Corporation increased exposure to the anticipated positive pricing impact of Canadian LNG exports; that the Corporation is looking forward to the increases in LNG export capacity in North America that are expected in the next five years and is committed to contributing to the development of the needed infrastructure in Canada; statements regarding the Ksi Lisims LNG export project, including its capacity and that the project will be net zero emissions; and that it is anticipated that capital will be deployed in Elmworth during the five-year period to continue to build, protect and optimize Birchcliff's land position, as well as progressing its plans for the development of a 100% owned and operated natural gas processing plant in the area;
- that Birchcliff will announce its unaudited financial and operational results for the year ended December 31, 2023 on February 14, 2024;
- the information set forth under the heading *"Operational Update"* as it relates to Birchcliff's guidance for 2023, including: that as a result of unplanned third-party outages, including a third-party compressor outage that is expected to continue until mid to late January 2024, the Corporation's average production for Q4 2023 is anticipated to be 76,000 to 77,000 boe/d, resulting in annual average production of 75,500 to 76,000 boe/d, which is slightly behind previous guidance; and that Birchcliff's 2023 F&D capital expenditures are estimated to be approximately $305 million, which includes the capitalized portion of cash incentive payments accrued in 2023; and
- Birchcliff's anticipation that, on an annualized basis, the forward-looking non-GAAP financial measures for adjusted funds flow, free funds flow and excess free funds flow disclosed herein will be lower than their respective historical amounts for the twelve months ended December 31, 2022 primarily due to lower anticipated benchmark oil and natural gas prices, which are expected to decrease the average realized sales prices the Corporation receives for its production; and that the forward-looking non-GAAP financial measure for excess free funds flow disclosed herein is also expected to be lower on an annualized basis as a result of a higher targeted annual common share dividend payment forecast during 2024 to 2028.

With respect to the forward-looking statements contained in this press release, assumptions have been made regarding, among other things: 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 Birchcliff's 2024 guidance, such guidance is based on the commodity price, exchange rate and other assumptions set forth under the heading *"2024 Guidance"*. In addition:
  - Birchcliff's production guidance assumes that: the 2024 capital program will be carried out as currently contemplated; no unexpected outages occur in the infrastructure that Birchcliff relies on to produce its wells and that any transportation service curtailments or unplanned outages that occur will be short in duration or otherwise insignificant; the construction of new infrastructure meets timing and operational expectations; existing wells continue to meet production expectations; and future wells scheduled to come on production meet timing, production and capital expenditure expectations.
  - Birchcliff's forecast of F&D capital expenditures assumes that the 2024 capital program will be carried out as currently contemplated and excludes any potential acquisitions, 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.
  - Birchcliff's forecasts of adjusted funds flow and free funds flow assume that: the 2024 capital program will be carried out as currently contemplated and the level of capital spending for 2024 set forth herein is met; and the forecasts of production, production commodity mix, expenses and natural gas market exposure and the commodity price and exchange rate assumptions set forth herein are met. Birchcliff's forecast of adjusted funds flow takes into account its financial basis swap contracts outstanding as at January 8, 2024 and excludes cash incentive payments that have not been approved by the Board.
  - Birchcliff's forecast of year end total debt assumes that: (i) the forecasts of adjusted funds flow and free funds flow are achieved, with the level of capital spending for 2024 met and the payment of an annual base dividend of approximately $107 million; (ii) any free funds flow remaining after the payment of dividends, asset retirement obligations and other amounts for administrative assets, financing fees and capital lease obligations is allocated towards debt reduction; (iii) there are no buybacks of common shares during 2024; (iv) there are no significant acquisitions or dispositions completed by the Corporation during 2024; (v) there are no equity issuances during 2024; and (vi) there are no further proceeds received from the exercise of stock options or performance warrants during 2024. The forecast of total debt excludes cash incentive payments that have not been approved by the Board.

- Birchcliff's year end total debt to forward annual adjusted funds flow ratio is subject to similar assumptions set forth herein for Birchcliff's 2024 adjusted funds flow, free funds flow and total debt guidance.
- Birchcliff's forecast of its natural gas market exposure assumes: (i) 175,000 GJ/d being sold on a physical basis at the Dawn price; (ii) 147,500 MMBtu/d being contracted on a financial basis at an average fixed basis differential price between AECO 7A and NYMEX HH of approximately US$1.12/MMBtu; and (iii) 9,045 GJ/d being sold at Alliance on a physical basis at the AECO 5A price plus a premium. Birchcliff's natural gas market exposure takes into account its outstanding financial basis swap contracts.

- With respect to Birchcliff's updated Five-Year Outlook, such outlook assumes the following commodity prices and exchange rate: an average WTI price of US$75.00/bbl; an average WTI-MSW differential of CDN$5.45/bbl in 2024 and CDN$4.00/bbl in 2025 to 2028; an average AECO price of CDN$2.50/GJ in 2024 and CDN$3.60/GJ in 2025 to 2028; an average Dawn price of US$2.80/MMBtu in 2024 and US$3.80/MMBtu in 2025 to 2028; an average NYMEX HH price of US$3.00/MMBtu in 2024 and US$4.00/MMBtu in 2025 to 2028; and an exchange rate (CDN$ to US$1) of 1.33. In addition, Birchcliff's updated Five-Year Outlook is based on the following assumptions:
  - The forecast production estimates contained in the Five-Year Outlook are subject to similar assumptions set forth herein for Birchcliff's 2024 production guidance.
  - Birchcliff's forecasts of F&D capital expenditures assume that the Corporation's capital programs will be carried out as currently contemplated and exclude any potential acquisitions, dispositions and the capitalized portion of cash incentive payments that have not been approved by the Board. The Five-Year Outlook also forecasts that approximately 170 to 180 wells will be brought on production over the five-year period, which forecast is subject to similar assumptions regarding wells drilled and brought on production as set forth herein. 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 five-year period. Actual spending may vary due to a variety of factors, including commodity prices, economic conditions, results of operations and costs of labour, services and materials.
  - Birchcliff's forecasts of cumulative adjusted funds flow and cumulative free funds flow assume that: the Corporation's capital programs will be carried out as currently contemplated and the level of capital spending for each year set forth herein is met; and the forecasts of production, production commodity mix, expenses and natural gas market exposure and the commodity price and exchange rate assumptions set forth herein are met. Birchcliff's forecasts of adjusted funds flow take into account its financial basis swap contracts outstanding as at January 8, 2024 and exclude cash incentive payments that have not been approved by the Board.
  - Birchcliff's forecast of cumulative excess free funds flow assumes that: the forecast of cumulative free funds flow is achieved for the five-year period; and an annual base dividend of $0.40 per common share is paid during the five-year period and there are 267 million common shares outstanding, with no special dividends paid.
  - Birchcliff's forecast of its total debt to forward annual adjusted funds flow ratio in the Five-Year Outlook is subject to similar assumptions set forth herein for Birchcliff's cumulative adjusted funds flow and free funds flow over the five-year period and also assumes that: (i) the forecasts of adjusted funds flow and free funds flow are achieved, with the level of capital spending for each year met and the payment of an annual base dividend of approximately $107 million each year; (ii) any free funds flow remaining after the payment of dividends, asset retirement obligations and other amounts for administrative assets, financing fees and capital lease obligations is allocated towards debt reduction; (iii) there are no buybacks of common shares during the Five-Year Outlook; (iv) there are no significant acquisitions or dispositions completed by the Corporation during the Five-Year Outlook; (v) there are no equity issuances during the Five-Year Outlook; and (vi) there are no further proceeds received from the exercise of stock options or performance warrants during the Five-Year Outlook.
  - The Five-Year Outlook disclosed herein supersedes Birchcliff's previous five-year plan for 2023 to 2027 (the "**Previous Plan**") as disclosed by the Corporation on January 18, 2023. Primarily as a result of a lower commodity price forecast, the updated Five-Year Outlook now forecasts lower adjusted funds flow, free

funds flow and excess free funds flow over a five-year period, as well as higher total debt during the period. Primarily as a result of updated commodity price outlook, the forecasts of F&D capital expenditures under the updated Five-Year Outlook have been revised from the Previous Plan, with lower spending in the first three years and increased F&D capital spending in 2027. The Corporation's forecasted average annual production under the new Five-Year Outlook is lower as compared to the Previous Plan as a result of lower F&D capital spending in that period.

- With respect to Birchcliff's expectation that it will not be required to pay any material Canadian income taxes until 2027, such expectation is based on the current tax regime in Canada, the Corporation's current available income tax pools and the commodity price assumptions set forth herein. In addition, this expectation is based on the Five-Year Outlook and assumes, among other things, that the estimated levels of spending and production are achieved. Changes to any of the foregoing factors could result in the Corporation paying income taxes earlier or later than currently forecast.
- With respect to statements of future wells to be drilled and brought on production, such statements assume: the continuing validity of the geological and other technical interpretations performed by Birchcliff's technical staff, which indicate that commercially economic volumes can be recovered from Birchcliff's lands as a result of drilling future wells; and that commodity prices and general economic conditions will warrant proceeding with the drilling of such wells.

Birchcliff's actual results, performance or achievements could differ materially from those anticipated in the forward-looking statements as a result of both known and unknown risks and uncertainties including, but not limited to: the risks posed by pandemics (including COVID-19), epidemics and global conflict (including the Russian invasion of Ukraine and the Israel-Hamas conflict) and their impacts on supply and demand and commodity prices; actions taken by OPEC and other major producers of crude oil and the impact such actions may have on supply and demand and commodity prices; the uncertainty of estimates and projections relating to production, revenue, costs, expenses and reserves; the risk that any of the Corporation's material assumptions prove to be materially inaccurate (including the Corporation's commodity price and exchange rate assumptions for 2024 to 2028); 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.

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 and FOFI contained in this press release are expressly qualified by the foregoing cautionary statements. The forward-looking statements and FOFI 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 or FOFI, whether as a result of new information, future events or otherwise.

ABOUT BIRCHCLIFF:

Birchcliff is a dividend-paying, intermediate oil and natural gas company based in Calgary, Alberta 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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