

BIRCHCLIFF

ENERGY

BIRCHCLIFF ENERGY LTD. ANNOUNCES Q3 2020 RESULTS, PRELIMINARY OUTLOOK FOR 2021 AND DISCOVERY OF EXTENSION TO THE GORDONDALE LIGHT OIL POOL

Calgary, Alberta (November 12, 2020) – Birchcliff Energy Ltd. (“Birchcliff” or the “Corporation”) (TSX: BIR) is pleased to announce its financial and operational results for the three and nine months ended September 30, 2020 and its preliminary outlook for 2021. Birchcliff is also excited to announce that it has discovered an extension to the Gordondale light oil pool.

“Birchcliff delivered excellent third quarter results, highlighted by quarterly adjusted funds flow of \$59.4 million and free funds flow of \$28.5 million, with quarterly average production of 78,376 boe/d. Our ability to drive significant cash flow in the current operating environment speaks to the strong performance of our assets and our low-cost structure,” commented Jeff Tonken, President and Chief Executive Officer of Birchcliff. “During the third quarter, we brought our 14-well pad on production in Pouce Coupe. The 14 wells are producing significantly more condensate/light oil and less natural gas than we previously forecast and we believe we have discovered an extension to the Gordondale light oil pool into the northeastern area of Pouce Coupe. The increased condensate/light oil rates make these 14 wells more economic than we had anticipated. In addition, our new inlet liquids-handling facility in Pouce Coupe that we completed in the third quarter of 2020 allows us to process and sell the condensate/light oil from these wells in Pouce Coupe to achieve a premium price.

We are increasing our 2020 adjusted funds flow guidance to \$195 million from \$185 million and reducing our 2020 annual average production guidance to 76,000 to 77,000 boe/d from 78,000 to 80,000 boe/d.

For 2021, we are committed to free funds flow generation and debt reduction. Although we have not yet finalized our 2021 plans, we are targeting F&D capital spending to be in the range of \$200 million to \$220 million with annual average production expected to be 78,000 to 80,000 boe/d, which would generate free funds flow of approximately \$140 million at today’s strip prices. None of our production is currently subject to fixed price commodity hedges, which will allow us to take advantage of strengthening natural gas prices.”

Birchcliff’s unaudited interim condensed financial statements for the three and nine months ended September 30, 2020 and related management’s discussion and analysis (the “MD&A”) will be available on its website at www.birchcliffenergy.com and on SEDAR at www.sedar.com.

Q3 2020 Highlights

- Delivered adjusted funds flow of \$59.4 million (\$0.22 per basic common share) in Q3 2020, a 174% increase from Q2 2020 and a 6% decrease from Q3 2019.
- Free funds flow of \$28.5 million (\$0.11 per basic common share) in Q3 2020, a 146% increase from Q2 2020 and a 25% increase from Q3 2019.
- Achieved quarterly average production of 78,376 boe/d in Q3 2020, a 5% increase from Q2 2020 and a 3% decrease from Q3 2019.
- Achieved record low operating expense of \$2.73/boe in Q3 2020, a 6% decrease from Q2 2020 and a 1% decrease from Q3 2019.
- Realized an operating netback of \$12.03/boe in Q3 2020, a 76% increase from Q2 2020 and a 23% increase from Q3 2019.
- Reduced total debt at September 30, 2020 by \$23.2 million from June 30, 2020.
- Continued with the successful execution of its 2020 capital program (the “2020 Capital Program”), completing and bringing on production 14 (14.0 net) wells. F&D capital expenditures in Q3 2020 were \$30.8 million.

This press release contains forward-looking statements within the meaning of applicable securities laws. For further information regarding the forward-looking statements contained herein, see “Advisories – Forward-Looking Statements”. In addition, this press release contains references to “adjusted funds flow”, “adjusted funds flow per basic common share”, “free funds flow”, “transportation and other expense”, “operating netback”, “adjusted funds flow netback”, “total cash costs” and “total debt”, which do not have standardized meanings prescribed by GAAP and therefore may not be comparable to similar measures presented by other companies where similar terminology is used. For further information regarding these non-GAAP measures, see “Non-GAAP Measures”. With respect to the disclosure of Birchcliff’s production contained in this press release, see “Advisories – Production”.

FINANCIAL AND OPERATIONAL HIGHLIGHTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
OPERATING				
Average production				
Light oil (bbls/d)	4,405	4,882	4,700	4,845
Condensate (bbls/d)	7,266	5,744	5,545	5,226
NGLs (bbls/d)	6,898	7,559	7,436	7,078
Natural gas (Mcf/d)	358,851	374,180	347,787	364,996
Total (boe/d)	78,376	80,548	75,645	77,982
Average realized sales price (CDN\$) ⁽¹⁾				
Light oil (per bbl)	48.50	67.15	40.57	68.50
Condensate (per bbl)	48.27	65.94	46.07	67.82
NGLs (per bbl)	14.05	9.75	12.66	12.70
Natural gas (per Mcf)	2.48	1.71	2.33	2.38
Total (per boe)	19.80	17.62	17.86	21.08
NETBACK AND COST (\$/boe)				
Petroleum and natural gas revenue ⁽¹⁾	19.80	17.62	17.86	21.08
Royalty expense	(0.55)	(0.76)	(0.56)	(0.90)
Operating expense	(2.73)	(2.75)	(2.91)	(3.10)
Transportation and other expense	(4.49)	(4.34)	(4.94)	(4.41)
Operating netback (\$/boe)	12.03	9.77	9.45	12.67
G&A expense, net	(0.67)	(0.74)	(0.80)	(0.84)
Interest expense	(0.93)	(0.77)	(0.84)	(0.90)
Realized gain (loss) on financial instruments	(2.28)	0.22	(2.31)	0.95
Other income	0.08	0.02	0.19	0.03
Adjusted funds flow netback (\$/boe)	8.23	8.50	5.69	11.91
Depletion and depreciation expense	(7.54)	(7.57)	(7.63)	(7.51)
Unrealized loss on financial instruments	(3.55)	(8.22)	(3.75)	(6.87)
Other expenses ⁽²⁾	(0.05)	(0.28)	(0.33)	(0.59)
Dividends on preferred shares	(0.27)	(0.26)	(0.28)	(0.27)
Income tax recovery	0.73	1.50	1.36	1.42
Net loss to common shareholders (\$/boe)	(2.45)	(6.33)	(4.94)	(1.91)
FINANCIAL				
Petroleum and natural gas revenue (\$000s) ⁽¹⁾	142,779	130,588	370,222	448,800
Cash flow from operating activities (\$000s)	52,977	48,908	116,749	241,509
Adjusted funds flow (\$000s)	59,377	62,958	118,017	253,563
Per basic common share (\$)	0.22	0.24	0.44	0.95
Net loss to common shareholders (\$000s)	(17,692)	(46,889)	(102,415)	(40,595)
Per basic common share (\$)	(0.07)	(0.18)	(0.39)	(0.15)
End of period basic common shares (000s)	265,935	265,935	265,935	265,935
Weighted average basic common shares (000s)	265,935	265,935	265,935	265,928
Dividends on common shares (\$000s)	1,330	6,981	9,638	20,942
Dividends on preferred shares (\$000s)	1,905	1,921	5,749	5,765
Total capital expenditures (\$000s) ⁽³⁾	31,193	41,621	248,006	242,111
Long-term debt (\$000s)	771,706	638,631	771,706	638,631
Total debt (\$000s)	784,414	644,407	784,414	644,407

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

(2) Includes non-cash expenses such as compensation, accretion, amortization of deferred financing fees and other income.

(3) See "Advisories – Capital Expenditures".

OUTLOOK AND GUIDANCE

Preliminary Outlook for 2021

Based on current strip prices, Birchcliff expects to generate free funds flow of approximately \$140 million in 2021⁽¹⁾, with priority being given to debt reduction. Although Birchcliff has not yet finalized its 2021 capital spending plans, it is currently targeting F&D capital spending of \$200 million to \$220 million and an annual average production rate of 78,000 to 80,000 boe/d. Birchcliff expects to be able to maintain its production at or near 2020 levels with less F&D capital due to the Corporation's high-quality, low-decline assets. Birchcliff expects facilities and infrastructure spending in 2021 to decrease by approximately 70%, from approximately \$75 million in 2020 to approximately \$20 million in 2021 as a result of one-time facilities and infrastructure projects completed in 2020.

The 2021 capital program will be designed to provide Birchcliff with significant optionality to take advantage of volatile commodity prices. As a result of Birchcliff's large inventory of potential future drilling locations, the Corporation has the ability to focus on natural gas, liquids-rich natural gas or light oil drilling, depending on its outlook for commodity prices.

Birchcliff believes that generating free funds flow and the repayment of debt in 2021 will provide it with the most optionality to take advantage of future opportunities in its industry and give Birchcliff the ability to maximize future shareholder returns. Birchcliff continues to work through its plans for 2021 and expects to announce details of its 2021 capital program and guidance in January 2021.

(1) Assuming the following commodity prices and exchange rate: an average WTI price of US\$43.70/bbl; an average WTI-MSW differential of CDN\$6.25/bbl; an average AECO 5A price of CDN\$2.60/GJ; an average Dawn price of US\$2.80/MMBtu; an average NYMEX HH price of US\$2.95/MMBtu; and an exchange rate (CDN\$ to US\$1) of 1.31.

Revised 2020 Guidance

As noted above, Birchcliff is revising its adjusted funds flow guidance to \$195 million from \$185 million and its annual average production guidance to 76,000 to 77,000 boe/d from 78,000 to 80,000 boe/d. Average production in Q4 2020 is now expected to be 78,000 to 79,000 boe/d (previously 81,000 to 83,000 boe/d). Birchcliff expects to generate significant free funds flow in Q4 2020, which will be directed towards debt reduction. Birchcliff's F&D capital expenditures are expected to be approximately \$285 million, which is the mid-point of Birchcliff's previous guidance range of \$275 million to \$295 million. Birchcliff now anticipates that total debt at year end will be \$740 million to \$760 million (previously \$750 million to \$770 million), a further reduction of \$24 million to \$44 million from total debt at September 30, 2020.

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

	Revised 2020 guidance and assumptions ⁽¹⁾	Previous 2020 guidance and assumptions ⁽²⁾⁽³⁾
Production		
Annual average production (boe/d)	76,000 – 77,000	78,000 – 80,000
% Light oil	6%	7%
% Condensate	8%	8%
% NGLs	9%	9%
% Natural gas	77%	76%
Q4 average production (boe/d)	78,000 – 79,000	81,000 – 83,000
Average Expenses (\$/boe)		
Royalty	0.60 – 0.80	0.70 – 0.90
Operating	2.85 – 3.05	2.85 – 3.05
Transportation and other	4.90 – 5.10	5.00 – 5.20
Adjusted Funds Flow (MM\$)	195 ⁽⁴⁾	185
F&D Capital Expenditures (MM\$)	285 ⁽⁵⁾	275 – 295
Free Funds Flow (MM\$)⁽⁶⁾	(90)	(90) – (110)
Total Debt at Year End (MM\$)	740 – 760 ⁽⁷⁾	750 – 770

	Revised 2020 guidance and assumptions ⁽¹⁾	Previous 2020 guidance and assumptions ⁽²⁾⁽³⁾
Natural Gas Market Exposure⁽⁸⁾		
AECO exposure as a % of total natural gas production	16%	19%
Dawn exposure as a % of total natural gas production	46%	44%
NYMEX HH exposure as a % of total natural gas production	34%	34%
Alliance exposure as a % of total natural gas production	4%	3%
Commodity Prices		
Average WTI price (US\$/bbl)	37.50	39.00
Average WTI-MSW differential (CDN\$/bbl)	8.10	8.75
Average AECO 5A price (CDN\$/GJ)	2.20	2.10
Average Dawn price (US\$/MMBtu) ⁽⁹⁾	1.95	1.90
Average NYMEX HH price (US\$/MMBtu) ⁽⁹⁾	2.10	2.10
Exchange rate (CDN\$ to US\$1)	1.35	1.35

- (1) Birchcliff's revised guidance for its commodity mix, adjusted funds flow and natural gas market exposure in 2020 is based on an annual average production rate of 76,500 boe/d during 2020, which is the mid-point of Birchcliff's revised annual average production guidance for 2020.
- (2) Birchcliff's previous guidance for its commodity mix, adjusted funds flow and natural gas market exposure in 2020 was based on an annual average production rate of 79,000 boe/d during 2020, which was the mid-point of Birchcliff's previous annual average production guidance for 2020.
- (3) As previously issued on August 12, 2020.
- (4) Birchcliff's estimate of adjusted funds flow takes into account the effects of its physical and financial commodity risk management contracts outstanding as at November 12, 2020.
- (5) Birchcliff's estimate of F&D capital expenditures excludes any net potential acquisitions and dispositions. See "Advisories – Capital Expenditures".
- (6) Free funds flow is calculated as adjusted funds flow less F&D capital expenditures and is prior to acquisitions and dispositions, dividend payments, abandonment and reclamation obligations, administrative assets, financing fees and capital lease obligations. See "Non-GAAP Measures".
- (7) The total debt amount set forth in the table above assumes the following: (i) that the timing and amount of preferred share dividends paid by the Corporation remains consistent with previous years, with the dividend rates remaining flat; (ii) that a common share dividend of \$0.005 per share is paid for the quarter ending December 31, 2020; (iii) that there are approximately 266 million common shares outstanding; (iv) that there will be 1.96 million cumulative redeemable preferred shares, Series C outstanding at December 31, 2020; (v) that the 2020 Capital Program will be carried out as currently contemplated and the level of capital spending set forth herein will be achieved; and (vi) the targets for production, commodity mix, capital expenditures, adjusted funds flow, free funds flow and natural gas market exposure and the commodity price and exchange rate assumptions set forth herein are met. The amount set forth in the table above does not include annual cash incentive payments.
- (8) Birchcliff's guidance regarding its natural gas market exposure in 2020 assumes: (i) 175,000 GJ/d being sold at the Dawn index price; (ii) 15,600 GJ/d being sold at Alliance's Trading Pool daily index price; and (iii) 132,500 MMBtu/d being hedged on a financial and physical basis at a fixed basis differential between the AECO 7A price and the NYMEX HH price.
- (9) See "Advisories – MMBtu Pricing Conversions".

The following table illustrates the expected impact of changes in commodity prices and the CDN/US exchange rate on the Corporation's estimate of adjusted funds flow for 2020 of \$195 million, after taking into account the effects of its commodity risk management contracts outstanding as at November 12, 2020:

Forward Three Months' Sensitivity ⁽¹⁾	Estimated change to Q4 2020 adjusted funds flow (MM\$) ⁽²⁾⁽³⁾
Change in WTI US\$1.00/bbl	0.9
Change in NYMEX HH US\$0.10/MMBtu	0.5
Change in Dawn US\$0.10/MMBtu	1.3
Change in AECO CDN\$0.10/GJ	0.9
Change in CDN/US exchange rate CDN\$0.01	0.3

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

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

Q3 2020 FINANCIAL AND OPERATIONAL RESULTS

Production

Birchcliff's production averaged 78,376 boe/d in Q3 2020, a 5% increase from 74,950 boe/d in Q2 2020. The increase was primarily due to the new 14-well pad brought on production in Pouce Coupe during Q3 2020, partially offset by natural production declines and ongoing impacts of frac-driven interaction. In order to manage the higher condensate and frac water flowback volumes associated with the 14-well pad, Birchcliff proactively and temporarily restricted production of existing wells in Pouce Coupe during Q3 2020.

Birchcliff's production in Q3 2020 decreased by 3% from 80,548 boe/d in Q3 2019. The decrease was primarily due to the on-stream timing of incremental production from new horizontal oil and condensate-rich natural gas wells in Gordondale and Pouce Coupe during Q3 2020 being later as compared to Q3 2019, as well as natural production declines and ongoing impacts of frac-driven interaction.

Liquids accounted for approximately 24% of Birchcliff's total production in Q3 2020, which was the same as Q2 2020 and up from 23% in Q3 2019. Liquids weighting increased from Q3 2019 primarily due to incremental production from new liquids-rich natural gas wells in 2020.

Adjusted Funds Flow

Birchcliff's adjusted funds flow for Q3 2020 was \$59.4 million, or \$0.22 per basic common share, a 174% and 175% increase, respectively, from \$21.7 million and \$0.08 per basic common share in Q2 2020. The increases were primarily due to higher reported revenue as compared to Q2 2020. Petroleum and natural gas revenue increased by 37% as compared to Q2 2020, primarily due to a higher average realized sales price in Q3 2020 and an increase in production. Adjusted funds flow was also positively impacted by lower transportation and other expense and a lower realized loss on financial instruments and negatively impacted by higher royalty and interest expenses as compared to Q2 2020.

Birchcliff's adjusted funds flow in Q3 2020 decreased by 6% and 8% from \$63.0 million and \$0.24 per basic common share in Q3 2019. The decreases were primarily due to a realized loss on financial instruments of \$16.4 million in Q3 2020 as compared to a realized gain on financial instruments of \$1.6 million in Q3 2019, partially offset by higher reported revenue. Petroleum and natural gas revenue increased by 9% as compared to Q3 2019, largely due to a higher average realized natural gas sales price in Q3 2020, partially offset by a decrease in the average realized light oil and condensate sales prices and a decrease in corporate production. Birchcliff's light oil and condensate revenue was negatively impacted by the significant weakness and volatility in oil prices as a result of the COVID-19 pandemic and ensuing global demand destruction. Adjusted funds flow was also negatively impacted by higher interest and transportation and other expenses, and positively impacted by lower operating and royalty expenses as compared to Q3 2019.

Net Loss to Common Shareholders

Birchcliff recorded a net loss to common shareholders of \$17.7 million, or \$0.07 per basic common share, in Q3 2020, a decrease from \$39.5 million and \$0.15 per basic common share in Q2 2020. The decreases were primarily due to higher adjusted funds flow as described above, partially offset by higher unrealized mark-to-market losses on financial instruments and a decrease in income tax recovery as compared to Q2 2020.

Birchcliff's net loss to common shareholders in Q3 2020 decreased from \$46.9 million and \$0.18 per basic common share in Q3 2019. The decreases were primarily due to lower unrealized mark-to-market losses on financial instruments, partially offset by lower adjusted funds flow as described above and a decrease in income tax recovery as compared to Q3 2019.

Operating Expense

Birchcliff's record low operating expense was \$2.73/boe in Q3 2020, a 6% decrease from \$2.89/boe in Q2 2020 and a 1% decrease from \$2.75/boe in Q3 2019. The decreases were primarily due to various field optimization and cost-saving initiatives in Pouce Coupe and Gordondale, which included the Corporation's expanded liquids-handling capabilities in Pouce Coupe.

Operating Netback

Birchcliff's operating netback was \$12.03/boe in Q3 2020, a 76% and 23% increase from \$6.84/boe in Q2 2020 and \$9.77/boe in Q3 2019. The increase from Q2 2020 was primarily due to a higher average realized sales price and lower per boe operating and transportation and other expenses, partially offset by a higher per boe royalty expense. The increase from Q3 2019 was primarily due to a higher average realized sales price and lower per boe operating and royalty expenses, partially offset by higher per boe transportation and other expense.

Total Cash Costs

Birchcliff's total cash costs were \$9.37/boe in Q3 2020, a 6% decrease from \$9.96/boe in Q2 2020. The decrease was primarily due to lower per boe operating, G&A and transportation and other expenses, partially offset by higher per boe royalty and interest expenses. Birchcliff's total cash costs on a per boe basis in Q3 2020 were comparable to \$9.36/boe in Q3 2019.

Debt and Credit Facilities

Birchcliff has significant liquidity from its credit facilities which have an aggregate principal amount of \$1.0 billion and are comprised of an extendible revolving syndicated term credit facility of \$900.0 million and an extendible revolving working capital facility of \$100.0 million. Birchcliff's credit facilities do not contain any financial maintenance covenants and do not mature until May 11, 2022. At September 30, 2020, Birchcliff had long-term bank debt of \$771.7 million (June 30, 2020: \$753.1 million; September 30, 2019: \$638.6 million), leaving \$222.6 million of unutilized credit capacity after adjusting for outstanding letters of credit and unamortized interest and fees. Total debt at September 30, 2020 was \$784.4 million as compared to \$807.6 million at June 30, 2020 and \$644.4 million at September 30, 2019. Total debt peaked in early Q3 2020 and is expected to decrease throughout the remainder of 2020, with total debt at year end 2020 anticipated to be \$740 million to \$760 million, a reduction of \$24 million to \$44 million from total debt at September 30, 2020. See "Outlook and Guidance – Revised 2020 Guidance".

Pouce Coupe Gas Plant Netbacks

Birchcliff processed approximately 69% of its total corporate natural gas production and 59% of its total corporate production through Birchcliff's 100% owned and operated natural gas processing plant in Pouce Coupe (the "Pouce Coupe Gas Plant") in the nine months ended September 30, 2020 as compared to 73% and 63%, respectively, in the nine months ended September 30, 2019. The following table sets forth Birchcliff's average daily production and operating netback for wells producing to the Pouce Coupe Gas Plant for the periods indicated:

	Nine months ended September 30, 2020		Nine months ended September 30, 2019	
<i>Average production:</i>				
Condensate (bbls/d)		4,126		3,845
NGLs (bbls/d)		1,056		871
Natural gas (Mcf/d)		238,482		264,699
Total (boe/d)		44,929		48,832
Liquids-to-gas ratio⁽¹⁾ (bbls/MMcf)		21.7		17.8
<i>Netback and cost:</i>				
	\$/Mcf	\$/boe	\$/Mcf	\$/boe
Petroleum and natural gas revenue ⁽²⁾	2.87	17.19	3.09	18.55
Royalty expense	(0.05)	(0.30)	(0.05)	(0.32)
Operating expense ⁽³⁾	(0.37)	(2.17)	(0.35)	(2.10)
Transportation and other expense	(0.88)	(5.30)	(0.75)	(4.47)
Operating netback	\$1.57	\$9.42	\$1.94	\$11.66
Operating margin⁽⁴⁾	55%	55%	63%	63%

(1) Liquids consists of condensate and other NGLs.

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

(3) Represents plant and field operating expense.

(4) Operating margin is calculated by dividing the operating netback for the period by the petroleum and natural gas revenue for the period.

Birchcliff's liquids-to-gas ratio increased by 22% as compared to the nine months ended September 30, 2019 primarily due to: (i) the completion of Birchcliff's inlet liquids-handling facility at the Pouce Coupe Gas Plant (the

“Inlet Liquids-Handling Facility”); and (ii) the addition of the new condensate-rich 14-well pad brought on production in Pouce Coupe in Q3 2020.

Commodity Prices

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

	Three months ended September 30, 2020	Three months ended September 30, 2019	% Change
Light oil – WTI Cushing (US\$/bbl)	40.27	56.45	(29)
Light oil – MSW (Mixed Sweet) (CDN\$/bbl)	48.09	67.88	(29)
Natural gas – NYMEX HH (US\$/MMBtu) ⁽¹⁾	1.98	2.23	(11)
Natural gas – AECO 5A Daily (CDN\$/GJ)	2.13	0.86	148
Natural gas – AECO 7A Month Ahead (US\$/MMBtu) ⁽¹⁾	1.62	0.79	105
Natural gas – Dawn Day Ahead (US\$/MMBtu) ⁽¹⁾	1.82	2.12	(14)
Natural gas – ATP 5A Day Ahead (CDN\$/GJ)	2.12	0.93	128
Exchange rate (CDN\$ to US\$1)	1.3316	1.3207	1
Exchange rate (US\$ to CDN\$1)	0.7509	0.7572	(1)

(1) See “Advisories – MMBtu Pricing Conversions”.

Marketing and Natural Gas Market Diversification

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

The following table details Birchcliff’s effective sales, production and average realized sales price for natural gas and liquids for Q3 2020, after taking into account the Corporation’s financial instruments:

Three months ended September 30, 2020						
	Effective sales (CDN\$000s)	Percentage of total sales (%)	Effective production (per day)	Percentage of total natural gas production (%)	Percentage of total corporate production (%)	Effective average realized sales price (CDN\$)
Markets						
AECO ⁽¹⁾	13,727	11%	61,913 Mcf	18%	13%	2.41/Mcf
Dawn ⁽²⁾	37,723	29%	158,745 Mcf	44%	34%	2.58/Mcf
Alliance ⁽³⁾	3,958	3%	18,122 Mcf	5%	4%	2.37/Mcf
NYMEX HH ⁽¹⁾	12,813	10%	120,071 Mcf	33%	25%	1.16/Mcf
Total natural gas	68,221	53%	358,851 Mcf	100%	76%	2.07/Mcf
Light oil	19,655	15%	4,405 bbls		6%	48.50/bbl
Condensate	32,263	25%	7,266 bbls		9%	48.27/bbl
NGLs	8,917	7%	6,898 bbls		9%	14.05/bbl
Total liquids	60,835	47%	18,569 bbls		24%	35.61/bbl
Total corporate	129,056	100%	78,378 boe		100%	17.90/boe

(1) A portion of AECO 5A sales and production that effectively received NYMEX HH pricing under Birchcliff’s long-term physical and financial NYMEX/AECO 7A basis swap contracts has been included as effective sales and production in NYMEX HH markets. Birchcliff sold financial and physical AECO 7A basis swaps for 100,000 MMBtu/d at an average contract price of NYMEX less US\$1.23/MMBtu during Q3 2020.

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

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

Effectively 89% of the Corporation’s sales revenue, representing 82% of its total natural gas production and 87% of its total corporate production, was generated from markets outside of AECO in Q3 2020, after taking into account its liquids sales and long-term financial NYMEX/AECO basis swap position.

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

Three months ended September 30, 2020							
	Natural gas sales ⁽¹⁾ (CDN\$000s)	Percentage of natural gas sales (%)	Natural gas production (Mcf/d)	Percentage of natural gas production (%)	Average realized natural gas sales price ⁽¹⁾ (CDN\$/Mcf)	Natural gas transportation costs ⁽²⁾ (CDN\$/Mcf)	Natural gas sales netback ⁽³⁾ (CDN\$/Mcf)
AECO	40,259	49	181,984	51	2.41	0.36	2.04
Dawn	37,723	46	158,745	44	2.58	1.37	1.21
Alliance ⁽⁴⁾	3,958	5	18,122	5	2.37	-	2.37
Total	81,940	100	358,851	100	2.48	0.79	1.69

Three months ended September 30, 2019							
	Natural gas sales ⁽¹⁾ (CDN\$000s)	Percentage of natural gas sales (%)	Natural gas production (Mcf/d)	Percentage of natural gas production (%)	Average realized natural gas sales price ⁽¹⁾ (CDN\$/Mcf)	Natural gas transportation costs ⁽²⁾ (CDN\$/Mcf)	Natural gas sales netback ⁽³⁾ (CDN\$/Mcf)
AECO	20,343	34	225,991	60	0.98	0.31	0.67
Dawn	37,528	64	137,018	37	2.98	1.35	1.63
Alliance ⁽⁴⁾	929	2	11,171	3	0.90	-	0.90
Total	58,800	100	374,180	100	1.71	0.68	1.02

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

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

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

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

Capital Activities and Investment

During Q3 2020, Birchcliff continued with the successful execution of the 2020 Capital Program, completing and bringing on production 14 (14.0 net) wells. Total capital expenditures in the quarter were \$31.2 million and F&D capital expenditures were \$30.8 million. For further information regarding Birchcliff's operational activities year-to-date, see "Operational Update".

OPERATIONAL UPDATE

Discovery of Extension to the Gordondale Light Oil Pool

In Q3 2020, the Corporation brought the production on from its 14-well pad (14-19-079-12W6) located in the northeastern area of Pouce Coupe. The 14 wells were drilled in 3 different intervals, with 5 wells drilled in the Montney D2, 4 wells drilled in the Montney D1 and 5 in the Montney C. The wells have now been producing for over 60 days and have produced significantly more condensate/light oil than previously forecast. During the initial 60 days of production, the pad was flowing inline post-fracture condensate/light oil, raw natural gas and frac water. The production rates of the wells have been stabilizing as the frac water flowing back to surface has been diminishing over time. The following table summarizes the aggregate and average production rates for the 14 wells:

	IP 30 ⁽¹⁾	IP 60 ⁽¹⁾
Aggregate production rate (boe/d)	10,353	9,932
Aggregate natural gas production rate (Mcf/d)	31,214	33,991
Aggregate condensate/light oil production rate (bbls/d)	5,150	4,265
Average per well production rate (boe/d)	740	709
Average per well natural gas production rate (Mcf/d)	2,230	2,428
Average per well condensate/light oil production rate (bbls/d)	368	305
Condensate/light oil to gas ratio (bbls/MMcf)	165	125

(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".

The results from Birchcliff's 14-well pad demonstrate the extension of the Gordondale light oil pool into the northeastern area of Pouce Coupe, which provides the Corporation with significantly more potential condensate/light oil drilling opportunities. The 14 wells are showing strong initial condensate/light oil rates, similar to the light oil wells that Birchcliff drilled in Gordondale over the past year, and are delivering strong rates of return

at current commodity prices. The Inlet Liquids-Handling Facility, which was completed in the Q3 2020, allows the Corporation to process and sell the condensate/light oil from these wells in Pouce Coupe to achieve a premium price.

Update on the 2020 Capital Program

Birchcliff has completed the vast majority of its 2020 Capital Program, with all previously planned wells brought on production and all major facilities and infrastructure projects successfully completed. The 2020 Capital Program was strategically front-end loaded, allowing Birchcliff to bring new wells on production relatively early in the year in order to optimize producing days for capital spent. Birchcliff expects to spend \$285 million in 2020, the mid-point of its previous capital expenditure guidance, as it completes its capital program in Q4 2020. Birchcliff intends to utilize any capital savings realized on the \$285 million 2020 Capital Program to prepare for the efficient execution of its 2021 capital program.

The following table summarizes the wells that Birchcliff has brought on production in 2020:

Area	Total wells brought on production in 2020
Pouce Coupe	
Montney D1 horizontal natural gas wells	4
Montney D2 horizontal natural gas wells	12
Montney C horizontal natural gas wells	8
Total – Pouce Coupe	24
Gordondale	
Montney D1 horizontal oil wells	5
Montney D2 horizontal oil wells	4
Montney D4 horizontal oil wells	1
Total – Gordondale	10
TOTAL – COMBINED	34

ABBREVIATIONS

AECO	benchmark price for natural gas determined at the AECO 'C' hub in southeast Alberta
ATP	Alliance Trading Pool
bbl	barrel
bbls	barrels
bbls/d	barrels per day
boe	barrel of oil equivalent
boe/d	barrel of oil equivalent per day
condensate	pentanes plus (C5+)
F&D	finding and development
G&A	general and administrative
GAAP	generally accepted accounting principles for Canadian public companies which are currently International Financial Reporting Standards as issued by the International Accounting Standards Board
GJ	gigajoule
GJ/d	gigajoules per day
HH	Henry Hub
m ³	cubic metres
Mcf	thousand cubic feet
Mcf/d	thousand cubic feet per day
Mcfe	thousand cubic feet of gas equivalent
MJ	megajoule
MM\$	millions of dollars
MMBtu	million British thermal units
MMBtu/d	million British thermal units per day
MMcf	million cubic feet
MMcf/d	million cubic feet per day
MPa	megapascal
MSW	price for mixed sweet crude oil at Edmonton, Alberta
NGLs	natural gas liquids consisting of ethane (C2), propane (C3) and butane (C4) and specifically excluding condensate
NYMEX	New York Mercantile Exchange
OPEC	Organization of the Petroleum Exporting Countries
TCPL	TransCanada PipeLines Limited
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma, for crude oil of standard grade

000s thousands
\$000s thousands of dollars

NON-GAAP MEASURES

This press release uses the terms “adjusted funds flow”, “adjusted funds flow per basic common share”, “free funds flow”, “transportation and other expense”, “operating netback”, “adjusted funds flow netback”, “total cash costs” and “total debt”. These measures do not have standardized meanings prescribed by GAAP and therefore may not be comparable to similar measures presented by other companies where similar terminology is used. Management believes that these non-GAAP measures assist management and investors in assessing Birchcliff’s profitability, efficiency, liquidity and overall performance.

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

ADVISORIES

Unaudited Information

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

Currency

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

MMBtu Pricing Conversions

\$1.00 per MMBtu equals \$1.00 per Mcf based on a standard heat value of 37.4 MJ/m³ or a heat uplift of 1.055 when converting from \$/GJ.

Boe and Mcfe Conversions

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

Production

With respect to the disclosure of Birchcliff’s production contained in this press release: (i) references to “light oil” mean “light crude oil and medium crude oil” as such term is defined in National Instrument 51-101 – *Standards of*

Disclosure for Oil and Gas Activities (“NI 51-101”); (ii) unless otherwise indicated, references to “liquids” mean “light crude oil and medium crude oil” and “natural gas liquids” (including condensate) as such terms are defined in NI 51-101; and (iii) references to “natural gas” mean “shale gas”, which also includes an immaterial amount of “conventional natural gas”, as such terms are defined in NI 51-101. In addition, NI 51-101 includes condensate within the product type of natural gas liquids. Birchcliff has disclosed condensate separately from other natural gas liquids as the price of condensate as compared to other natural gas liquids is currently significantly higher and Birchcliff believes presenting the two commodities separately provides a more accurate description of its operations and results therefrom.

Oil and Gas Metrics

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

Initial Production Rates

Any references in this press release to initial production rates or other short-term production rates are useful in confirming the presence of hydrocarbons; however, such rates are not determinative of the rates at which such wells will continue to produce and decline thereafter and are not indicative of the long-term performance or the ultimate recovery of such wells. In addition, such rates may also include recovered “load oil” or “load water” fluids used in well completion stimulation. While encouraging, readers are cautioned not to place undue reliance on such rates in calculating the aggregate production for Birchcliff. Such rates are based on field estimates and may be based on limited data available at this time. With respect to the production rates for the Corporation’s 14-well 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, respectively, of production immediately after each well was considered stabilized after producing back to surface fracture treatment fluid in an amount such that flow rates of hydrocarbons became reliable (between 2 and 19 days), divided by 30 or 60 (as applicable), which were then added together to determine the aggregate production rates for the 14-well pad and then divided by 14 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 14 wells were stabilized between 3.9 and 5.4 MPa for IP 30 production rates and between 4.0 to 5.5 MPa for IP 60 production rates. Approximate casing pressures for the 14 wells were stabilized between 8.3 and 11.6 MPa for IP 30 production rates and between 7.5 to 9.7 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.

Capital Expenditures

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

Forward-Looking Statements

Certain statements contained in this press release constitute forward-looking statements and forward-looking information (collectively referred to as **“forward-looking statements”**) within the meaning of applicable Canadian securities laws. The forward-looking statements contained in this press release relate to future events or Birchcliff’s future plans, operations or performance and are based on Birchcliff’s current expectations, estimates, projections, beliefs and assumptions. Such forward-looking statements have been made by Birchcliff in light of the information available to it at the time the statements were made and reflect its experience and perception of historical trends. All statements and information other than historical fact may be forward-looking statements. Such forward-looking

statements are often, but not always, identified by the use of words such as “seek”, “plan”, “focus”, “future”, “outlook”, “position”, “expect”, “project”, “intend”, “believe”, “anticipate”, “estimate”, “forecast”, “guidance”, “potential”, “proposed”, “predict”, “budget”, “continue”, “targeting”, “may”, “will”, “could”, “might”, “should”, “would”, “on track” and other similar words and expressions.

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

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

- Birchcliff’s plans and other aspects of its anticipated future financial performance, results, operations, focus, objectives, strategies, opportunities, priorities and goals, including statements that for 2021, the Corporation is committed to free funds flow generation and debt reduction;
- statements that none of Birchcliff’s production is currently subject to fixed price commodity hedges, which will allow Birchcliff to take advantage of strengthening natural gas prices;
- Birchcliff’s belief that generating free funds flow and the repayment of debt in 2021 will provide it with the most optionality to take advantage of future opportunities in its industry and give it the ability to maximize future shareholder returns;
- the information set forth under the heading “*Outlook and Guidance*” and elsewhere in this press release as it relates to Birchcliff’s outlook and guidance, including: statements regarding the Corporation’s 2021 outlook (including: that, based on current strip prices, Birchcliff expects to generate free funds flow of approximately \$140 million in 2021, with priority being given to debt reduction; that it is currently targeting F&D capital spending of \$200 million to \$220 million and an annual average production rate of 78,000 to 80,000 boe/d in 2021; that it expects to be able to maintain its production at or near 2020 levels with less F&D capital; that it expects facilities and infrastructure spending in 2021 to decrease by approximately 70%, from approximately \$75 million in 2020 to approximately \$20 million in 2021; that the 2021 capital program will be designed to provide Birchcliff with significant optionality to take advantage of volatile commodity prices; that as a result of Birchcliff’s large inventory of potential future drilling locations, the Corporation has the ability to focus on natural gas, liquids-rich natural gas or light oil drilling; and statements that Birchcliff expects to announce details of its 2021 capital program and guidance in January 2021); statements with respect to the Corporation’s 2020 guidance (including: that the Corporation’s annual average production is now anticipated to be 76,000 to 77,000 boe/d and its average production in Q4 2020 is now expected to be 78,000 to 79,000 boe/d; that its adjusted funds flow is now anticipated to be \$195 million; that its F&D capital expenditures are expected to be approximately \$285 million; statements that total debt is expected to decrease throughout the remainder of 2020, with total debt at year end anticipated to be \$740 million to \$760 million, a further reduction of \$24 million to \$44 million from September 30, 2020; that Birchcliff expects to generate significant free funds flow in Q4 2020, which will be directed towards debt reduction; and estimates of annual and Q4 average production, annual commodity mix, average expenses, adjusted funds flow, F&D capital expenditures, free funds flow, total debt and natural gas market exposure and the expected impact of changes in commodity prices and the CDN/US exchange rate on Birchcliff’s estimate of adjusted funds flow);
- statements regarding the Corporation’s liquidity and financial flexibility, including that the Corporation’s credit facilities provide it with significant liquidity;
- the information set forth under the heading “*Operational Update*” and elsewhere in this press release as it relates to the 2020 Capital Program and Birchcliff’s proposed exploration and development activities and the timing thereof, including that the Corporation intends to utilize the capital savings realized on the 2020 Capital Program to prepare for the efficient execution of its 2021 capital program; and

- the performance and other characteristics of Birchcliff's oil and natural gas properties and expected results from its assets.

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

- Birchcliff's 2020 guidance (as updated November 12, 2020) assumes the following commodity prices and exchange rate: an average WTI price of US\$37.50/bbl; an average WTI-MSW differential of CDN\$8.10/bbl; an average AECO 5A price of CDN\$2.20/GJ; an average Dawn price of US\$1.95/MMBtu; an average NYMEX HH price of US\$2.10/MMBtu; and an exchange rate (CDN\$ to US\$1) of 1.35.
- Birchcliff's preliminary 2021 outlook assumes the following commodity prices and exchange rate: an average WTI price of US\$43.70/bbl; an average WTI-MSW differential of CDN\$6.25/bbl; an average AECO 5A price of CDN\$2.60/GJ; an average Dawn price of US\$2.80/MMBtu; an average NYMEX HH price of US\$2.95/MMBtu; and an exchange rate (CDN\$ to US\$1) of 1.31.
- With respect to estimates of 2020 and 2021 capital expenditures and Birchcliff's spending plans for 2020 and 2021, such estimates and plans assume that the 2020 and 2021 capital programs will be carried out as currently contemplated. Birchcliff makes acquisitions and dispositions in the ordinary course of business. Any acquisitions and dispositions completed could have an impact on Birchcliff's capital expenditures, production, adjusted funds flow, free funds flow, costs and total debt, which impact could be material. The amount and allocation of capital expenditures for exploration and development activities by area and the number and types of wells to be drilled and brought on production is dependent upon results achieved and is subject to review and modification by management on an ongoing basis throughout the year. Actual spending may vary due to a variety of factors, including commodity prices, economic conditions, results of operations and costs of labour, services and materials.
- With respect to Birchcliff's estimates of adjusted and free funds flow for 2020 and 2021, such estimates assume that: the 2020 and 2021 capital programs will be carried out as currently contemplated and the level of capital spending for 2020 and 2021 set forth herein will be achieved; and the targets for production, commodity mix and natural gas market exposure and the commodity price and exchange rate assumptions set forth herein are met.
- With respect to Birchcliff's production guidance, such guidance assumes that: the Corporation's 2020 and 2021 capital programs will be carried out as currently contemplated; no unexpected outages occur in the infrastructure that Birchcliff relies on to produce its wells and that any transportation service curtailments or unplanned outages that occur will be short in duration or otherwise insignificant; the construction of new

infrastructure meets timing and operational expectations; existing wells continue to meet production expectations; and future wells scheduled to come on production meet timing, production and capital expenditure expectations. Birchcliff's production guidance may be affected by acquisition and disposition activity.

- With respect to statements regarding the future potential and prospectivity of properties and assets, such statements assume: the continuing validity of the geological and other technical interpretations determined by Birchcliff's technical staff with respect to such properties; and that, over the long-term, commodity prices and general economic conditions will warrant proceeding with the exploration and development of such properties.

Birchcliff's actual results, performance or achievements could differ materially from those anticipated in the forward-looking statements as a result of both known and unknown risks and uncertainties including, but not limited to: the risks posed by pandemics (including COVID-19) and epidemics and their impacts on supply and demand and commodity prices; actions taken by OPEC and other major producers of crude oil and the impact such actions may have on supply and demand and commodity prices; general economic, market and business conditions which will, among other things, impact the demand for and market prices of Birchcliff's products and Birchcliff's access to capital; volatility of crude oil and natural gas prices; fluctuations in currency exchange and interest rates; stock market volatility; loss of market demand; an inability to access sufficient capital from internal and external sources on terms acceptable to the Corporation; risks associated with Birchcliff's credit facilities, including a failure to comply with covenants under the agreement governing the credit facilities and the risk that the borrowing base limit may be redetermined; fluctuations in the costs of borrowing; operational risks and liabilities inherent in oil and natural gas operations; the occurrence of unexpected events such as fires, severe weather, explosions, blow-outs, equipment failures, transportation incidents and other similar events affecting Birchcliff or other parties whose operations or assets directly or indirectly affect Birchcliff; an inability to access sufficient water or other fluids needed for operations; uncertainty that development activities in connection with Birchcliff's assets will be economic; an inability to access or implement some or all of the technology necessary to efficiently and effectively operate its assets and achieve expected future results; uncertainties associated with estimating oil and natural gas reserves and resources; the accuracy of estimates of reserves, future net revenue and production levels; geological, technical, drilling, construction and processing problems; uncertainty of geological and technical data; horizontal drilling and completions techniques and the failure of drilling results to meet expectations for reserves or production; uncertainties related to Birchcliff's future potential drilling locations; delays or changes in plans with respect to exploration or development projects or capital expenditures, including delays in the completion of gas plants and other facilities; the accuracy of cost estimates and variances in Birchcliff's actual costs and economic returns from those anticipated; incorrect assessments of the value of acquisitions and exploration and development programs; changes to the regulatory framework in the locations where the Corporation operates, including changes to tax laws, Crown royalty rates, environmental laws, climate change laws, carbon tax regimes, incentive programs and other regulations that affect the oil and natural gas industry and other actions by government authorities; an inability of the Corporation to comply with existing and future environmental, climate change and other laws; the cost of compliance with current and future environmental laws; political uncertainty and uncertainty associated with government policy changes; dependence on facilities, gathering lines and pipelines, some of which the Corporation does not control; uncertainties and risks associated with pipeline restrictions and outages to third-party infrastructure that could cause disruptions to production; the lack of available pipeline capacity and an inability to secure adequate and cost-effective processing and transportation for Birchcliff's products; an inability to satisfy obligations under Birchcliff's firm marketing and transportation arrangements; shortages in equipment and skilled personnel; the absence or loss of key employees; competition for, among other things, capital, acquisitions of reserves, undeveloped lands, equipment and skilled personnel; management of Birchcliff's growth; environmental and climate change risks, claims and liabilities; potential litigation; default under or breach of agreements by counterparties and potential enforceability issues in contracts; claims by Indigenous peoples; the reassessment by taxing or regulatory authorities of the Corporation's prior transactions and filings; unforeseen title defects; third-party claims regarding the Corporation's right to use technology and equipment; uncertainties associated with the outcome of litigation or other proceedings involving Birchcliff; uncertainties associated with counterparty credit risk; risks associated with Birchcliff's risk management activities and the risk that hedges on terms acceptable to Birchcliff may not be available; risks associated with the declaration and payment of future dividends, including the discretion of Birchcliff's Board of Directors to declare dividends and change the Corporation's dividend policy; the failure to obtain any required approvals in a timely manner or at all; the failure to complete or realize the anticipated benefits

of acquisitions and dispositions and the risk of unforeseen difficulties in integrating acquired assets into Birchcliff's operations; negative public perception of the oil and natural gas industry and fossil fuels, including transportation and hydraulic fracturing involving fossil fuels; the Corporation's reliance on hydraulic fracturing; market competition, including from alternative energy sources; changing demand for petroleum products; the availability of insurance and the risk that certain losses may not be insured; breaches or failure of information systems and security (including risks associated with cyber-attacks); risks associated with the ownership of the Corporation's securities; the accuracy of the Corporation's accounting estimates and judgments; and potential requirements under applicable accounting standards for the impairment or reversal of estimated recoverable amounts of the Corporation's assets from time to time. Without limitation of the foregoing, the declaration and payment of future dividends (and the amount thereof) may vary depending on a variety of factors and conditions existing from time to time and is subject to the satisfaction of the solvency and liquidity tests imposed by the *Business Corporations Act* (Alberta). For further information relating to risks relating to dividends, see "*Risk Factors – Dividends*" in the Corporation's Annual Information Form for the year ended December 31, 2019.

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

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

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

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

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

About Birchcliff:

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

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