BIRCHCLIFF
ENERGY

BIRCHCLIFF ENERGY LTD. ANNOUNCES Q3 2021 FINANCIAL AND OPERATIONAL RESULTS, INCREASED 2021 ADJUSTED FUNDS FLOW AND FREE FUNDS FLOW GUIDANCE AND PRELIMINARY OUTLOOK FOR 2022

Calgary, Alberta (November 10, 2021) – 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, 2021, its updated 2021 guidance and its preliminary outlook for 2022.

"Birchcliff delivered exceptional third quarter results, highlighted by record quarterly adjusted funds flow(1) of $168.1 million and free funds flow(1) of $150.1 million, with quarterly average production of 84,924 boe/d," commented Jeff Tonken, President and Chief Executive Officer of Birchcliff. "As a result of this excellent performance, we are swiftly reducing our debt."

"For the remainder of 2021, we will continue to focus on maintaining our low-cost structure, free funds flow generation and strengthening our already strong balance sheet. We do not have any fixed price commodity hedges in place, which will allow us to take full advantage of robust oil and natural gas prices. We are increasing our 2021 guidance for adjusted funds flow to $575 million(2) (up from $500 million) and free funds flow to $345 million to $350 million (up from $270 million to $290 million)," said Mr. Tonken. "We are tightening our guidance for 2021 annual average production to 79,000 to 80,000 boe/d and our 2021 F&D capital expenditures to $225 million to $230 million. We will continue to prioritize debt repayment and expect that our total debt(1) at year-end 2021 will now be $450 million to $455 million, down from our previous guidance of $500 million to $520 million, a decrease of as much as 42% ($327.4 million) from our peak 2021 quarter-end total debt of $777.4 million at March 31, 2021. Based on our updated guidance, this would result in a year-end 2021 total debt to full-year 2021 adjusted funds flow ratio of 0.8x(1)(3)."

"Although we have not yet finalized our 2022 plans, we remain committed to maintaining a flat annual average production profile, free funds flow generation and further debt reduction in 2022. We are targeting F&D capital spending to be in the range of $240 million to $260 million, with annual average production expected to be 78,000 to 80,000 boe/d. Based on this targeted F&D capital spending and production, we expect to generate adjusted funds flow of approximately $650 million and free funds flow of approximately $400 million using current strip pricing(4)."

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

Q3 2021 Highlights

- Achieved quarterly average production of 84,924 boe/d, an 8% increase from Q3 2020. Liquids accounted for approximately 19% of Birchcliff's total production in Q3 2021 as compared to approximately 24% in Q3 2020.
- Generated a record $168.1 million of adjusted funds flow, or $0.63 per basic common share, a 183% increase and a 186% increase, respectively, from Q3 2020. Cash flow from operating activities was $155.6 million, a 194% increase from Q3 2020.

(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) Based on an annual average production rate of 79,500 boe/d, which is the mid-point of Birchcliff's revised 2021 annual average production guidance of 79,000 to 80,000 boe/d. See *"Outlook and Guidance – Revised 2021 Guidance"*.

(3) Based on total debt at December 31, 2021 of $452.5 million, which is the mid-point of Birchcliff's revised 2021 total debt guidance of $450 million to $455 million. See *"Outlook and Guidance – Revised 2021 Guidance"*.

(4) Based on the mid-points of Birchcliff's 2022 annual average production and F&D capital expenditures outlook. Assumes the following 2022 commodity prices and exchange rate as of November 4, 2021: an average WTI price of US$75.00/bbl; an average WTI-MSW differential of CDN$5.00/bbl; an average AECO 5A price of CDN$4.15/GJ; an average Dawn price of US$4.25/MMBtu; an average NYMEX HH price of US$4.30/MMBtu; and an exchange rate (CDN$ to US$1) of 1.25.

- Delivered $150.1 million of free funds flow, a 426% increase from Q3 2020.
- Earned record net income to common shareholders of $138.4 million, or $0.52 per basic common share, as compared to a net loss to common shareholders of $17.7 million and $0.07 per basic common share in Q3 2020.
- Reduced total debt at September 30, 2021 to $637.9 million, a reduction of $139.5 million from peak 2021 quarter-end total debt of $777.4 million at March 31, 2021, which will result in corresponding decreases in interest expense.
- Achieved operating expense of $2.96/boe, an 8% increase from Q3 2020.
- Realized an operating netback(1) of $23.52/boe, a 96% increase from Q3 2020.
- F&D capital expenditures were $18.0 million in Q3 2021. During the quarter, Birchcliff continued with the safe and efficient execution of its 2021 capital program (the "**2021 Capital Program**"), bringing 12 (12.0 net) wells on production.
- Birchcliff has been active under its normal course issuer bid (the "**NCIB**") in order to offset the dilution from the exercise of stock options ("**Options**") under the Corporation's stock option plan. During Q3 2021, Birchcliff purchased 3,200,000 common shares pursuant to the NCIB at an average price of $5.42 per common share for an aggregate cost of $17.4 million. Year-to-date, Birchcliff has purchased 3,867,800 common shares pursuant to the NCIB at an average price of $5.63 per common share for an aggregate cost of $21.8 million. A total of 3,276,165 Options, with an average exercise price of $3.11 per common share, have been exercised since January 1, 2021 for aggregate proceeds to Birchcliff of $10.2 million, resulting in a net cost to Birchcliff of $11.6 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 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 (surplus)", "total debt" and "total debt to adjusted funds flow ratio", 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".

(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 NINE MONTHS ENDED SEPTEMBER 30, 2021

	Three months ended September 30,		Nine months ended September 30,	
	2021	**2020**	**2021**	**2020**
OPERATING				
Average production				
Light oil *(bbls/d)*	2,878	4,405	2,998	4,700
Condensate *(bbls/d)*	5,990	7,266	5,844	5,545
NGLs *(bbls/d)*	6,889	6,898	7,750	7,436
Natural gas *(Mcf/d)*	415,005	358,851	371,175	347,787
Total *(boe/d)*	**84,924**	**78,376**	**78,454**	**75,645**
Average realized sales price *(CDN$)*[(1)]				
Light oil *(per bbl)*	83.52	48.50	75.28	40.57
Condensate *(per bbl)*	88.04	48.27	81.65	46.07
NGLs *(per bbl)*	35.13	14.05	28.01	12.66
Natural gas *(per Mcf)*	4.46	2.48	3.86	2.33
Total *(per boe)*	**33.70**	**19.80**	**30.00**	**17.86**
NETBACK AND COST *($/boe)*				
Petroleum and natural gas revenue[(1)]	33.71	19.80	30.00	17.86
Royalty expense	(2.50)	(0.55)	(2.23)	(0.56)
Operating expense	(2.96)	(2.73)	(3.09)	(2.91)
Transportation and other expense[(2)]	(4.73)	(4.49)	(5.22)	(4.94)
Operating netback *($/boe)*[(2)]	**23.52**	**12.03**	**19.46**	**9.45**
G&A expense, net	(0.70)	(0.67)	(0.83)	(0.80)
Interest expense	(0.92)	(0.93)	(1.10)	(0.84)
Realized loss on financial instruments	(0.32)	(2.28)	(1.46)	(2.31)
Other cash income (expense)	(0.07)	0.08	0.09	0.19
Adjusted funds flow netback *($/boe)*[(2)]	**21.51**	**8.23**	**16.16**	**5.69**
Depletion and depreciation expense	(7.31)	(7.54)	(7.42)	(7.63)
Unrealized gain (loss) on financial instruments	9.02	(3.55)	3.93	(3.75)
Other (expense) income[(3)]	0.05	(0.05)	0.03	(0.33)
Dividends on preferred shares	(0.22)	(0.27)	(0.25)	(0.28)
Income tax recovery (expense)	(5.34)	0.73	(2.91)	1.36
Net income (loss) to common shareholders *($/boe)*	**17.71**	**(2.45)**	**9.54**	**(4.94)**
FINANCIAL				
Petroleum and natural gas revenue *($000s)*[(1)]	263,348	142,779	642,600	370,222
Cash flow from operating activities *($000s)*	155,606	52,977	319,227	116,749
Adjusted funds flow *($000s)*[(2)]	168,076	59,377	346,084	118,017
Per basic common share *($)*[(2)]	0.63	0.22	1.30	0.44
Net income (loss) to common shareholders *($000s)*	138,367	(17,692)	204,387	(102,415)
Per basic common share *($)*	0.52	(0.07)	0.77	(0.39)
End of period basic common shares *(000s)*	265,573	265,935	265,573	265,935
Weighted average basic common shares *(000s)*	266,547	265,935	266,258	265,935
Dividends on common shares *($000s)*	1,330	1,330	3,993	9,638
Dividends on preferred shares *($000s)*	1,717	1,905	5,188	5,749
F&D capital expenditures *($000s)*[(4)]	18,026	30,842	194,753	246,676
Total capital expenditures *($000s)*[(4)]	18,622	31,193	196,407	248,006
Long-term debt *($000s)*	648,327	771,706	648,327	771,706
Total debt *($000s)*[(2)]	637,905	784,414	637,905	784,414

(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

Preliminary Outlook for 2022

Based on current strip pricing, Birchcliff expects to generate adjusted funds flow of approximately $650 million and free funds flow of approximately $400 million in 2022. Notwithstanding the current strength of Birchcliff's balance sheet, the Corporation will continue to prioritize free funds flow generation and further debt reduction in order to significantly reduce the risks relating to lower commodity prices and unforeseen market events such as the industry experienced in 2020. The strength of Birchcliff's balance sheet also provides it with the optionality to increase shareholder returns, including increased dividends and common share repurchases under its NCIB. Birchcliff does not have any fixed price commodity hedges in place and does not currently intend to enter into any, which gives it the ability to take advantage of the strong commodity prices forecast for 2022.

Although Birchcliff has not yet finalized its 2022 capital spending plans, it is currently targeting F&D capital spending of $240 million to $260 million, which takes into account expected increases in materials, labour and services costs as compared to the current year. Birchcliff remains committed to maintaining a flat annual average production profile in 2022, supported by its low decline assets, and expects its 2022 annual average production to be 78,000 to 80,000 boe/d, which takes into account significant planned turnarounds at the Corporation's 100% owned and operated natural gas processing plant in Pouce Coupe (the "**Pouce Coupe Gas Plant**") and AltaGas's deep-cut sour gas processing facility in Gordondale. The 2022 capital program will be designed to utilize two drilling rigs in order to bring new wells onto production throughout the year, which will allow for a more consistent production profile and be more operationally efficient for the Corporation. Birchcliff anticipates that this will result in comparable annual average production rates year-over-year, with strong production in Q4 2022.

Birchcliff continues to work through its plans for 2022 and expects to announce details of its 2022 capital program and guidance on January 19, 2022.

Revised 2021 Guidance

As a result of the continued successful results that Birchcliff has achieved this year and the ongoing strength of forward commodity prices, Birchcliff is revising its commodity price assumptions for 2021 and its guidance for adjusted funds flow, free funds flow and total debt. The Corporation is also updating its production and F&D capital expenditures guidance. Significant changes to Birchcliff's 2021 guidance include the following:

- Adjusted funds flow guidance has been increased to $575 million (previously $500 million), primarily as a result of the improvement in the commodity price forecast.
- F&D capital expenditures are now expected to be between $225 million to $230 million, which is within the Corporation's previous guidance of $210 million to $230 million.
- Free funds flow guidance has been increased to $345 million to $350 million (previously $270 million to $290 million), as a result of higher anticipated adjusted funds flow in 2021.
- Total debt at year end is now expected to be $450 million to $455 million (previously $500 million to $520 million), primarily as a result of higher anticipated free funds flow in 2021. This would result in a year-end 2021 total debt to full-year 2021 adjusted funds flow ratio of 0.8x.
- Annual average production guidance has been tightened to 79,000 to 80,000 boe/d (within the Corporation's previous guidance range of 79,000 to 81,000 boe/d) and second half average production guidance has been updated to 82,000 to 83,000 boe/d (previously 84,000 to 86,000 boe/d). Birchcliff's production was impacted by a force majeure event at a third-party fractionation facility and a significant outage on a third-party NGLs pipeline system that occurred in the late third and early fourth quarters.
- Average royalty expense is now expected to be $2.60/boe to $2.80/boe (previously $2.40/boe to $2.60/boe), primarily as a result of the improvement in the commodity price forecast.
- Average operating expense is now expected to be $3.00/boe to $3.20/boe (previously $2.90/boe to $3.10/boe), primarily as a result of the strengthening commodity prices that have increased power and fuel costs.

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

	Revised 2021 guidance and assumptions – November 10, 2021(1)	Previous 2021 guidance and assumptions – August 11, 2021	Original 2021 guidance and assumptions – January 20, 2021(2)
Production			
Annual average production *(boe/d)*	79,000 – 80,000	79,000 – 81,000	78,000 – 80,000
% Light oil	4%	4%	5%
% Condensate	7%	7%	9%
% NGLs	10%	10%	10%
% Natural gas	79%	79%	76%
Second half 2021 average production *(boe/d)*	82,000 – 83,000	84,000 – 86,000	83,000 – 85,000
Average Expenses *($/boe)*			
Royalty	2.60 – 2.80	2.40 – 2.60	1.15 – 1.35
Operating	3.00 – 3.20	2.90 – 3.10	2.90 – 3.10
Transportation and other	5.00 – 5.20	5.00 – 5.20	5.00 – 5.20
Adjusted Funds Flow *(MM$)*	575(3)	500	360
F&D Capital Expenditures *(MM$)*	225 – 230(4)	210 – 230	210 – 230
Free Funds Flow *(MM$)*(5)	345 – 350	270 – 290	130 – 150
Total Debt at Year End *(MM$)*	450 – 455(6)	500 – 520	635 – 655
Natural Gas Market Exposure(7)			
AECO exposure as a % of total natural gas production	7%	13%	12%(8)
Dawn exposure as a % of total natural gas production	43%	43%	44%
NYMEX HH exposure as a % of total natural gas production	38%	38%	38%(8)
Alliance exposure as a % of total natural gas production	12%	6%	6%
Commodity Prices			
Average WTI price *(US$/bbl)*	69.00(9)	66.00	50.00
Average WTI-MSW differential *(CDN$/bbl)*	5.50(9)	5.50	6.00
Average AECO 5A price *(CDN$/GJ)*	3.55(9)	3.30	2.50
Average Dawn price *(US$/MMBtu)*(10)	3.80(9)	3.40	2.75
Average NYMEX HH price *(US$/MMBtu)*(10)	3.85(9)	3.45	2.80
Exchange rate *(CDN$ to US$1)*	1.25(9)	1.25	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 79,500 boe/d during 2021, which is the mid-point of Birchcliff's revised annual average production guidance for 2021.

(2) Except where otherwise noted, as previously disclosed on January 20, 2021.

(3) Birchcliff's estimate of adjusted funds flow takes into account the effects of its physical and financial basis swap contracts outstanding as at November 10, 2021.

(4) Birchcliff's estimate of F&D capital expenditures excludes any net potential acquisitions and dispositions and the capitalized portion of annual cash incentive payments. See *"Advisories – Capital Expenditures"*.

(5) Free funds flow is calculated as adjusted funds flow less F&D capital expenditures and is prior to acquisitions and dispositions, dividend payments, common share repurchases, preferred share redemptions, proceeds received from the exercise of Options and performance warrants, abandonment and reclamation obligations, administrative assets, financing fees and capital lease obligations. See *"Non-GAAP Measures"*.

(6) 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 approximately 266 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 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.

(7) Birchcliff's revised guidance regarding its natural gas market exposure, as updated on November 10, 2021, assumes: (i) 175,000 GJ/d being sold on a physical basis at the Dawn price; (ii) 53,000 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.

(8) Updated on March 10, 2021.

(9) 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 September 30, 2021 and forward strip benchmark commodity prices and exchange rate as of November 4, 2021 for the period from October 1, 2021 to December 31, 2021.

(10) 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 during the fourth quarter of 2021 on the Corporation's estimate of adjusted funds flow for 2021 of $575 million:

Forward three months' sensitivity[(1)]	Estimated change to 2021 adjusted funds flow *(MM$)*[(2)(3)]
Change in WTI US$1.00/bbl	1.2
Change in NYMEX HH US$0.10/MMBtu	1.8
Change in Dawn US$0.10/MMBtu	1.8
Change in AECO CDN$0.10/GJ	2.1
Change in CDN/US exchange rate CDN$0.01	1.4

(1) Adjusted funds flow sensitivities take into account actual settled benchmark commodity prices and exchange rate for the period from January 1, 2021 to September 30, 2021 and forward strip benchmark commodity prices and exchange rate as of November 4, 2021 for the period from October 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.

Changes in assumed commodity prices and variances in production estimates can have an 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*".

Q3 2021 FINANCIAL AND OPERATIONAL RESULTS

Production

Birchcliff's production averaged 84,924 boe/d in Q3 2021, an 8% increase from 78,376 boe/d in Q3 2020. Production in Q3 2021 was positively impacted by incremental production volumes from the new Montney/Doig light oil and condensate-rich natural gas wells brought on production since September 30, 2020. Production was negatively impacted by natural production declines and a force majeure event at a third-party fractionation facility and a significant outage on a third-party NGLs pipeline system experienced in late September 2021.

Liquids accounted for approximately 19% of Birchcliff's total production in Q3 2021, as compared to approximately 24% in Q3 2020, with total liquids production decreasing by 15% from Q3 2020. The change in the corporate commodity production mix was primarily due to Birchcliff specifically targeting natural gas wells in the Pouce Coupe and Gordondale areas since September 30, 2020.

Adjusted Funds Flow and Cash Flow From Operating Activities

Birchcliff's adjusted funds flow in Q3 2021 was $168.1 million, or $0.63 per basic common share, a 183% increase and a 186% increase, respectively, from $59.4 million and $0.22 per basic common share in Q3 2020. The increases were primarily due to an 84% increase in petroleum and natural gas revenue, partially offset by a higher royalty expense, both of which were largely impacted by a 70% increase in the average realized sales price received for Birchcliff's production in Q3 2021 as compared to Q3 2020. Birchcliff's average realized sales price in Q3 2021 benefited from the significant increases in benchmark oil and natural gas prices since Q3 2020. See *"Q3 2021 Financial and Operational Results – Commodity Prices".*

Birchcliff's cash flow from operating activities in Q3 2021 was $155.6 million, a 194% increase from $53.0 million in Q3 2020. The reason for the increase is consistent with the explanation for the increase to adjusted funds flow.

Net Income (Loss) to Common Shareholders

Birchcliff recorded net income to common shareholders of $138.4 million, or $0.52 per basic common share, in Q3 2021, as compared to a net loss to common shareholders of $17.7 million, or $0.07 per basic common share in Q3 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 $54.3 million in Q3 2021 as compared to an unrealized after-tax mark-to-market loss on financial instruments of $19.7 million in Q3 2020.

Operating Expense

Birchcliff's operating expense was $2.96/boe in Q3 2021, an 8% increase from $2.73/boe in Q3 2020. The increase was primarily due to stronger commodity prices, which resulted in higher power and fuel costs, partially offset by higher average production in Q3 2021 as compared to Q3 2020.

Operating Netback

Birchcliff's operating netback was $23.52/boe in Q3 2021, a 96% increase from $12.03/boe in Q3 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 Q3 2021.

Total Cash Costs

Birchcliff's total cash costs were $11.81/boe in Q3 2021, a 26% increase from $9.37/boe in Q3 2020. The increase was largely attributable to a higher per boe royalty expense.

Pouce Coupe Gas Plant Netbacks

During the nine months ended September 30, 2021, Birchcliff processed 69% of its total corporate natural gas production and 62% of its total corporate production through the Pouce Coupe Gas Plant as compared to 69% and 59%, respectively, during the nine months ended September 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:

	Nine months ended September 30, 2021		Nine months ended September 30, 2020	
Average production:				
Condensate *(bbls/d)*		4,019		4,126
NGLs *(bbls/d)*		1,789		1,056
Natural gas *(Mcf/d)*		255,870		238,482
Total *(boe/d)*		**48,453**		**44,929**
Liquids-to-gas ratio[(1)] *(bbls/MMcf)*		**22.7**		**21.7**
Netback and cost:	*$/Mcfe*	*$/boe*	*$/Mcfe*	*$/boe*
Petroleum and natural gas revenue[(2)]	4.76	28.59	2.87	17.19
Royalty expense	(0.29)	(1.76)	(0.05)	(0.30)
Operating expense[(3)]	(0.37)	(2.22)	(0.37)	(2.17)
Transportation and other expense[(4)]	(0.91)	(5.47)	(0.88)	(5.30)
Operating netback[(4)]	**$3.19**	**$19.14**	**$1.57**	**$9.42**
Operating margin[(5)]	**67%**	**67%**	**55%**	**55%**

(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 liquids-to-gas ratio at the Pouce Coupe Gas Plant increased by 5% from the nine months ended September 30, 2020 primarily due to increased NGLs recovery at Phase III of the Pouce Coupe Gas Plant beginning in Q4 2020.

Debt and Credit Facilities

With free funds flow now targeted at $345 million to $350 million, the Corporation expects that its total debt at year end 2021 will be $450 million to $455 million, down from its previous total debt guidance of $500 million to $520 million, which would result in a year-end 2021 total debt to full-year 2021 adjusted funds flow ratio of 0.8x. See *"Outlook and Guidance – Revised 2021 Guidance".*

Total debt at September 30, 2021 was $637.9 million, as compared to $784.4 million at September 30, 2020. At September 30, 2021, Birchcliff had an adjusted working capital surplus of $10.4 million, as compared to an adjusted working capital deficit of $12.7 million at September 30, 2020. The change to a surplus position from September 30, 2020 was primarily due to the strengthening of commodity prices and the positive effects this had on Birchcliff's working capital balances. See *"Non-GAAP Measures".* At September 30, 2021, Birchcliff had long-term bank debt of

$648.3 million (September 30, 2020: $771.7 million) from available credit facilities of $850.0 million (September 30, 2020: $1.0 billion), leaving $193.5 million of unutilized credit capacity after adjusting for outstanding letters of credit and unamortized fees. Birchcliff's credit facilities do not contain any financial maintenance covenants and do not mature until May 11, 2024.

Commodity Prices

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

	Three months ended September 30, 2021	Three months ended September 30, 2020	% Change
Light oil – WTI Cushing *(US$/bbl)*	71.06	40.27	76
Light oil – MSW (Mixed Sweet) *(CDN$/bbl)*	83.32	48.09	73
Natural gas – NYMEX HH *(US$/MMBtu)*(1)	4.01	1.98	103
Natural gas – AECO 5A Daily *(CDN$/GJ)*	3.41	2.13	60
Natural gas – AECO 7A Month Ahead *(US$/MMBtu)*(1)	2.83	1.62	75
Natural gas – Dawn Day Ahead *(US$/MMBtu)*(1)	4.07	1.82	124
Natural gas – ATP 5A Day Ahead *(CDN$/GJ)*	4.01	2.12	89
Exchange rate *(CDN$ to US$1)*	1.2504	1.3316	(6)
Exchange rate *(US$ to CDN$1)*	0.7997	0.7509	6

(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 2021, after taking into account the Corporation's financial instruments:

Three months ended September 30, 2021						
	Effective sales *(CDN$000s)*	**Percentage of total sales** *(%)*	**Effective production** *(per day)*	**Percentage of total natural gas production** *(%)*	**Percentage of total corporate production** *(%)*	**Effective average realized sales price** *(CDN$)*
Markets						
AECO(1)(2)	43,367	15	118,384 Mcf	29	23	3.98/Mcf
Dawn(3)	78,554	28	158,631 Mcf	38	31	5.38/Mcf
NYMEX HH(1)(4)	69,313	24	137,990 Mcf	33	27	5.46/Mcf
Total natural gas	**191,234**	**67**	**415,005 Mcf**	**100**	**81**	**5.01/Mcf**
Light oil	22,112	8	2,878 bbls		3	83.52/bbl
Condensate	48,517	17	5,990 bbls		8	88.04/bbl
NGLs	22,267	8	6,889 bbls		8	35.13/bbl
Total liquids	**92,896**	**33**	**15,757 bbls**		**19**	**64.08/bbl**
Total corporate	**284,130**	**100**	**84,924 boe**		**100**	**36.37/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$1.226/MMBtu during Q3 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 Q3 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$5.46/Mcf (US$3.92/MMBtu) was determined on a gross basis before giving effect to the average NYMEX HH/AECO 7A contract basis price of CDN$1.70/Mcf (US$1.226/MMBtu). After giving effect to the NYMEX HH/AECO 7A basis contact price, Birchcliff's effective average realized net sales price for NYMEX HH was CDN$3.76/Mcf (US$2.69/MMBtu) in Q3 2021

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, 2021							
	Natural gas sales[1] *(CDN$000s)*	**Percentage of natural gas sales** *(%)*	**Natural gas production** *(Mcf/d)*	**Percentage of natural gas production** *(%)*	**Average realized natural gas sales price[1]** *(CDN$/Mcf)*	**Natural gas transportation costs[2]** *(CDN$/Mcf)*	**Natural gas sales netback[3]** *(CDN$/Mcf)*
AECO	65,886	39	186,718	45	3.87	0.43	3.44
Dawn	78,554	46	158,631	38	5.38	1.48	3.90
Alliance[4]	26,001	15	69,656	17	4.06	-	4.06
Total	**170,441**	**100**	**415,005**	**100**	**4.46**	**0.76**	**3.70**

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**

(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 Q3 2021, Birchcliff continued with the successful execution of the 2021 Capital Program, bringing 12 (12.0 net) wells on production. Total capital expenditures in the quarter were $18.6 million and F&D capital expenditures were $18.0 million. For further information regarding Birchcliff's operational activities year-to-date, see *"Operational Update"*.

OPERATIONAL UPDATE

Birchcliff has completed the vast majority of its 2021 Capital Program, with all previously planned wells brought on production. The 2021 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 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 expects to spend between $225 million and $230 million in 2021 and intends to utilize any capital savings realized on the 2021 Capital Program to prepare for the efficient execution of its 2022 capital program.

Pouce Coupe 8-Well Pad (14-28-77-13W6) Update

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 wells from the 14-28 pad have now been producing for over 60 days and have produced at better rates than previously forecast. 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 8 wells from the 14-28 pad:

	IP 30[(1)]	**IP 60**[(1)]
Aggregate production rate *(boe/d)*	**9,214**	**9,154**
Aggregate natural gas production rate *(Mcf/d)*	50,635	51,367
Aggregate condensate production rate *(bbls/d)*	773	593
Average per well production rate *(boe/d)*	**1,152**	**1,144**
Average per well natural gas production rate *(Mcf/d)*	6,329	6,421
Average per well condensate production rate *(bbls/d)*	97	74
Condensate-to-gas ratio *(bbls/MMcf)*	**15**	**12**

(1) Represents the cumulative volumes for each well measured at the wellhead separator for the 30 or 60 days (as applicable) of production immediately after each well was considered stabilized after producing fracture treatment fluid back to surface in an amount such that flow rates of hydrocarbons became reliable. See *"Advisories – Initial Production Rates"*.

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

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. The wells from the 06-35 pad have now been producing for over 60 days and have produced at better rates than previously forecast. During the initial 30 and 60 days of production, the pad was flowing inline post-fracture light oil, 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 06-35 pad:

	IP 30[(1)]	**IP 60**[(1)]
Aggregate production rate *(boe/d)*	**5,421**	**5,069**
Aggregate natural gas production rate *(Mcf/d)*	27,879	26,640
Aggregate light oil production rate *(bbls/d)*	775	629
Average per well production rate *(boe/d)*	**1,355**	**1,267**
Average per well natural gas production rate *(Mcf/d)*	6,970	6,660
Average per well light oil production rate *(bbls/d)*	194	157
Light oil-to-gas ratio *(bbls/MMcf)*	**28**	**24**

(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"*.

ABBREVIATIONS

AECO	benchmark price for natural gas determined at the AECO 'C' hub in southeast Alberta
ATP	Alliance Trading Pool
bbl	barrel
bbls	barrels
bbls/d	barrels per day
boe	barrel of oil equivalent
boe/d	barrel of oil equivalent per day
condensate	pentanes plus (C5+)
F&D	finding and development
G&A	general and administrative
GAAP	generally accepted accounting principles for Canadian public companies which are currently International Financial Reporting Standards as issued by the International Accounting Standards Board
GJ	gigajoule
GJ/d	gigajoules per day
HH	Henry Hub
IP	initial production
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
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 (surplus)", "total debt" and "total debt to adjusted funds flow ratio". 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 September 30,		Nine months ended September 30,	
($000s)	**2021**	**2020**	**2021**	**2020**
Cash flow from operating activities	155,606	52,977	319,227	116,749
Change in non-cash operating working capital	12,305	6,220	25,416	292
Decommissioning expenditures	165	180	1,441	976
Adjusted funds flow	**168,076**	**59,377**	**346,084**	**118,017**
F&D capital expenditures	(18,026)	(30,842)	(194,753)	(246,676)
Free funds flow	**150,050**	**28,535**	**151,331**	**(128,659)**

"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 September 30,				Nine months ended September 30,			
	2021		**2020**		**2021**		**2020**	
	($000s)	*($/boe)*	*($000s)*	*($/boe)*	*($000s)*	*($/boe)*	*($000s)*	*($/boe)*
Petroleum and natural gas revenue	263,348	33.71	142,779	19.80	642,600	30.00	370,222	17.86
Royalty expense	(19,500)	(2.50)	(3,935)	(0.55)	(47,819)	(2.23)	(11,682)	(0.56)
Operating expense	(23,164)	(2.96)	(19,668)	(2.73)	(66,200)	(3.09)	(60,415)	(2.91)
Transportation and other expense	(36,939)	(4.73)	(32,459)	(4.49)	(111,877)	(5.22)	(102,324)	(4.94)
Operating netback	**183,745**	**23.52**	**86,717**	**12.03**	**416,704**	**19.46**	**195,801**	**9.45**
G&A expense, net	(5,506)	(0.70)	(4,804)	(0.67)	(17,762)	(0.83)	(16,587)	(0.80)
Interest expense	(7,154)	(0.92)	(6,736)	(0.93)	(23,613)	(1.10)	(17,415)	(0.84)
Realized loss on financial instruments	(2,469)	(0.32)	(16,440)	(2.28)	(31,359)	(1.46)	(47,846)	(2.31)
Other cash income (expense)	(540)	(0.07)	640	0.08	2,114	0.09	4,064	0.19
Adjusted funds flow netback	**168,076**	**21.51**	**59,377**	**8.23**	**346,084**	**16.16**	**118,017**	**5.69**

The breakdown for the operating netback from the Pouce Coupe Gas Plant is provided under the heading *"Q3 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 (surplus)" 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 (surplus) 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 (surplus):

As at, *($000s)*	**September 30, 2021**	**December 31, 2020**	**September 30, 2020**
Working capital deficit	16,058	93,988	92,843
Financial instrument – current asset	17,565	-	-
Financial instrument – current liability	(5,717)	(23,479)	(31,089)
Capital securities – current liability	(38,328)	(39,930)	(49,046)
Adjusted working capital deficit (surplus)	**(10,422)**	**30,579**	**12,708**

"Total debt" is calculated as the amount outstanding under the Corporation's credit facilities plus adjusted working capital deficit (surplus). 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)*	**September 30, 2021**	**December 31, 2020**	**September 30, 2020**
Revolving term credit facilities	648,327	731,372	771,706
Adjusted working capital deficit (surplus)	(10,422)	30,579	12,708
Total debt	**637,905**	**761,951**	**784,414**

"Total debt to adjusted funds flow ratio" is calculated by dividing year-end total debt by full-year adjusted funds flow. Total debt to adjusted funds flow is a coverage ratio that provides management and investors with the ability to determine how long it would take the Birchcliff to repay its total debt if it devoted all of its adjusted funds flow to debt repayment.

ADVISORIES

Unaudited Information

All financial and operational information contained in this press release for the three and nine months ended September 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 8-well (14-28) pad in Pouce Coupe disclosed herein, such rates represent the cumulative volumes for each well measured at the wellhead separator for the 30 and 60 days (as applicable) of production immediately after each well was considered stabilized after producing fracture treatment fluid back to surface in an amount such that flow rates of hydrocarbons became reliable (between 0 and 4 days), divided by 30 or 60 (as applicable), which were then added together to determine the aggregate production rates for the 8-well pad and then divided by 8 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 8 wells were stabilized between 4.3 and 9.3 MPa for IP 30 production rates and between 4.1 and 7.0 MPa for IP 60 production rates. Approximate casing pressures for the 8 wells were stabilized between 7.6 and 12.3 MPa for IP 30 production rates and between 6.8 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.

With respect to the production rates for the Corporation's 4-well (06-35) 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 3.0 and 3.4 MPa for IP 30 production rates and between 2.8 and 3.1 MPa for IP 60 production rates. Approximate casing pressures for the 4 wells were stabilized between 9.2 and 14.2 MPa for IP 30 production rates and between 8.6 and 13.0 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 for remainder of 2021, Birchcliff will continue to focus on maintaining its low-cost structure, free funds flow generation and strengthening its already strong balance sheet; that Birchcliff not having any fixed price commodity hedges will allow it to take full advantage of robust oil and natural gas prices; that Birchcliff will continue to prioritize debt repayment; that total debt at year-end 2021 will now be $450 million to $455 million, a decrease of as much as 42% from its peak 2021 quarter-end total debt of $777.4 million at March 31, 2021; that Birchcliff expects a year-end 2021 total debt to full-year 2021 adjusted funds flow ratio of 0.8x; and that reduced total debt will result in corresponding decreases in interest expense;

- Birchcliff's outlook for commodity prices, including that strong commodity prices are forecast for 2022;

- the information set forth under the heading "*Outlook and Guidance*" and elsewhere in this press release as it relates to Birchcliff's preliminary outlook for 2022, including: that for 2022, Birchcliff remains committed to maintaining a flat annual average production profile, free funds flow generation and further debt reduction; that Birchcliff expects to generate adjusted funds flow of approximately $650 million and free funds flow of approximately $400 million in 2022; that the Corporation will continue to prioritize free funds flow generation and further debt reduction in order to significantly reduce the risks relating to lower commodity prices and unforeseen market events such as the industry experienced in 2020; that the strength of Birchcliff's balance sheet also provides it with the optionality to increase shareholder returns, including increased dividends and common share repurchases under its NCIB; that Birchcliff does not currently intend to enter into any fixed price commodity hedges, which gives it the ability to take advantage of the strong commodity prices forecast for 2022; that the Corporation is currently targeting F&D capital spending of $240 million to $260 million, which takes into account expected increases in materials, labour and services costs as compared to the current year; that Birchcliff expects its 2022 annual average production to be 78,000 to 80,000 boe/d, which takes into account significant planned turnarounds at the Pouce Coupe Gas Plant and AltaGas's deep-cut sour gas processing facility in Gordondale; that the 2022 capital program will be designed to utilize two drilling rigs in order to bring new wells onto production throughout the year, which will allow for a more consistent production profile and be more operationally efficient for the Corporation; that Birchcliff anticipates comparable annual average production rates year-over-year, with strong production in Q4 2022; and that Birchcliff expects to announce details of its 2022 capital program and guidance on January 19, 2022;

- 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: 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 in 2021 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 *"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; and that Birchcliff intends to utilize any capital savings realized on the 2021 Capital Program to prepare for the efficient execution of its 2022 capital program; 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; the Corporation's ability to successfully market natural gas and liquids; the results of the Corporation's risk management and market diversification activities; and Birchcliff's natural gas market exposure. In addition to the foregoing assumptions, Birchcliff has made the following assumptions with respect to certain forward-looking statements contained in this press release:

- Birchcliff's 2021 guidance (as revised November 10, 2021) assumes the following commodity prices and exchange rate: an average WTI price of US$69.00/bbl; an average WTI-MSW differential of CDN$5.50/bbl; an average AECO 5A price of CDN$3.55/GJ; an average Dawn price of US$3.80/MMBtu; an average NYMEX HH price of US$3.85/MMBtu; and an exchange rate (CDN$ to US$1) of 1.25.
- Birchcliff's preliminary 2022 outlook assumes the following commodity prices and exchange rate: an average WTI price of US$75.00/bbl; an average WTI-MSW differential of CDN$5.00/bbl; an average AECO 5A price of CDN$4.15/GJ; an average Dawn price of US$4.25/MMBtu; an average NYMEX HH price of US$4.30/MMBtu; and an exchange rate (CDN$ to US$1) of 1.25.
- With respect to estimates of 2021 and 2022 capital expenditures and Birchcliff's spending plans for 2021 and 2022, such estimates and plans assume that Birchcliff's 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 adjusted funds flow and free funds flow guidance for 2021 and 2022, such guidance assumes that: Birchcliff's capital programs will be carried out as currently contemplated and the level of capital spending for 2021 and 2022 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 and 2022, such guidance assumes that: Birchcliff's 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 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 and market diversification activities; risks associated with the declaration and payment of future dividends, including the discretion of Birchcliff's board of directors to declare dividends and change the Corporation's dividend policy; the failure to obtain any required approvals in a timely manner or at all; the failure to complete or realize the anticipated benefits of acquisitions and dispositions and the risk of unforeseen difficulties in integrating acquired assets into Birchcliff's operations; negative public perception of the oil and natural gas industry and fossil fuels; the Corporation's reliance on hydraulic fracturing; market competition; 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 and provided a preliminary outlook for 2022, 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.

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