BIRCHCLIFF ENERGY LTD. ANNOUNCES INCREASED 2021 ADJUSTED FUNDS FLOW AND FREE FUNDS FLOW GUIDANCE, REDUCED TOTAL DEBT GUIDANCE AND Q2 2021 FINANCIAL AND OPERATIONAL RESULTS

Calgary, Alberta (August 11, 2021) – Birchcliff Energy Ltd. ("**Birchcliff**" or the "**Corporation**") (TSX: BIR) is proud to announce its financial and operational results for the three and six months ended June 30, 2021.

"Birchcliff had an excellent second quarter in 2021, with solid average production of 75,265 boe/d which resulted in $90.2 million of adjusted funds flow(1), a 315% increase from Q2 2020. Our average production in July exceeded 85,000 boe/d(2) based on field estimates and we are on track to meet our second half production guidance of 84,000 to 86,000 boe/d and our annual average production guidance of 79,000 to 81,000 boe/d. The performance of our new wells and the current strength we are seeing in oil and natural gas prices positions us for a very strong second half in 2021, with significant anticipated increases in adjusted funds flow and free funds flow(1). Birchcliff does not have any fixed price commodity hedges which allows all of our production to benefit from strong oil and natural gas prices and we currently have no intention of entering into any fixed price commodity hedges," commented Jeff Tonken, President and Chief Executive Officer of Birchcliff.

"Due to the successful execution of our business plan and the recent strengthening of forward oil and natural gas prices, we are increasing our 2021 guidance for adjusted funds flow to $500 million(3) (up from $400 million) and free funds flow to $270 million to $290 million (up from $170 million to $190 million). We remain committed to capital discipline and we are maintaining our guidance for 2021 F&D capital expenditures at $210 million to $230 million, notwithstanding the fact that this is the second time in 2021 that we have increased our guidance for adjusted funds flow and free funds flow," said Mr. Tonken. "As the majority of our 2021 capital program has now been completed, our total debt(1) is expected to significantly decrease over the remainder of the year. With free funds flow now targeted at $270 million to $290 million, we expect that our total debt at year end will be $500 million to $520 million, down from our previous guidance of $600 million to $620 million. Our total debt at year end is expected to decrease by as much as 34% ($262 million) from our total debt at December 31, 2020 of $762.0 million based on our anticipated F&D capital spending, annual average production and free funds flow in 2021."

Birchcliff's unaudited interim condensed financial statements for the three and six months ended June 30, 2021 and related management's discussion and analysis will be available on its website at www.birchcliffenergy.com and on SEDAR at www.sedar.com.

Q2 2021 HIGHLIGHTS

- Achieved quarterly average production of 75,265 boe/d, which is comparable to Birchcliff's average production of 74,950 boe/d in Q2 2020.
- Liquids accounted for approximately 22% of Birchcliff's total production in Q2 2021, as compared to approximately 24% in Q2 2020.
- Generated $90.2 million of adjusted funds flow(1), or $0.34 per basic common share, a 315% increase and a 325% increase, respectively, from Q2 2020. Delivered $81.0 million of cash flow from operating activities, a 513% increase from Q2 2020.
- Delivered $9.3 million of free funds flow(1) in Q2 2021.

(1) Non-GAAP measure that does not have any standardized meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other companies where similar terminology is used. See *"Non-GAAP Measures".*

(2) Consists of approximately 411,738 Mcf/d of natural gas, 5,929 bbls/d of condensate, 7,514 bbls/d of NGLs and 2,936 bbls/d of light oil.

(3) Based on an annual average production rate of 80,000 boe/d, which is the mid-point of Birchcliff's 2021 annual average production guidance of 79,000 to 81,000 boe/d. See *"Outlook and Guidance".*

- Recorded net income to common shareholders of $43.9 million, or $0.16 per basic common share, as compared to a net loss to common shareholders of $39.5 million and $0.15 per basic common share in Q2 2020.
- Achieved operating expense of $3.14/boe, a 9% increase from Q2 2020.
- Realized an operating netback(1) of $17.19/boe, a 151% increase from Q2 2020.
- F&D capital expenditures were $80.9 million in Q2 2021. During the quarter, Birchcliff continued with the safe and efficient execution of its 2021 capital program (the "**2021 Capital Program**"), drilling 8 (8.0 net) wells and bringing 14 (14.0 net) wells on production.
- On June 16, 2021, the Corporation released its fourth annual ESG report which outlines Birchcliff's ESG performance for the year ended December 31, 2020, highlighting Birchcliff as one of the lowest emissions intensity producers in the industry. For more information on Birchcliff's ESG performance metrics and ESG initiatives, please see the Corporation's 2020 ESG Report and ESG video which are available on the Corporation's website at www.birchcliffenergy.com.

This press release contains forward-looking statements within the meaning of applicable securities laws. For further information regarding the forward-looking statements contained herein, see "Advisories – Forward-Looking Statements". With respect to the disclosure of Birchcliff's production contained in this press release, see "Advisories – Production".

(1) Non-GAAP measure that does not have any standardized meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other companies where similar terminology is used. See *"Non-GAAP Measures"*.

FINANCIAL AND OPERATIONAL HIGHLIGHTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021

	Three months ended June 30,		Six months ended June 30,	
	2021	**2020**	**2021**	**2020**
OPERATING				
Average production				
Light oil *(bbls/d)*	2,766	5,744	3,059	4,849
Condensate *(bbls/d)*	6,070	4,825	5,770	4,675
NGLs *(bbls/d)*	7,647	7,455	8,187	7,709
Natural gas *(Mcf/d)*	352,694	341,558	348,897	342,195
Total *(boe/d)*	**75,265**	**74,950**	**75,166**	**74,265**
Average realized sales price *(CDN$)*(1)				
Light oil *(per bbl)*	76.50	25.72	71.33	36.92
Condensate *(per bbl)*	81.90	31.09	78.28	44.35
NGLs *(per bbl)*	25.27	12.05	24.96	12.04
Natural gas *(per Mcf)*	3.48	2.22	3.50	2.25
Total *(per boe)*	**28.27**	**15.27**	**27.87**	**16.83**
NETBACK AND COST *($/boe)*				
Petroleum and natural gas revenue(1)	28.27	15.27	27.87	16.83
Royalty expense	(2.44)	(0.20)	(2.08)	(0.57)
Operating expense	(3.14)	(2.89)	(3.16)	(3.01)
Transportation and other expense(2)	(5.50)	(5.34)	(5.51)	(5.18)
Operating netback *($/boe)*(2)	**17.19**	**6.84**	**17.12**	**8.07**
G&A expense, net	(0.88)	(0.84)	(0.90)	(0.87)
Interest expense	(1.21)	(0.69)	(1.21)	(0.79)
Realized loss on financial instruments	(1.96)	(2.51)	(2.12)	(2.32)
Other income	0.03	0.39	0.19	0.25
Adjusted funds flow netback *($/boe)*(2)	**13.17**	**3.19**	**13.08**	**4.34**
Depletion and depreciation expense	(7.49)	(7.66)	(7.48)	(7.68)
Unrealized gain (loss) on financial instruments	3.12	(1.86)	1.01	(3.85)
Other (expenses) income(3)	(0.24)	(0.64)	0.01	(0.47)
Dividends on preferred shares	(0.25)	(0.28)	(0.25)	(0.28)
Income tax recovery (expense)	(1.91)	1.46	(1.52)	1.67
Net income (loss) to common shareholders *($/boe)*	**6.40**	**(5.79)**	**4.85**	**(6.27)**
FINANCIAL				
Petroleum and natural gas revenue *($000s)*(1)	193,643	104,180	379,252	227,443
Cash flow from operating activities *($000s)*	81,013	13,221	163,621	63,772
Adjusted funds flow *($000s)*(2)	90,188	21,746	178,008	58,640
Per basic common share *($)*(2)	0.34	0.08	0.67	0.22
Net income (loss) to common shareholders *($000s)*	43,854	(39,522)	66,019	(84,723)
Per basic common share *($)*	0.16	(0.15)	0.25	(0.32)
End of period basic common shares *(000s)*	266,953	265,935	266,953	265,935
Weighted average basic common shares *(000s)*	266,231	265,935	266,110	265,935
Dividends on common shares *($000s)*	1,333	1,327	2,663	8,308
Dividends on preferred shares *($000s)*	1,725	1,922	3,471	3,844
F&D capital expenditures *($000s)*(4)	80,887	83,473	176,727	215,834
Total capital expenditures *($000s)*(4)	81,160	83,974	177,785	216,814
Long-term debt *($000s)*	720,920	753,092	720,920	753,092
Total debt *($000s)*(2)	770,897	807,573	770,897	807,573

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

(2) Non-GAAP measure that does not have any standardized meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other companies where similar terminology is used. See *"Non-GAAP Measures"*.

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

(4) See *"Advisories – Capital Expenditures"*.

OUTLOOK AND GUIDANCE

Updated 2021 Outlook and Guidance

Birchcliff is reaffirming its second half 2021 production guidance of 84,000 to 86,000 boe/d and its 2021 annual average production guidance of 79,000 to 81,000 boe/d. Birchcliff does not have any fixed price commodity hedges which allows all of its production to benefit from strong oil and natural gas prices. This production, together with strong commodity prices, is expected to generate significant adjusted funds flow and free funds flow in 2021. Birchcliff remains committed to significantly reducing its total debt over the next number of years and free funds flow will be primarily used to reduce indebtedness.

Due to the successful execution of Birchcliff's business plan and the recent strengthening of forward oil and natural gas prices, Birchcliff is revising its commodity price and exchange rate assumptions for 2021 and its guidance for adjusted funds flow, free funds flow and total debt. Significant changes to Birchcliff's 2021 guidance include the following:

- Adjusted funds flow guidance has been increased to $500 million (previously $400 million), primarily as a result of the improvement in the commodity price forecast.
- Free funds flow guidance has been increased to $270 million to $290 million (previously $170 million to $190 million), as a result of higher anticipated adjusted funds flow in 2021 with no change to targeted F&D capital expenditures in 2021.
- Total debt at year-end is now expected to be $500 million to $520 million (previously $600 million to $620 million), primarily as a result of higher anticipated free funds flow in 2021.
- Average royalty expense is now expected to be $2.40/boe to $2.60/boe (previously $1.55/boe to $1.75/boe), primarily as a result of the improvement in the commodity price forecast.

Birchcliff is maintaining its previous 2021 guidance for average production, F&D capital expenditures, operating and transportation and other expenses, and natural gas market exposure.

The following table sets forth Birchcliff's revised and previous guidance and commodity price assumptions for 2021:

	Revised 2021 guidance and assumptions – August 11, 2021[(1)]	**Previous 2021 guidance and assumptions – May 12, 2021**[(2)]	**Original 2021 guidance and assumptions – January 20, 2021**[(3)]
Production			
Annual average production *(boe/d)*	79,000 – 81,000	79,000 – 81,000	78,000 – 80,000
% Light oil	4%	4%	5%
% Condensate	7%	8%	9%
% NGLs	10%	10%	10%
% Natural gas	79%	78%	76%
Second half 2021 average production *(boe/d)*	84,000 – 86,000	84,000 – 86,000	83,000 – 85,000
Average Expenses *($/boe)*			
Royalty	2.40 – 2.60	1.55 – 1.75	1.15 – 1.35
Operating	2.90 – 3.10	2.90 – 3.10	2.90 – 3.10
Transportation and other	5.00 – 5.20	5.00 – 5.20	5.00 – 5.20
Adjusted Funds Flow *(MM$)*	500[(4)]	400	360
F&D Capital Expenditures *(MM$)*[(5)]	210 – 230	210 – 230	210 – 230
Free Funds Flow *(MM$)*[(6)]	270 – 290	170 – 190	130 – 150
Total Debt at Year End *(MM$)*	500 – 520[(7)]	600 – 620	635 – 655
Natural Gas Market Exposure[(8)]			
AECO exposure as a % of total natural gas production	13%	13%	12%[(9)]
Dawn exposure as a % of total natural gas production	43%	43%	44%
NYMEX HH exposure as a % of total natural gas production	38%	38%	38%[(9)]
Alliance exposure as a % of total natural gas production	6%	6%	6%

	Revised 2021 guidance and assumptions – August 11, 2021[1]	Previous 2021 guidance and assumptions – May 12, 2021[2]	Original 2021 guidance and assumptions – January 20, 2021[3]
Commodity Prices			
Average WTI price *(US$/bbl)*	66.00[10]	62.00	50.00
Average WTI-MSW differential *(CDN$/bbl)*	5.50[10]	5.70	6.00
Average AECO 5A price *(CDN$/GJ)*	3.30[10]	2.80	2.50
Average Dawn price *(US$/MMBtu)*[11]	4.05[10]	2.85	2.75
Average NYMEX HH price *(US$/MMBtu)*[11]	3.45[10]	2.90	2.80
Exchange rate *(CDN$ to US$1)*	1.25[10]	1.24	1.27

(1) Birchcliff's guidance for its commodity mix, adjusted funds flow and natural gas market exposure in 2021 is based on an annual average production rate of 80,000 boe/d during 2021, which is the mid-point of Birchcliff's annual average production guidance for 2021.

(2) As previously disclosed on May 12, 2021.

(3) Except where otherwise noted, as previously disclosed on January 20, 2021. Birchcliff's original guidance for its commodity mix, adjusted funds flow and natural gas market exposure in 2021 was based on an annual average production rate of 79,000 boe/d during 2021, which was the mid-point of Birchcliff's original annual average production guidance for 2021.

(4) Birchcliff's estimate of adjusted funds flow takes into account the effects of its physical and financial basis swap contracts outstanding as at August 11, 2021.

(5) Birchcliff's estimate of F&D capital expenditures excludes any net potential acquisitions and dispositions and corresponds to Birchcliff's 2021 F&D capital budget. 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, preferred share redemptions, proceeds received from the exercise of stock options and performance warrants, 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 common share and preferred share dividends paid by the Corporation remains consistent with previous years, with the dividend rates and applicable taxes remaining unchanged; (ii) that there are 267 million common, 2,000,000 series A and 1,533,108 series C preferred shares outstanding, with no additional redemptions of series C preferred shares or buybacks of common shares occurring during the remainder of 2021; (iii) that there is no repayment of debt using the proceeds from asset dispositions or equity issuances; (iv) that there are no proceeds received from the exercise of stock options and performance warrants during the remainder of 2021; (v) that the 2021 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, 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 2021 assumes: (i) 175,000 GJ/d being sold on a physical basis at the Dawn price; (ii) 34,000 GJ/d being sold at Alliance on a physical basis at the AECO 5A price plus a premium; and (iii) 152,500 MMBtu/d being contracted on a financial and physical basis at a fixed basis differential between the AECO 7A price and the NYMEX HH price.

(9) Updated on March 10, 2021.

(10) Updated commodity price and exchange rate assumptions are based on anticipated full-year averages, which include actual settled benchmark commodity prices and exchange rate for the period from January 1, 2021 to June 30, 2021 and forward strip benchmark commodity prices and exchange rate as of August 6, 2021 for the period from July 1, 2021 to December 31, 2021.

(11) See "*Advisories – MMBtu Pricing Conversions*".

Adjusted Funds Flow Sensitivity

The following table illustrates the expected impact of changes in commodity prices and the CDN/US exchange rate for the second half of 2021 on the Corporation's estimate of adjusted funds flow for 2021 of $500 million:

Forward Six Months' Sensitivity[1]	Estimated change to 2021 adjusted funds flow *(MM$)*[2][3]
Change in WTI US$1.00/bbl	2.0
Change in NYMEX HH US$0.10/MMBtu	2.4
Change in Dawn US$0.10/MMBtu	3.0
Change in AECO CDN$0.10/GJ	2.0
Change in CDN/US exchange rate CDN$0.01	2.6

(1) Adjusted funds flow sensitivities take into account actual settled benchmark commodity prices and exchange rate for the period from January 1, 2021 to June 30, 2021 and forward strip benchmark commodity prices and exchange rate as of August 6, 2021 for the period from July 1, 2021 to December 31, 2021.

(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 volatility in commodity prices resulting from the COVID-19 pandemic 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*".

Q2 2021 FINANCIAL AND OPERATIONAL RESULTS

Production

Birchcliff's production averaged 75,265 boe/d in Q2 2021, which is comparable to Birchcliff's average production of 74,950 boe/d in Q2 2020. Production in Q2 2021 was positively impacted by incremental production volumes from new condensate-rich natural gas wells brought on production since June 30, 2020. Production was negatively impacted by scheduled plant turnarounds in May 2021 at Phases 5/6 of the Corporation's 100% owned and operated natural gas processing plant in Pouce Coupe (the "**Pouce Coupe Gas Plant**") and extreme heat conditions in June 2021 which reduced production processing capabilities in the field, as well as by natural production declines. For details regarding the wells drilled and brought on production in 2021, see *"Operational Update"*.

Liquids accounted for approximately 22% of Birchcliff's total production in Q2 2021, as compared to approximately 24% in Q2 2020, with total liquids production decreasing by 9% from Q2 2020. The change in the corporate commodity production mix was primarily due to Birchcliff targeting natural gas wells in the Pouce Coupe and Gordondale areas since June 30, 2020.

Adjusted Funds Flow and Cash Flow From Operating Activities

Birchcliff's adjusted funds flow in Q2 2021 was $90.2 million, or $0.34 per basic common share, a 315% increase and a 325% increase, respectively, from $21.7 million and $0.08 per basic common share in Q2 2020. The increases were primarily due to higher reported petroleum and natural gas revenue, partially offset by an increase in royalty expense, both of which were largely impacted by an 85% increase in the average realized sales price received for Birchcliff's production in Q2 2021 as compared to Q2 2020. The average realized sales price in Q2 2021 benefited from the significant increases in benchmark oil and natural gas prices. See *"Q2 2021 Financial and Operational Results – Commodity Prices".*

Birchcliff's cash flow from operating activities in Q2 2021 was $81.0 million, a 513% increase from $13.2 million in Q2 2020. The reason for the increase is consistent with the explanation for adjusted funds flow.

Net Income to Common Shareholders

Birchcliff recorded net income to common shareholders of $43.9 million, or $0.16 per basic common share, in Q2 2021, as compared to a net loss to common shareholders of $39.5 million, or $0.15 per basic common share in Q2 2020. The change to a net income position was primarily due to higher adjusted funds flow and an unrealized after-tax mark-to-market gain on financial instruments of $16.4 million in Q2 2021 as compared to an unrealized after-tax mark-to-market loss on financial instruments of $9.8 million in Q2 2020.

Operating Expense

Birchcliff's operating expense was $3.14/boe in Q2 2021, a 9% increase from $2.89/boe in Q2 2020. The increase was primarily due to higher power and fuel prices as a result of increased demand and higher municipal property taxes in Q2 2021 as compared to Q2 2020. In 2020, the Alberta Government provided municipal property tax relief in response to the COVID-19 pandemic; however, this tax relief was discontinued in 2021. These increases were partially offset by improved operating efficiencies achieved in the field.

Operating Netback

Birchcliff's operating netback was $17.19/boe in Q2 2021, a 151% increase from $6.84/boe in Q2 2020. The increase was primarily due to higher per boe petroleum and natural gas revenue, partially offset by a higher per boe royalty expense in Q2 2021.

Total Cash Costs

Birchcliff's total cash costs were $13.17/boe in Q2 2021, a 32% increase from $9.96/boe in Q2 2020. The increase was primarily due to a higher per boe royalty expense.

Pouce Coupe Gas Plant Netbacks

During the six months ended June 30, 2021, Birchcliff processed 69% of its total corporate natural gas production and 61% of its total corporate production through the Pouce Coupe Gas Plant, as compared to 66% and 55%, respectively, during the six months ended June 30, 2020. 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:

	Six months ended June 30, 2021		Six months ended June 30, 2020	
Average production:				
Condensate *(bbls/d)*		3,935		2,872
NGLs *(bbls/d)*		1,858		940
Natural gas *(Mcf/d)*		239,768		224,354
Total *(boe/d)*		**45,754**		**41,204**
Liquids-to-gas ratio[1] *(bbls/MMcf)*		**24.2**		**17.0**
Netback and cost:	*$/Mcfe*	*$/boe*	*$/Mcfe*	*$/boe*
Petroleum and natural gas revenue[2]	4.42	26.51	2.68	16.10
Royalty expense	(0.28)	(1.70)	(0.06)	(0.35)
Operating expense[3]	(0.36)	(2.15)	(0.41)	(2.47)
Transportation and other expense[4]	(0.97)	(5.81)	(0.90)	(5.44)
Operating netback[4]	**$2.81**	**$16.85**	**$1.31**	**$7.84**
Operating margin[5]	**64%**	**64%**	**49%**	**49%**

(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) Non-GAAP measure that does not have any standardized meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other companies where similar terminology is used. See *"Non-GAAP Measures"*.

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

Birchcliff's production and liquids-to-gas ratio increased from Q2 2020 primarily due to: (i) specifically targeted condensate-rich natural gas wells brought on production in Pouce Coupe, including from the 14-well pad (14-19) brought on production in Q3 2020 and the 7-well pad (04-04) and 10-well pad (14-06) brought on production in the first half of 2021; (ii) increased NGLs recovery at Phase 3 of the Pouce Coupe Gas Plant beginning in Q4 2020; and (iii) the operation of its 20,000 bbls/d (50% condensate, 50% water) inlet liquids-handling facility at the Pouce Coupe Gas Plant (the "**Inlet Liquids-Handling Facility**"), which became operational in Q3 2020 and allows Birchcliff to handle increased condensate volumes in Pouce Coupe.

Debt and Credit Facilities

At June 30, 2021, Birchcliff had long-term bank debt of $720.9 million (June 30, 2020: $753.1 million) from available credit facilities of $850.0 million (June 30, 2020: $1.0 billion), leaving $120.7 million of unutilized credit capacity after adjusting for outstanding letters of credit and unamortized fees. Total debt at June 30, 2021 was $770.9 million, as compared to $807.6 million at June 30, 2020. With free funds flow now targeted at $270 million to $290 million, the Corporation expects that its total debt at year end 2021 will be $500 million to $520 million, down from its previous guidance of $600 million to $620 million. See *"Outlook and Guidance"*.

During Q2 2021, Birchcliff's syndicate of lenders completed its regular semi-annual review of the borrowing base limit under the Corporation's extendible revolving credit facilities (the "**Credit Facilities**"). During this review, Birchcliff requested that the lenders agree to extend the maturity date of the Credit Facilities by two years and reduce the aggregate borrowing base limit from $1.0 billion to $850.0 million. Due to the fact that Birchcliff is committed to significantly reducing total debt over the course of its current five-year plan, it does not anticipate requiring additional credit capacity, and accordingly, requested the borrowing base limit reduction. This reduction to the borrowing base limit resulted in a corresponding decrease to the Corporation's renewal fees and reduces its standby fees going forward. Accordingly, the agreement governing the Credit Facilities was amended effective May 6, 2021 to: (i) extend the maturity dates of each of the extendible revolving syndicated term credit facility (the "**Syndicated Credit Facility**") and the extendible revolving working capital facility ("**Working Capital Facility**") from May 11, 2022 to May 11, 2024; and (ii) decrease the borrowing base limit to $850.0 million from $1.0 billion, with the Syndicated Credit Facility being decreased to $750.0 million and the Working Capital Facility remaining at $100.0 million.

The Credit Facilities do not contain any financial maintenance covenants.

Commodity Prices

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

	Three months ended June 30,		
	2021	**2020**	**% Change**
Light oil – WTI Cushing *(US$/bbl)*	66.07	26.61	148
Light oil – MSW (Mixed Sweet) *(CDN$/bbl)*	76.77	25.15	205
Natural gas – NYMEX HH *(US$/MMBtu)*(1)	2.83	1.64	73
Natural gas – AECO 5A Daily *(CDN$/GJ)*	2.98	1.89	58
Natural gas – AECO 7A Month Ahead *(US$/MMBtu)*(1)	2.32	1.33	74
Natural gas – Dawn Day Ahead *(US$/MMBtu)*(1)	2.80	1.63	72
Natural gas – ATP 5A Day Ahead *(CDN$/GJ)*	2.68	1.68	60
Exchange rate *(CDN$ to US$1)*	1.2281	1.3860	(11)
Exchange rate *(US$ to CDN$1)*	0.8143	0.7215	13

(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. These instruments allow Birchcliff to swap its physical natural gas sales at the AECO 7A benchmark price for, predominantly on a financial basis, a floating NYMEX HH benchmark price less the fixed basis contract price. The price received for Birchcliff's NYMEX HH natural gas sales is not fixed, which allows the Corporation to fully participate in the current strengthening of NYMEX HH benchmark prices.

The following table details Birchcliff's effective sales, production and average realized sales price for natural gas and liquids for Q2 2021, after taking into account the Corporation's financial instruments.

Three months ended June 30, 2021						
	Effective sales *(CDN$000s)*	**Percentage of total sales** *(%)*	**Effective production** *(per day)*	**Percentage of total natural gas production** *(%)*	**Percentage of total corporate production** *(%)*	**Effective average realized sales price** *(CDN$)*
Market						
AECO(1)(2)	17,360	9	54,913 Mcf	16	12	3.47/Mcf
Dawn(3)	53,025	26	159,197 Mcf	45	35	3.66/Mcf
NYMEX HH(1)(4)	50,281	25	138,584 Mcf	39	31	3.99/Mcf
Total natural gas	**120,666**	**60**	**352,694 Mcf**	**100**	**78**	**3.76/Mcf**
Light oil	19,255	9	2,766 bbls		4	76.50/bbl
Condensate	45,241	22	6,070 bbls		8	81.90/bbl
NGLs	17,582	9	7,647 bbls		10	25.27/bbl
Total liquids	**82,078**	**40**	**16,483 bbls**		**22**	**54.72/bbl**
Total corporate	**202,744**	**100**	**75,265 boe**		**100**	**29.60/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 the NYMEX HH market. Birchcliff sold financial and physical AECO 7A basis swaps for 152,500 MMBtu/d at an average contract price of NYMEX HH less US$1.227/MMBtu during Q2 2021.

(2) Birchcliff has short-term physical sales agreements with third-party marketers to sell and deliver into the Alliance pipeline system. All of Birchcliff's short-term physical Alliance sales and production during Q2 2021 received AECO premium pricing and have therefore been included as effective sales and production in the AECO market. Alliance sales are recorded net of transportation tolls.

(3) 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.

(4) Birchcliff's effective average realized sales price for NYMEX HH of CDN$3.99/Mcf (US$2.95/MMBtu) was determined on a gross basis before giving effect to the average NYMEX HH/AECO 7A contract basis price of CDN$1.66/Mcf (US$1.227/MMBtu). After giving effect to the NYMEX HH/AECO 7A basis contact price of CDN$1.66/Mcf, Birchcliff's effective average realized net sales price for NYMEX HH was CDN$2.33/Mcf (US$1.72/MMBtu) in Q2 2021.

The following table sets forth Birchcliff's sales, average daily production, average realized sales price, transportation costs and netback by physical natural gas market for the periods indicated, before taking into account the Corporation's financial instruments:

	Natural gas sales[(1)] *(CDN$000s)*	Percentage of natural gas sales *(%)*	Natural gas production *(Mcf/d)*	Percentage of natural gas production *(%)*	Average realized natural gas sales price[(1)] *(CDN$/Mcf)*	Natural gas transportation costs[(2)] *(CDN$/Mcf)*	Natural gas sales netback[(3)] *(CDN$/Mcf)*
Three months ended June 30, 2021							
AECO	43,721	39	147,178	42	3.28	0.49	2.79
Dawn	53,025	48	159,197	45	3.66	1.55	2.11
Alliance[(4)]	14,810	13	46,319	13	3.51	-	3.51
Total	**111,556**	**100**	**352,694**	**100**	**3.48**	**0.91**	**2.57**
Three months ended June 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	33,840	49	177,108	52	2.12	0.38	1.74
Dawn	34,402	50	159,338	47	2.37	1.43	0.94
Alliance[(4)]	665	1	5,112	1	1.43	-	1.43
Total	**68,907**	**100**	**341,558**	**100**	**2.22**	**0.87**	**1.35**

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

Capital Activities and Investment

During Q2 2021, Birchcliff continued with the safe and efficient execution of its 2021 Capital Program, drilling 8 (8.0 net) wells and bringing 14 (14.0 net) wells on production. The following table sets forth the number of wells drilled and brought on production by the Corporation in Q2 2021:

Area	Wells drilled in Q2 2021	Wells brought on production in Q2 2021
Pouce Coupe		
Montney D1 horizontal natural gas wells	1	4
Montney D2 horizontal natural gas wells	0	3
Montney C horizontal natural gas wells	0	3
Basal Doig/Upper Montney horizontal natural gas wells	3	0
Total – Pouce Coupe	**4**	**10**
Gordondale		
Montney D1 horizontal natural gas wells	0	2
Montney D2 horizontal natural gas wells	0	1
Montney C horizontal natural gas wells	0	1
Montney D1 horizontal oil wells	2	0
Montney D2 horizontal oil wells	2	0
Total – Gordondale	**4**	**4**
TOTAL – COMBINED	**8**	**14**

Total capital expenditures for Q2 2021 were $81.2 million, which included F&D capital expenditures of $80.9 million. For further information regarding Birchcliff's operational activities year-to-date, see *"Operational Update"*.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Birchcliff is committed to the responsible development of its assets and is one of the lowest emissions intensity producers in the industry. Continuing Birchcliff's industry-leading ESG performance remains a top priority in 2021. On June 16, 2021, Birchcliff released its 2020 ESG Report, which details the Corporation's ESG activities and performance metrics for the year ended December 31, 2020. In 2020, Birchcliff continued to find innovative ways to improve emissions performance and protect the environment, maintain and strengthen its relationships with the communities and Indigenous peoples where it operates and advance its deeply ingrained culture of health and safety excellence.

For more information on Birchcliff's ESG performance metrics and ESG initiatives, please see the Corporation's 2020 ESG Report and ESG video which are available on the Corporation's website at www.birchcliffenergy.com.

OPERATIONAL UPDATE

As at the date hereof, Birchcliff has completed the majority of its 2021 Capital Program, with all previously planned wells having now been drilled and brought on production. The 2021 Capital Program is focused on developing Birchcliff's low-cost natural gas and liquids-rich production in Pouce Coupe and Gordondale, with the majority of capital investment directed to drilling, completing and bringing on production horizontal condensate-rich natural gas wells in Pouce Coupe and horizontal light oil and condensate-rich natural gas wells in Gordondale.

Birchcliff anticipates that the average payout for the wells brought on production in 2021 will be less than a year, driven by the successful execution of its low-cost drilling program, strong well results and current strip pricing. The following table sets forth the wells that Birchcliff has drilled and brought on production in 2021:

Area	Total wells drilled	Total wells brought on production(1)
Pouce Coupe		
Montney D1 horizontal natural gas wells	7	7
Montney D2 horizontal natural gas wells	3	3
Montney C horizontal natural gas wells	3	3
Basal Doig/Upper Montney horizontal natural gas wells	6	12
Total – Pouce Coupe	**19**	**25**
Gordondale		
Montney D1 horizontal natural gas wells	2	2
Montney D2 horizontal natural gas wells	1	1
Montney C horizontal natural gas wells	1	1
Montney D1 horizontal oil wells	2	2
Montney D2 horizontal oil wells	2	2
Total – Gordondale	**8**	**8**
TOTAL – COMBINED	**27**	**33**

(1) Includes 6 (6.0) net wells that were drilled and rig released in Q4 2020.

As all wells have now been drilled and brought on production, the majority of the execution risk of the 2021 Capital Program is behind the Corporation. Birchcliff has been able to realize numerous capital cost savings as a result of its strategic planning and efficient execution of the 2021 Capital Program.

Pouce Coupe Area

Birchcliff has drilled 19 wells and brought 25 wells on production in Pouce Coupe this year, as discussed in further detail below. The wells were drilled on three multi-well pads.

7-Well Pad (04-04-78-13W6)

Birchcliff's 04-04 pad in Pouce Coupe was drilled in late Q4 2020 and early Q1 2021 and brought on production in March 2021 through Birchcliff's existing owned and operated infrastructure. Wells were drilled in two different intervals (six in the Basal Doig/Upper Montney and one in the Montney D1).

The initial 30 and 60 day production rates for the wells from the 04-04 pad were previously disclosed in the Corporation's press release dated May 12, 2021. The performance of the pad continues to exceed the Corporation's expectations, with very strong natural gas and condensate production rates. In addition, Birchcliff continues to see stabilized production rates for an extended duration, which allows for strong stable production profiles and less backout of Birchcliff's existing area production.

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

Birchcliff's 14-06 pad in Pouce Coupe was drilled in Q1 2021 and brought on production in May 2021 through Birchcliff's existing owned and operated infrastructure. The pad utilized multi-interval cube-style development and wells were drilled in three different intervals (three in the Montney C, four in the Montney D1 and three in the Montney D2). The pad resides three miles south of the Corporation's 2020 14-well pad (14-19) and targeted condensate-rich natural gas wells versus the light oil wells discovered at the 14-19 pad. Birchcliff expects to continue to drive drilling and completion costs down through scale and repeatability on larger pads as exhibited by its recent execution on its 2021 Capital Program and the successful operations at the 14-19 pad in 2020.

The wells from the 14-06 pad have now been producing for over 60 days and have produced at better rates than previously forecast. After completing initial well testing and frac clean-up operations, the Corporation has been flowing the wells at restricted rates between 3.0 and 5.0 MMcf/d to manage drawdown and any potential sand flowback. Birchcliff expects that the pad is capable of being held at stabilized production rates for an extended duration, which will allow for strong stable production profiles and less backout of Birchcliff's existing area production.

During the initial 30 and 60 days of production, the pad was flowing inline post-fracture condensate, raw natural gas and frac water. The production rates of the wells are stabilized and the frac water flowing back to surface continues to diminish over time. The following table summarizes the aggregate and average production rates for the 10 wells from the 14-06 pad:

	IP 30(1)	**IP 60**(1)
Aggregate production rate *(boe/d)*	**9,612**	**8,794**
Aggregate natural gas production rate *(Mcf/d)*	42,871	41,326
Aggregate condensate production rate *(bbls/d)*	2,467	1,906
Average per well production rate *(boe/d)*	**961**	**879**
Average per well natural gas production rate *(Mcf/d)*	4,287	4,133
Average per well condensate production rate *(bbls/d)*	247	191
Condensate-to-gas ratio *(bbls/MMcf)*	**58**	**46**

(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 Inlet Liquids-Handling Facility, which was completed in Q3 2020, allows the Corporation to process and sell the condensate from its new wells in Pouce Coupe to achieve a premium price and handle the majority of the fracture flowback water volumes at the Pouce Coupe Gas Plant instead of relying on third-party infrastructure.

8-Well Pad (14-28-77-13W6)

Birchcliff's 14-28 pad in Pouce Coupe was drilled in Q1 and Q2 2021 and brought on production in July 2021 through Birchcliff's owned and operated infrastructure. Wells were drilled in two different intervals (six in the Basal Doig/Upper Montney and two in the Montney D1). The early results from this pad have been encouraging, with strong natural gas and condensate rates. Birchcliff anticipates providing further details regarding the results of these wells in November 2021, in conjunction with the release of its Q3 2021 results.

Gordondale Area

Birchcliff has drilled and brought on production 8 wells in Gordondale this year, as discussed in further detail below. The wells were drilled on two multi-well pads. The wells brought on production this year are expected to keep AltaGas's deep-cut sour gas processing facility in Gordondale full during 2021. Development of the Montney D1 and D2 continues in Gordondale and Birchcliff also brought on production its first Montney C well in the area.

4-Well Pad (05-07-79-11W6)

Birchcliff's 05-07 pad in Gordondale was drilled in Q1 2021 and brought on production in May 2021. The pad utilized multi-interval cube-style development and wells were drilled in three different intervals (two in the Montney D1, one in the Montney D2 and one in the Montney C). The successful extension of the Montney C interval into Gordondale was based on successful well results offsetting in Pouce Coupe and significant technical reservoir and geoscience work. This successful Montney C well adds a new commercialized drilling interval for the Corporation to pursue in Gordondale.

The wells from the 05-07 pad have now been producing for over 60 days and have produced at better rates than previously forecast. After completing initial well testing and frac clean-up operations, the Montney D1 and D2 wells have flowed with approximate peak daily rates between 8.5 and 11.0 MMcf/d with 30 to 50 bbls of condensate per MMcf of natural gas and the Montney C well has flowed with a peak daily rate of 9.4 MMcf/d with 63 bbls of condensate per MMcf of natural gas. After well testing, the Corporation has been flowing the wells at restricted rates between 5.0 and 6.5 MMcf/d to manage drawdown and any potential sand flowback. Birchcliff expects that the pad is capable of being held at stabilized production rates for an extended duration, which will allow for strong stable production profiles and less backout of Birchcliff's existing area production.

During the initial 30 and 60 days of production, the pad was flowing inline post-fracture condensate, raw natural gas and frac water. The production rates of the wells are stabilized and the frac water flowing back to surface continues to diminish over time. The following table summarizes the aggregate and average production rates for the 4 wells from the 05-07 pad:

	IP 30[(1)]	**IP 60**[(1)]
Aggregate production rate *(boe/d)*	**5,272**	**4,614**
Aggregate natural gas production rate *(Mcf/d)*	25,686	23,145
Aggregate condensate production rate *(bbls/d)*	990	758
Average per well production rate *(boe/d)*	**1,318**	**1,154**
Average per well natural gas production rate *(Mcf/d)*	6,422	5,786
Average per well condensate production rate *(bbls/d)*	248	190
Condensate-to-gas ratio *(bbls/MMcf)*	**39**	**33**

(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".*

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

Birchcliff's 06-35 pad in Gordondale was drilled in Q2 2021 and brought on production in July 2021. Wells were drilled in two different intervals (two in the Montney D1 and two in the Montney D2) and targeted light oil and natural gas. These wells are offsetting high-rate light oil and natural gas producing wells drilled by Birchcliff in the southeastern portion of Gordondale in 2019 and 2020. Birchcliff has been encouraged by the initial flow test results to date on this pad. Birchcliff anticipates providing further details regarding the results of these wells in November 2021, in conjunction with the release of its Q3 2021 results.

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+)
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
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”, “adjusted working capital deficit” 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. Each of these measures is discussed in further detail below.

“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. Birchcliff eliminates settlements of decommissioning expenditures from cash flow from operating activities as the amounts can be discretionary and may vary from period to period depending on its capital programs and the maturity of its operating areas. The settlement of decommissioning expenditures is managed with Birchcliff’s capital budgeting process which considers available adjusted funds flow. Changes in non-cash operating working capital are eliminated in the determination of adjusted funds flow as the timing of collection and payment are variable and by excluding them from the calculation, the Corporation believes that it is able to provide a more meaningful measure of its operations and ability to generate cash on a continuing basis. Management believes that adjusted funds flow and adjusted funds flow per basic common share assist management and investors in assessing Birchcliff’s operating performance, as well as its ability to generate cash necessary to fund sustaining and/or growth capital expenditures, repay debt, settle decommissioning obligations and pay common share and preferred share dividends. Investors are cautioned that adjusted funds flow should not be construed as an alternative to or more meaningful than cash flow from operating activities or net income or loss as determined in accordance with GAAP as an indicator of Birchcliff’s performance.

“Free funds flow” denotes adjusted funds flow less F&D capital expenditures. Management believes that free funds flow assists management and investors in assessing Birchcliff’s ability to further generate shareholder returns through a number of initiatives, including but not limited to, potential debt repayment, common share repurchases, preferred share redemptions, dividend increases and acquisitions.

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

	Three months ended June 30,		**Six months ended June 30,**	
($000s)	**2021**	**2020**	**2021**	**2020**
Cash flow from operating activities	81,013	13,221	163,621	63,772
Change in non-cash operating working capital	8,982	8,280	13,111	(5,928)
Decommissioning expenditures	193	245	1,276	796
Adjusted funds flow	**90,188**	**21,746**	**178,008**	**58,640**
F&D capital expenditures	(80,887)	(83,473)	(176,727)	(215,834)
Free funds flow	**9,301**	**(61,727)**	**1,281**	**(157,194)**

"Transportation and other expense" denotes transportation expense plus marketing purchases minus marketing revenue on a per boe basis. Birchcliff may enter into certain marketing purchase and sales arrangements with the objective of reducing any available transportation and/or fractionation fees associated with its take-or-pay commitments. Management believes that transportation and other expense assists management and investors in assessing Birchcliff's total cost structure related to transportation activities.

"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, less any realized losses (plus realized gains) on financial instruments and plus any other cash income sources. Netbacks are calculated on a per unit basis, unless otherwise indicated. Management believes that operating netback and adjusted funds flow netback assist management and investors in assessing Birchcliff's operating results by isolating the impact of production volumes to better analyze its performance against prior periods on a comparable basis. The following table provides a breakdown of Birchcliff's operating netback and adjusted funds flow netback for the periods indicated:

	Three months ended June 30,				Six months ended June 30,			
	2021		2020		2021		2020	
	($000s)	*($/boe)*	*($000s)*	*($/boe)*	*($000s)*	*($/boe)*	*($000s)*	*($/boe)*
Petroleum and natural gas revenue	193,643	28.27	104,180	15.27	379,252	27.87	227,443	16.83
Royalty expense	(16,692)	(2.44)	(1,386)	(0.20)	(28,319)	(2.08)	(7,747)	(0.57)
Operating expense	(21,538)	(3.14)	(19,700)	(2.89)	(43,036)	(3.16)	(40,747)	(3.01)
Transportation and other expense	(37,665)	(5.50)	(36,413)	(5.34)	(74,938)	(5.51)	(69,865)	(5.18)
Operating netback	**117,748**	**17.19**	**46,681**	**6.84**	**232,959**	**17.12**	**109,084**	**8.07**
G&A, net	(6,017)	(0.88)	(5,740)	(0.84)	(12,256)	(0.90)	(11,783)	(0.87)
Interest expense	(8,287)	(1.21)	(4,691)	(0.69)	(16,459)	(1.21)	(10,679)	(0.79)
Realized loss on financial instruments	(13,392)	(1.96)	(17,146)	(2.51)	(28,890)	(2.12)	(31,406)	(2.32)
Other income	136	0.03	2,642	0.39	2,654	0.19	3,424	0.25
Adjusted funds flow netback	**90,188**	**13.17**	**21,746**	**3.19**	**178,008**	**13.08**	**58,640**	**4.34**

The breakdown for the operating netback from the Pouce Coupe Gas Plant is provided under the heading *"Q2 2021 Financial and Operational Results – Pouce Coupe Gas Plant Netbacks"* in this press release.

"Total cash costs" denotes royalty, operating, transportation and other, G&A and interest expenses on a per unit basis. Management believes that total cash costs assists management and investors in assessing Birchcliff's efficiency and overall cash cost structure.

"Adjusted working capital deficit" is calculated as current assets minus current liabilities excluding the effects of any current portion of financial instruments and capital securities. Management believes that adjusted working capital deficit assists management and investors in assessing Birchcliff's short-term liquidity requirements. The following table reconciles working capital deficit (current assets minus current liabilities), as determined in accordance with GAAP, to adjusted working capital deficit:

As at, *($000s)*	**June 30, 2021**	**December 31, 2020**	**June 30, 2020**
Working capital deficit	131,796	93,988	145,748
Financial instrument – current liability	(43,491)	(23,479)	(42,196)
Capital securities – current liability	(38,328)	(39,930)	(49,071)
Adjusted working capital deficit	**49,977**	**30,579**	**54,481**

"Total debt" is calculated as the amount outstanding under the Credit Facilities plus adjusted working capital deficit. Management believes that total debt assists management and investors in assessing Birchcliff's liquidity. The following table provides a reconciliation of the revolving term credit facilities, as determined in accordance with GAAP, to total debt:

As at, *($000s)*	**June 30, 2021**	**December 31, 2020**	**June 30, 2020**
Revolving term credit facilities	720,920	731,372	753,092
Adjusted working capital deficit	49,977	30,579	54,481
Total debt	**770,897**	**761,951**	**807,573**

ADVISORIES

Unaudited Information

All financial and operational information contained in this press release for the three and six months ended June 30, 2021 and 2020 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/m^3 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 10-well (14-06) pad in Pouce Coupe disclosed herein, such rates represent the cumulative volumes for each well measured at the wellhead separator for the 30 and 60 days (as applicable) of production immediately after each well was considered stabilized after producing fracture treatment fluid back to surface in an amount such that flow rates of hydrocarbons became reliable (between 0 and 7 days), divided by 30 or 60 (as applicable), which were then added together to determine the aggregate production rates for the 10-well pad and then divided by 10 to determine the per well average production rates. The production rates excluded the hours and days when the wells did not produce. Approximate tubing pressures for the 10 wells were stabilized between 4.1 and 5.3 MPa for IP 30 production rates and between 3.8 and 4.5 MPa for IP 60 production rates. Approximate casing pressures for the 10 wells were stabilized between 8.1 and 10.9 MPa for IP 30 production rates and between 7.7 and 9.9 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.

With respect to the production rates for the Corporation's 4-well (05-07) pad in Gordondale disclosed herein, such rates represent the cumulative volumes for each well measured at the wellhead separator for the 30 and 60 days (as applicable) of production immediately after each well was considered stabilized after producing fracture treatment fluid back to surface in an amount such that flow rates of hydrocarbons became reliable (between 0 and 1 days), divided by 30 or 60 (as applicable), which were then added together to determine the aggregate production rates for the 4-well pad and then divided by 4 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 4 wells were stabilized between 2.7 and 3.5 MPa for IP 30 production rates and between 2.6 and 3.4 MPa for IP 60 production rates. Approximate casing pressures for the 4 wells were stabilized between 10.3 and 12.0 MPa for IP 30 production rates and between 9.7 and 11.1 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, strategy, 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" and other similar words and expressions.

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

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

- Birchcliff's plans and other aspects of its anticipated future financial performance, results, operations, focus, objectives, strategies, opportunities, priorities and goals, including: that Birchcliff not having any fixed price commodity hedges allows all of its production to benefit from strong oil and natural gas prices; that the Corporation currently has no intention of entering into any fixed price commodity hedges; that the Corporation remains committed to capital discipline; that Birchcliff's production in 2021, together with strong commodity prices, is expected to generate significant adjusted funds flow and free funds flow in 2021; that Birchcliff is committed to significantly reducing its total debt over the next number of years and over the course of its current five-year plan; that free funds flow will be primarily used to reduce indebtedness; and that Birchcliff does not anticipate requiring additional credit capacity under its Credit Facilities;
- Birchcliff's outlook for commodity prices;
- the information set forth under the heading "*Outlook and Guidance*" and elsewhere in this press release as it relates to Birchcliff's 2021 outlook and guidance, including: that Birchcliff is on track to meet its second half 2021 production guidance and its 2021 annual average production guidance; that the performance of Birchcliff's new wells and the current strength it is seeing in oil and natural gas prices positions the Corporation for a very strong second half in 2021, with significant anticipated increases in adjusted funds flow and free funds flow; that Birchcliff's total debt is expected to significantly decrease over the remainder of the year; that the Corporation's total debt at year end is expected to decrease by as much as 34% ($262 million) from its total debt at December 31, 2020 of $762.0 million; and estimates of annual and second half 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;
- the information set forth under the heading *"Environmental, Social and Governance",* including that continuing Birchcliff's industry-leading ESG performance remains a top priority in 2021;
- the information set forth under the heading *"Operational Update"* and elsewhere in this press release as it relates to the 2021 Capital Program and Birchcliff's proposed exploration and development activities and the timing thereof, including: the focus of, the objectives of, the timing of, the anticipated results from and expected benefits of the 2021 Capital Program; that Birchcliff anticipates that the average payout for the wells brought on production in 2021 will be less than a year; that Birchcliff expects to continue to drive drilling and completion costs down through scale and repeatability on larger pads; that the 14-06 and 05-07 pads are capable of being held at stabilized production rates for an extended duration, which will allow for strong stable production profiles and less backout of Birchcliff's existing area production; that the Inlet Liquids-Handling facility allows the Corporation to process and sell the condensate from its new wells in Pouce Coupe to achieve a premium price; that Birchcliff anticipates providing further details regarding the results of the wells from the 14-28 pad and the 06-35 pad in November 2021, in conjunction with the release of its Q3 2021 results; and that the wells brought on production in Gordondale in 2021 are expected to keep the AltaGas facility full during the year; and
- the performance and other characteristics of Birchcliff's oil and natural gas properties and expected results from its assets, including statements regarding the potential or prospectivity of Birchcliff's properties.

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, 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 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 results of the Corporation's risk management 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:

- Birchcliff's 2021 guidance (as revised August 11, 2021) assumes the following commodity prices and exchange rate: an average WTI price of US$66.00/bbl; an average WTI-MSW differential of CDN$5.50/bbl; an average AECO 5A price of CDN$3.30/GJ; an average Dawn price of US$4.05/MMBtu; an average NYMEX HH price of US$3.45/MMBtu; and an exchange rate (CDN$ to US$1) of 1.25.
- With respect to estimates of 2021 capital expenditures and Birchcliff's spending plans for 2021, such estimates and plans assume that the 2021 Capital Program 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 adjusted funds flow and free funds flow guidance for 2021, such guidance assumes that: the 2021 Capital Program will be carried out as currently contemplated and the level of capital spending for 2021 set forth herein will be achieved; and the Corporation's targets for production, production commodity mix, costs 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 for 2021, such guidance assumes that: the 2021 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 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 performed 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 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 effectively operate its assets and achieve expected future results; uncertainties associated with estimating oil and natural gas reserves; 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; risks associated with the declaration and payment of future dividends, including the discretion of Birchcliff's board of directors to declare dividends and change the Corporation's dividend policy; the failure to obtain any required approvals in a timely manner or at all; the failure to complete or realize the anticipated benefits of acquisitions and dispositions and the risk of unforeseen difficulties in integrating acquired assets into Birchcliff's operations; negative public perception of the oil and natural gas industry and fossil fuels; the Corporation's reliance on hydraulic fracturing; market competition; 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.

Birchcliff's five year plan for 2021 to 2025 (the "**Five Year Plan**") assumes an average WTI price of US$50.00/bbl, an average WTI-MSW differential of CDN$6.00/bbl, an average AECO 5A price of CDN$2.50/GJ, an average Dawn price of US$2.75/MMBtu, an average NYMEX HH price of US$2.80/MMBtu and an exchange rate (CDN$ to US$1) of 1.27. As disclosed herein, Birchcliff has revised its guidance and commodity price and exchange rate assumptions for 2021 which would have a corresponding impact on the Five Year Plan and which would affect some or all of the longer-term targets disclosed for 2022 to 2025. The internal projections, expectations and beliefs underlying the Five Year Plan are subject to change in light of ongoing results and prevailing economic and industry conditions. For further information regarding the assumptions on which the Five Year Plan is based, please see Birchcliff's January 20, 2021 press release.

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 under the heading *"Risk Factors"* and in other reports filed with Canadian securities regulatory authorities.

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

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

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

About Birchcliff:

Birchcliff is a Calgary, Alberta based intermediate oil and natural gas company with operations 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.

For further information, please contact:

Birchcliff Energy Ltd.
Suite 1000, 600 – 3rd Avenue S.W.
Calgary, Alberta T2P 0G5
Telephone: (403) 261-6401
Email: info@birchcliffenergy.com
www.birchcliffenergy.com

Jeff Tonken – President and Chief Executive Officer

Bruno Geremia – Vice-President and Chief Financial Officer