

Birchcliff Energy Ltd. Announces Q1 2021 Financial and Operational Results and Increases Its 2021 Production, Adjusted Funds Flow and Free Funds Flow Guidance

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CALGARY, May 12, 2021 - [Birchcliff Energy Ltd.](#) ("Birchcliff" or the "Corporation") (TSX: BIR) is proud to announce its strong financial and operational results for the three months ended March 31, 2021. Birchcliff is also pleased to announce that it is maintaining its 2021 F&D capital expenditures guidance and increasing its 2021 production, adjusted funds flow and free funds flow guidance.

"Birchcliff had a strong first quarter in 2021, highlighted by excellent drilling results. The performance of new wells and the execution by our team helped us achieve an average production rate of 75,065 boe/d, which represents an increase of 2% over Q1 2020. This production, together with improved commodity prices, resulted in substantially higher adjusted funds flow of \$87.8 million in the quarter, a 138% increase from Q1 2020. As a result of our strong new well performance and our improved outlook for commodity prices, we are increasing our 2021 guidance for production, adjusted funds flow and free funds flow. We are now targeting annual average production of 79,000 to 81,000 boe/d, up from 78,000 to 80,000 boe/d, and adjusted funds flow of \$400 million, up from \$360 million. Notwithstanding our increased outlook for adjusted funds flow, we remain committed to capital discipline and are maintaining our F&D capital expenditures guidance at \$210 million to \$230 million, which results in free funds flow of \$170 million to \$190 million and puts us in an excellent position to significantly reduce our total debt during the second half of 2021," commented Jeff Tonken, President and Chief Executive Officer of Birchcliff. "We are excited about the early results from the 7-well pad (04-04) that we brought on production in Pouce Coupe in March. The performance of these wells has exceeded our expectations, with very strong natural gas and condensate production rates. As a result, we have followed up with an 8-well pad immediately offsetting the 04-04 pad, which we expect to be brought on production in Q3 2021."

Birchcliff's unaudited interim condensed financial statements for the three months ended March 31, 2021 and related management's discussion and analysis (the "MD&A") will be available on its website at www.birchcliffenergy.com and on SEDAR at www.sedar.com.

Q1 2021 HIGHLIGHTS

- Achieved quarterly average production of 75,065 boe/d, a 2% increase from Q1 2020.
- Liquids accounted for approximately 23% of Birchcliff's total production in Q1 2021, as compared to approximately 22% in Q1 2020, with total liquids production increasing by 7% from Q1 2020.
- Delivered \$87.8 million of adjusted funds flow, or \$0.33 per basic common share, a 138% increase and a 136% increase, respectively, from Q1 2020.
- Recorded net income to common shareholders of \$22.2 million, or \$0.08 per basic common share, as compared to a net loss to common shareholders of \$45.2 million and \$0.17 per basic common share in Q1 2020.
- Achieved operating expense of \$3.18/boe, a 1% increase from Q1 2020.
- Realized an operating netback of \$17.05/boe, an 83% increase from Q1 2020.
- F&D capital expenditures of \$95.8 million. During the quarter, Birchcliff drilled 19 (19.0 net) wells and brought 7 (7.0 net) wells on production as part of the Corporation's 2021 capital program (the "2021 Capital Program").

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" and "total debt", which do not have standardized

meanings prescribed by GAAP and therefore may not be comparable to similar measures presented by other companies. 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".

Q1 2021 FINANCIAL AND OPERATIONAL HIGHLIGHTS

	Three months ended March 31, 2021	Three months ended March 31, 2020
OPERATING		
Average production		
Light oil (bbls/d)	3,355	3,954
Condensate (bbls/d)	5,467	4,524
NGLs (bbls/d)	8,734	7,962
Natural gas (Mcf/d)	345,057	342,831
Total (boe/d)	75,065	73,580
Average realized sales price (CDN\$) ⁽¹⁾		
Light oil (per bbl)	67.02	53.18
Condensate (per bbl)	74.22	58.48
NGLs (per bbl)	24.69	12.02
Natural gas (per Mcf)	3.52	2.29
Total (per boe)	27.47	18.41
NETBACK AND COST (\$/boe)		
Petroleum and natural gas revenue ⁽¹⁾	27.47	18.41
Royalty expense	(1.72)	(0.95)
Operating expense	(3.18)	(3.14)
Transportation and other expense	(5.52)	(5.00)
Operating netback (\$/boe)	17.05	9.32
G&A expense, net	(0.92)	(0.90)
Interest expense	(1.21)	(0.89)
Realized loss on financial instruments	(2.29)	(2.13)
Other income	0.37	0.11
Adjusted funds flow netback (\$/boe)	13.00	5.51
Depletion and depreciation expense	(7.47)	(7.71)
Unrealized loss on financial instruments	(1.13)	(5.88)
Other (expenses) income ⁽²⁾	0.25	(0.29)
Dividends on preferred shares	(0.25)	(0.29)
Income tax recovery (expense)	(1.12)	1.91
Net income (loss) to common shareholders (\$/boe)	3.28	(6.75)
FINANCIAL		
Petroleum and natural gas revenue (\$000s) ⁽¹⁾	185,609	123,263
Cash flow from operating activities (\$000s)	82,608	50,551
Adjusted funds flow (\$000s)	87,820	36,894
Per basic common share (\$)	0.33	0.14
Net income (loss) to common shareholders (\$000s)	22,166	(45,201)
Per basic common share (\$)	0.08	(0.17)
End of period basic common shares (000s)	266,045	265,935
Weighted average basic common shares (000s)	265,989	265,935
Dividends on common shares (\$000s)	1,330	6,981
Dividends on preferred shares (\$000s)	1,746	1,922
F&D capital expenditures (\$000s) ⁽³⁾	95,840	132,361
Total capital expenditures (\$000s) ⁽³⁾	96,625	132,840

Long-term debt (\$000s)	701,735	619,055
Total debt (\$000s)	777,385	739,631

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

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

(3) See "Advisories - Capital Expenditures".

OUTLOOK AND GUIDANCE

Increased 2021 Guidance - Maintaining F&D Capital Expenditures

Birchcliff is revising its 2021 guidance as a result of its strong new well performance and improved outlook for commodity prices. Birchcliff now expects to generate approximately \$400 million of adjusted funds flow on annual average production of 79,000 to 81,000 boe/d. The Corporation is now targeting \$170 million to \$190 million of free funds flow in 2021 (previously \$130 million to \$150 million), which will be prioritized towards debt reduction, with total debt at year end now anticipated to be \$600 million to \$620 million (previously \$635 million to \$655 million). Birchcliff is maintaining its previous guidance for F&D capital expenditures and its operating and transportation and other expenses and increasing its royalties guidance due to higher anticipated benchmark commodity prices.

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

	Revised 2021 guidance and assumptions ⁽¹⁾	Previous 2021 guidance and assumptions ⁽²⁾
Production		
Annual average production (boe/d)	79,000 - 81,000	78,000 - 80,000
% Light oil	4%	5%
% Condensate	8%	9%
% NGLs	10%	10%
% Natural gas	78%	76%
Second half 2021 average production (boe/d)	84,000 - 86,000	83,000 - 85,000 ⁽³⁾
Average Expenses (\$/boe)		
Royalty	1.55 - 1.75	1.15 - 1.35
Operating	2.90 - 3.10	2.90 - 3.10
Transportation and other	5.00 - 5.20	5.00 - 5.20
Adjusted Funds Flow (MM\$)	400 ⁽⁴⁾	360
F&D Capital Expenditures (MM\$) ⁽⁵⁾	210 - 230	210 - 230
Free Funds Flow (MM\$) ⁽⁶⁾	170 - 190	130 - 150
Total Debt at Year End (MM\$)	600 - 620 ⁽⁷⁾	635 - 655
Natural Gas Market Exposure ⁽⁸⁾		
AECO exposure as a % of total natural gas production	13%	12%
Dawn exposure as a % of total natural gas production	43%	44%
NYMEX HH exposure as a % of total natural gas production	38%	38%
Alliance exposure as a % of total natural gas production	6%	6%
Commodity Prices ⁽⁹⁾		
Average WTI price (US\$/bbl)	62.00	50.00
Average WTI-MSW differential (CDN\$/bbl)	5.70	6.00
Average AECO 5A price (CDN\$/GJ)	2.80	2.50
Average Dawn price (US\$/MMBtu) ⁽¹⁰⁾	2.85	2.75
Average NYMEX HH price (US\$/MMBtu) ⁽¹⁰⁾	2.90	2.80
Exchange rate (CDN\$ to US\$1)	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 revised annual average production guidance for 2021.

(2) As previously disclosed on March 10, 2021.

(3) Previously disclosed on January 20, 2021. Guidance disclosed on March 10, 2021 included Q4 2021 average production guidance of 83,000 to 85,000 boe/d, which guidance has not been updated.

(4) Birchcliff's estimate of adjusted funds flow takes into account the effects of its physical and financial commodity risk management contracts outstanding as at May 12, 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, 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 266 million common, 2,000,000 series A and 1,550,129 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 debt or equity issuances; (iv) 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 (v) 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) 25,300 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 hedged on a financial and physical basis at a fixed basis differential between the AECO 7A price and the NYMEX HH price.

(9) Commodity price assumptions are based on anticipated full-year average benchmark prices which includes actual settled benchmark prices for the period from January 1, 2021 to April 30, 2021 and forward strip benchmark prices as of May 5, 2021 for the period from May 1, 2021 to December 31, 2021.

(10) See "Advisories - MMBtu Pricing Conversions".

Adjusted Funds Flow Sensitivity

Birchcliff does not currently have in place any fixed price commodity hedges and therefore all of its production has benefited from the recent strengthening of benchmark oil and natural gas index prices.

The following table illustrates the expected impact of changes in commodity prices and the CDN/US exchange rate on the Corporation's estimate of adjusted funds flow for 2021 of \$400 million:

Forward Nine Months' Sensitivity ⁽¹⁾	Estimated change to 2021 adjusted funds flow (MM\$) ⁽²⁾⁽³⁾
Change in WTI US\$1.00/bbl	3.8
Change in NYMEX HH US\$0.10/MMBtu	4.1
Change in Dawn US\$0.10/MMBtu	5.4
Change in AECO CDN\$0.10/GJ	3.3
Change in CDN/US exchange rate CDN\$0.01	3.6

(1) Adjusted funds flow sensitivities take into account actual settled benchmark prices and exchange rates from January 1, 2021 to March 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" in this press release.

EXTENSION OF CREDIT FACILITIES

Subsequent to the end of the quarter, 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 (see "Q1 2021 Financial and Operational Results - Debt and Credit Facilities"). Due to Birchcliff's significant anticipated adjusted funds flow in 2021 and its commitment to capital discipline and debt reduction, it does not anticipate requiring additional credit capacity, and accordingly, requested the borrowing base limit reduction. This reduction to the borrowing base limit will result in a corresponding decrease to its renewal and standby fees. Birchcliff is committed to capital discipline, reducing its interest costs, strengthening its balance sheet and reducing its total debt going forward. As noted above, Birchcliff expects to generate \$170 million to \$190 million of free funds flow and reduce its total debt to \$600 million to \$620 million in 2021.

ANNUAL MEETING OF SHAREHOLDERS - MAY 13, 2021

Birchcliff's annual meeting of shareholders (the "Meeting") is scheduled to take place tomorrow, Thursday, May 13, 2021 at 3:00 p.m. (Mountain Daylight Time). The Meeting will be held in a virtual-only format conducted via live audio webcast accessible online at <https://web.lumiagm.com/245051871>, password "birchcliff2021" (case sensitive). Details of the matters proposed to be put before the Meeting and instructions about how to attend and vote at the Meeting are set out in Birchcliff's management information circular, which can be found on the Corporation's website at www.birchcliffenergy.com/investors or on the Corporation's SEDAR profile at www.sedar.com. Registered shareholders and duly appointed proxyholders will be able to vote on the matters put before the Meeting and ask questions, regardless of their geographic location. Non-registered (beneficial) shareholders who have not duly appointed themselves as proxyholders may still attend the Meeting as guests. Guests will be able to login and listen to the proceedings of the Meeting but will not be able to vote.

Q1 2021 FINANCIAL AND OPERATIONAL RESULTS

Production

Birchcliff's production averaged 75,065 boe/d in Q1 2021, which was a 2% increase from 73,580 boe/d in Q1 2020. The increase was primarily due to incremental production volumes from the horizontal light oil and natural gas wells brought on production since Q1 2020, including from the new 7-well pad (04-04) brought on production in March 2021, partially offset by natural production declines.

Liquids accounted for approximately 23% of Birchcliff's total production in Q1 2021, as compared to approximately 22% in Q1 2020, with total liquids production increasing by 7% from Q1 2020. The change in the commodity production mix was primarily due to incremental production from new horizontal light oil and condensate-rich natural gas wells brought on production since Q1 2020, including from the 14-well pad (14-19) and the 7-well pad (04-04) brought on production in July 2020 and March 2021, respectively, as well as increased NGLs recovery at Phase III of the Corporation's 100% owned and operated natural gas processing plant in Pouce Coupe (the "Pouce Coupe Gas Plant") beginning in Q4 2020.

Adjusted Funds Flow

Birchcliff's adjusted funds flow in Q1 2021 was \$87.8 million, or \$0.33 per basic common share, a 138% increase and a 136% increase, respectively, from \$36.9 million and \$0.14 per basic common share in Q1 2020. The increases were primarily due to higher reported revenue which was largely the result of a 49% increase in the average realized sales price received for Birchcliff's production in Q1 2021 as compared to Q1 2020. The average realized sales price benefited from the significant recovery in benchmark oil and natural gas prices mainly due to renewed oil production curtailments by OPEC+, an increase in global demand for oil after governments began easing COVID-19 related restrictions and higher seasonal demand for natural gas in Q1 2021 as compared to Q1 2020.

Net Income to Common Shareholders

Birchcliff recorded net income to common shareholders of \$22.2 million, or \$0.08 per basic common share, in Q1 2021, as compared to a net loss to common shareholders of \$45.2 million, or \$0.17 per basic common

share in Q1 2020. The change to a net income position was primarily due to higher adjusted funds flow and a lower unrealized after-tax mark-to-market loss on financial instruments in Q1 2021 as compared to Q1 2020.

Operating Expense

Birchcliff's operating expense was \$3.18/boe in Q1 2021, a 1% increase from \$3.14/boe in Q1 2020. The increase was primarily due to higher power and fuel prices as demand increased as a result of extreme cold winter conditions in Q1 2021 and an increase in production costs associated with higher natural gas volumes processed at third-party facilities in the Gordondale area. The increase was partially offset by improved operating efficiencies achieved in the field.

Birchcliff is committed to reducing its per unit operating expense by executing on various field optimization and cost-saving initiatives in Pouce Coupe and Gordondale, which included the completed expansion of Birchcliff's liquids-handling capabilities in Pouce Coupe in Q3 2020. Birchcliff's operating cost structure in Q1 2021 remained largely unaffected by the COVID-19 pandemic.

Operating Netback

Birchcliff's operating netback was \$17.05/boe in Q1 2021, an 83% increase from \$9.32/boe in Q1 2020. The increase was primarily due to higher per boe petroleum and natural gas revenue, partially offset by higher per boe royalty, operating and transportation and other expenses in Q1 2021.

Total Cash Costs

Birchcliff's total cash costs were \$12.55/boe in Q1 2021, a 15% increase from \$10.88/boe in Q1 2020. The increase was primarily due to higher per boe royalty, transportation and other and interest expenses.

Pouce Coupe Gas Plant Netbacks

During Q1 2021, Birchcliff processed 69% of its total corporate natural gas production and 60% of its total corporate production through the Pouce Coupe Gas Plant, as compared to 69% and 59%, respectively, during Q1 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:

	Three months ended March 31, 2021		Three months ended March 31, 2020	
<i>Average production:</i>				
Condensate (bbls/d)	3,704		2,981	
NGLs (bbls/d)	2,046		1,025	
Natural gas (Mcf/d)	237,957		239,236	
Total (boe/d)	45,409		43,879	
Liquids-to-gas ratio ⁽¹⁾ (bbls/MMcf)	24.2		16.7	
<i>Netback and cost:</i>	<i>\$/Mcf</i>	<i>\$/boe</i>	<i>\$/Mcf</i>	<i>\$/boe</i>
Petroleum and natural gas revenue ⁽²⁾	4.34	26.05	2.90	17.39
Royalty expense	(0.23)	(1.38)	(0.10)	(0.62)
Operating expense ⁽³⁾	(0.37)	(2.24)	(0.33)	(1.98)
Transportation and other expense	(0.98)	(5.90)	(0.89)	(5.34)
Operating netback	\$2.76	\$16.53	\$1.58	\$9.45
Operating margin ⁽⁴⁾	64	% 64	% 54	% 54

(1) Liquids consists of condensate and other NGLs.

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

(3) Represents plant and field operating expense.

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

Birchcliff's production and liquids-to-gas ratio increased from Q1 2020 primarily due to: (i) specifically targeted condensate-rich natural gas wells in Pouce Coupe, including the 14-well pad (14-19) and the 7-well pad (04-04) brought on production in July 2020 and March 2021, respectively; (ii) increased NGLs recovery at Phase III 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 March 31, 2021, Birchcliff had long-term bank debt of \$701.7 million (March 31, 2020: \$619.1 million) from available Credit Facilities of \$1.0 billion (March 31, 2020: \$1.0 billion), leaving \$293.1 million of unutilized credit capacity after adjusting for outstanding letters of credit and unamortized fees. Total debt at March 31, 2021 was \$777.4 million, as compared to \$739.6 million at March 31, 2020.

The agreement governing the Credit Facilities was amended effective May 6, 2021 to: (i) extend the maturity dates of each of the 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 March 31,		
	2021	2020	% Change
Light oil - WTI Cushing (US\$/bbl)	57.78	46.17	25
Light oil - MSW (Mixed Sweet) (CDN\$/bbl)	66.46	51.27	30
Natural gas - NYMEX HH (US\$/MMBtu) ⁽¹⁾	2.69	1.95	38
Natural gas - AECO 5A Daily (CDN\$/GJ)	2.70	1.93	40
Natural gas - AECO 7A Month Ahead (US\$/MMBtu) ⁽¹⁾	2.16	1.60	35
Natural gas - Dawn Day Ahead (US\$/MMBtu) ⁽¹⁾	2.97	1.76	69
Natural gas - ATP 5A Day Ahead (CDN\$/GJ)	4.03	1.63	147
Exchange rate (CDN\$ to US\$1)	1.2663	1.3442	(6)
Exchange rate (US\$ to CDN\$1)	0.7897	0.7439	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. 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 Q1 2021, after taking into account the Corporation's financial instruments:

Three months ended March 31, 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⁾	13,633	7	45,352 Mcf	14	10	3.34/Mcf
Dawn ⁽³⁾	53,869	32	160,280 Mcf	46	36	3.73/Mcf
NYMEX HH ⁽¹⁾	26,441	16	139,425 Mcf	40	31	2.11/Mcf
Total natural gas	93,943	55	345,057 Mcf	100	77	3.03/Mcf
Light oil	20,238	12	3,355 bbls		4	67.02/bbl
Condensate	36,516	22	5,467 bbls		7	74.22/bbl
NGLs	19,407	11	8,734 bbls		12	24.69/bbl
Total liquids	76,161	45	17,556 bbls		23	48.20/bbl
Total corporate	170,104	100	75,066 boe		100	25.18/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 Q1 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 Q1 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.

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:

Three months ended March 31, 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)
AECO	39,392	36	133,379	39	3.28	0.51
Dawn	53,869	49	160,280	46	3.73	1.57
Alliance ⁽⁴⁾	16,180	15	51,398	15	3.50	-
Total	109,441	100	345,057	100	3.52	0.93

Three months ended March 31, 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)
AECO	34,352	48	175,188	51	2.17	0.38
Dawn	35,818	50	159,126	46	2.47	1.45
Alliance ⁽⁴⁾	1,162	2	8,517	3	1.50	-
Total	71,332	100	342,831	100	2.29	0.87

(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 Q1 2021, Birchcliff continued with the successful execution of its 2021 Capital Program, drilling 19 (19.0 net) wells, completing 11 (11.0 net) wells and bringing 7 (7.0 net) wells on production. The following

table sets forth the number of wells drilled and brought on production by the Corporation in Q1 2021:

Area	Wells drilled in Q1 2021	Wells brought on production in Q1 2021 ⁽¹⁾
Pouce Coupe		
Montney D1 horizontal natural gas wells	6	1
Montney D2 horizontal natural gas wells	3	0
Montney C horizontal natural gas wells	3	0
Basal Doig/Upper Montney horizontal natural gas wells	3	6
Total - Pouce Coupe	15	7
Gordondale		
Montney D1 horizontal natural gas wells	2	0
Montney D2 horizontal natural gas wells	1	0
Montney C horizontal natural gas wells	1	0
Montney D1 horizontal oil wells	0	0
Montney D2 horizontal oil wells	0	0
Total - Gordondale	4	0
TOTAL - COMBINED	19	7

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

Total capital expenditures for Q1 2021 were \$96.6 million, which included F&D capital expenditures of \$95.8 million. For further information regarding Birchcliff's operational activities year-to-date, see "Operational Update".

OPERATIONAL UPDATE

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 has completed the majority of its 2021 Capital Program, with all but 2 wells being drilled, 21 of 33 wells being completed and 11 of 33 wells being brought on production to date and several field infrastructure projects successfully completed. The 2021 Capital Program is 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.

The following tables set forth the wells that Birchcliff has drilled and brought on production year-to-date and the remaining and total number of wells to be drilled and brought on production in 2021:

Wells Drilled - 2021

Area	Wells drilled to date in 2021	Remaining wells to be drilled in 2021	Total wells drilled
Pouce Coupe			
Montney D1 horizontal natural gas wells	7	0	7
Montney D2 horizontal natural gas wells	3	0	3
Montney C horizontal natural gas wells	3	0	3
Basal Doig/Upper Montney horizontal natural gas wells	6	0	6
Total - Pouce Coupe	19	0	19
Gordondale			
Montney D1 horizontal natural gas wells	2	0	2
Montney D2 horizontal natural gas wells	1	0	1
Montney C horizontal natural gas wells	1	0	1
Montney D1 horizontal oil wells	1	1	2

Montney D2 horizontal oil wells	1	1	2
Total - Gordondale	6	2	8
TOTAL - COMBINED	25	2	27

Wells Brought on Production - 2021

Area	Wells brought on production to date in 2021 ⁽¹⁾	Remaining wells to be brought on production in 2021
Pouce Coupe		
Montney D1 horizontal natural gas wells	1	6
Montney D2 horizontal natural gas wells	0	3
Montney C horizontal natural gas wells	0	3
Basal Doig/Upper Montney horizontal natural gas wells	6	6
Total - Pouce Coupe	7	18
Gordondale		
Montney D1 horizontal natural gas wells	2	0
Montney D2 horizontal natural gas wells	1	0
Montney C horizontal natural gas wells	1	0
Montney D1 horizontal oil wells	0	2
Montney D2 horizontal oil wells	0	2
Total - Gordondale	4	4
TOTAL - COMBINED	11	22

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

*Pouce Coupe Area**Significant IP30 and IP60 Results from Birchcliff's 7-Well Pad (04-04-78-13W6)*

Birchcliff has successfully completed its 7-well pad (04-04) in Pouce Coupe, which was drilled in late Q4 2020 and early January 2021 and brought on production in March 2021 through Birchcliff's existing owned and operated infrastructure. Six wells on the 04-04 pad were drilled in the Basal Doig/Upper Montney interval and one well was drilled in the Montney D1 interval, offsetting several of Birchcliff's existing high-productivity, low-cost natural gas wells.

The wells have now been producing for over 60 days and have produced at significantly better rates than previously forecast. After completing approximately 20 days of initial well testing and frac clean-up operations, the 6 Basal Doig/Upper Montney wells have flowed with approximate peak daily rates between 5.5 and 10.5 MMcf/d, with 40 to 70 bbls of condensate per MMcf of natural gas and the Montney D1 well has flowed with a peak daily rate of 14.0 MMcf/d with 5 bbls of condensate per MMcf of natural gas. After well testing, the Corporation has been flowing the wells at restricted rates between 3.0 and 6.5 MMcf/d to manage drawdown and any potential sand flowback. Birchcliff expects that several of the wells are capable of being held at stabilized 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 7 wells:

	IP 30 ⁽¹⁾	IP 60 ⁽¹⁾
Aggregate production rate (boe/d)	8,728	7,753
Aggregate natural gas production rate (Mcf/d)	46,824	41,854
Aggregate condensate production rate (bbls/d)	923	777

Average per well production rate (<i>boe/d</i>)	1,247	1,108
Average per well natural gas production rate (<i>Mcf/d</i>)	6,689	5,979
Average per well condensate production rate (<i>bbls/d</i>)	132	111
Condensate to gas ratio (<i>bbls/MMcf</i>)	20	19

(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".

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

The results from the 04-04 pad provide Birchcliff with significantly more potential high-rate natural gas and condensate drilling opportunities. In light of the successful results, Birchcliff has substituted 4 wells from a northern Pouce Coupe pad with 4 wells on its 8-well pad (14-28), which is offsetting the 04-04 pad. The Corporation has recently completed the drilling of all 8 wells on the 14-28 pad (6 in the Basal Doig/Upper Montney and 2 in the Montney D1) and the pad is now awaiting completion operations. Modifying the 2021 Capital Program by moving these wells within Pouce Coupe reflects Birchcliff's ability to build on its recent drilling success.

10-Well Pad (14-06-79-13W6)

Birchcliff has successfully drilled, completed and is currently in preliminary flow testing operations on its 10-well pad (14-06), which was drilled in 3 intervals (3 in the Montney C, 4 in the Montney D1 and 3 in the Montney D2). The pad resides three miles south of the Corporation's 2020 14-well pad (14-19) and is targeting condensate-rich natural gas wells versus the light oil wells discovered at 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.

It is expected that the 14-06 pad and the 14-28 pad will be brought on production in the second and third quarters of 2021, respectively. 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.

2020 14-Well Pad (14-19-79-11W6) Update

In Q3 2020, the Corporation brought the production on from its 14-well pad (14-19) located in the northeastern area of Pouce Coupe. The 14 wells were drilled in 3 different intervals (5 in the Montney D2, 4 in the Montney D1 and 5 in the Montney C). The wells have now been producing for over 6 months and continue to produce more condensate/light oil than initially forecast. Final average per well costs were approximately \$4.2 million per well.

The gross capital cost of the 14-19 pad was \$58.2 million dollars, which includes a large diameter pipeline that has significant future value. As of April 30, 2021, Birchcliff has received estimated net operating cash flow of approximately \$37.0 million dollars from the pad since it has come on-stream in August 2020 and anticipates that the pad will pay out approximately 1.3 years after coming on-stream.

Gordondale Area

Birchcliff plans to drill and bring on production a total of 8 (8.0 net) wells on 2 pads in Gordondale in 2021, which is expected to keep AltaGas's deep-cut sour gas processing facility in Gordondale (the "AltaGas Facility") full during the year. Development of the Montney D1 and D2 will continue in Gordondale and Birchcliff has also recently brought on production its first Montney C well in Gordondale. The Corporation is targeting liquids-rich natural gas versus light oil due to Birchcliff's outlook for strong natural gas prices.

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

Subsequent to the end of the first quarter, Birchcliff completed and brought on production its 4-well pad (05-07) in Gordondale which utilized multi-interval cube style development. The 05-07 pad is targeting 3 intervals (2 in the Montney D1, 1 in the Montney D2 and 1 in the Montney C). The extension of the Montney C interval into Gordondale is based on successful well results offsetting in Pouce Coupe and significant technical reservoir and geoscience work. Birchcliff has been encouraged by the initial flow test results to date on this pad.

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

Birchcliff currently has one drilling rig working at its 4-well pad (06-35) in Gordondale, which is targeting light oil and natural gas in two intervals (2 in the Montney D1 and 2 in the Montney D2). 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.

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. Birchcliff intends to release its ESG report for the year ended December 31, 2020 in Q3 2021.

Emissions Performance Credits

The Pouce Coupe Gas Plant is a very low emissions intensity facility and is playing a significant role in Birchcliff continuing to be one of the lowest emissions intensity producers in the industry. Birchcliff has been awarded Emissions Performance Credits ("EPCs") for the two most recent reporting years, valued at an aggregate of approximately \$2.8 million, as a result of the many efficiency initiatives at the Pouce Coupe Gas Plant. In Alberta EPCs are awarded pursuant to the *Technology Innovation and Emissions Reduction Regulation* ("TIER"), which replaced its predecessor regulation on January 1, 2020. Facilities regulated under TIER, such as the Pouce Coupe Gas Plant, must reduce emissions beyond their established facility benchmarks in order to generate EPCs.

The Pouce Coupe Gas Plant is highly fuel efficient compared to many older plants in Alberta. It is equipped with modern, high-efficiency natural gas engines with state-of-the-art emission controls, waste heat recovery, high efficiency process heaters, and acid gas capture and sequestration. The Pouce Coupe Gas Plant has two acid gas sequestration wells, which have extracted and disposed of over 56,300 tonnes of CO₂ from the raw natural gas stream in their 11 years of operation. This acid gas scheme is a significant competitive advantage for Birchcliff as the price of carbon increases.

Further Emissions Reduction Initiatives

Birchcliff maintains an active fugitive emission management program to detect and repair methane leaks, pursuant to Alberta Energy Regulator Directive 060: *Upstream Petroleum Industry Flaring, Incinerating, and Venting* ("Directive 60"). Birchcliff engages a third-party environmental firm to conduct an annual fugitive emission survey on its behalf. This report summarizes the emissions identified at each of the surveyed facilities, as well as the leak detection and quantification methodologies applied. Additionally, Birchcliff is continually looking for opportunities to reduce its carbon footprint. The Corporation has developed a Methane Reduction and Retrofit Compliance Plan ("MRRCP") pursuant to Directive 60 to identify, retrofit or remove all remaining venting equipment from its operations. Birchcliff has a relatively small inventory of remaining methane venting equipment, such as pneumatic devices and compressor seals, and expects to have this initiative completed by 2023. In 2020, these venting sources combined with fugitive emissions made up only approximately 10% of Birchcliff's corporate GHG emissions. With the implementation of its MRRCP, the Corporation anticipates that these venting sources and fugitive emissions will be reduced by 50% before 2023.

NGIF Industry Grants and NGIF Cleantech Ventures Equity Fund

Birchcliff is investing financial resources and time to support its commitment to further reduce its impact and the impact of the oil and gas industry as a whole on the environment. Birchcliff is proud to be a partner in the Natural Gas Innovation Fund ("NGIF") through two of its entities: NGIF Industry Grants organization and Cleantech Ventures Equity Fund.

Birchcliff has been a member of NGIF Industry Grants since 2018 when it was expanded to include natural gas producers. NGIF Industry Grants was created by the Canadian Gas Association to support the funding of cleantech innovation in the natural gas value chain. In total, NGIF Industry Grants has approved grant funding to over 50 projects, committing approximately \$15 million, and leveraged federal and provincial grant funding of over \$35 million, to help early-stage clean technology companies develop solutions to reduce emissions, increase energy efficiency and accelerate the use of natural gas to support environmental goals in Canada. NGIF Industry Grants anticipates that the technologies supported by these grants will result in an estimated 6 megatonne reduction in emissions by 2030, as the technologies are commercialized.

On April 1, 2021, Birchcliff became a founding partner in the NGIF Cleantech Ventures Equity Fund, a \$35 million industry-led seed fund that will leverage the experience and expertise of the seven energy sector limited partner investors to support early-stage clean technology companies through equity investment. NGIF Cleantech Ventures investments will include solutions that lead to emissions reductions and other environmental benefits in existing natural gas production, transmission, distribution, carbon capture utilization and storage, and end-use applications, as well as projects that will lead to the expanded production of emerging fuels like renewable natural gas and hydrogen.

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
CO ₂	carbon dioxide
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 IFRS
GHG	greenhouse gas
GJ	gigajoule
GJ/d	gigajoules per day
HH	Henry Hub
IFRS	International Financial Reporting Standards as issued by the International Accounting Standards Board
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 ("OPEC"), with certain non-OPEC oil exporting countries
TCPL	TransCanada PipeLines Limited
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma, for crude oil of standard grade
000s	thousands
\$000s	thousands of dollars

NON-GAAP MEASURES

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

"Adjusted funds flow" denotes cash flow from operating activities before the effects of decommissioning expenditures and changes in non-cash operating working capital and "adjusted funds flow per basic common share" denotes adjusted funds flow divided by the basic weighted average number of common shares outstanding for the period. "Free funds flow" denotes adjusted funds flow less F&D capital expenditures. "Transportation and other expense" denotes transportation expense plus marketing purchases minus marketing revenue on a per boe basis. "Operating netback" denotes petroleum and natural gas revenue less royalty expense, less operating expense and less transportation and other expense. "Adjusted funds flow netback" denotes petroleum and natural gas revenue less royalty expense, less operating expense, less transportation and other expense, less net G&A expense, less interest expense and less any realized losses (plus realized gains) on financial instruments and plus any other cash income sources. "Total cash costs" denotes royalty, operating, transportation and other, G&A and interest expenses on a per unit basis. "Total debt" is calculated as the amount outstanding under the Credit Facilities plus adjusted working capital deficit (which is calculated as current assets minus current liabilities excluding the effects of any current portion of financial instruments and capital securities). For additional information regarding these non-GAAP measures, including reconciliations to the most directly comparable GAAP measures where applicable, see "*Non-GAAP Measures*" in the MD&A.

ADVISORIES

Unaudited Information

All financial and operational information contained in this press release for the three months ended March 31, 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/m³ or a heat uplift of 1.055 when converting from \$/GJ.

Boe and Mcfe Conversions

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

Production

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

Oil and Gas Metrics

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

Initial Production Rates

Any references in this press release to initial production rates or other short-term production rates are useful in confirming the presence of hydrocarbons; however, such rates are not determinative of the rates at which such wells will continue to produce and decline thereafter and are not indicative of the long-term performance or the ultimate recovery of such wells. In addition, such rates may also include recovered "load oil" or "load water" fluids used in well completion stimulation. While encouraging, readers are cautioned not to place undue reliance on such rates in calculating the aggregate production for Birchcliff. Such rates are based on field estimates and may be based on limited data available at this time. With respect to the production rates for the Corporation's 7-well pad in Pouce Coupe disclosed herein, such rates represent the cumulative volumes for each well measured at the wellhead separator for the 30 and 60 days (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 7-well pad and then divided by 7 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 7 wells were stabilized between 6.1 and 14.1 MPa for IP 30 production rates and between 3.5 to 4.4 MPa for IP 60 production rates. Approximate casing pressures for the 7 wells were stabilized between 3.1 and 5.0 MPa for IP 30 production rates and between 6.8 to 14.8 MPa for IP 60 production rates. To-date, no pressure transient or well-test interpretation has been carried out on any of the wells. The natural gas volumes represent raw natural gas volumes as opposed to sales gas volumes.

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's anticipated free funds flow of \$170 million to \$190 million puts it in an excellent position to significantly reduce its total debt during the second half of 2021; that due to Birchcliff's significant anticipated adjusted funds flow in 2021 and its commitment to capital discipline and debt reduction, it does not anticipate requiring additional credit capacity; that Birchcliff is committed to capital discipline, reducing its interest costs, strengthening its balance sheet and reducing its total debt going forward; and that Birchcliff is committed to reducing its per unit operating expense by executing on various field optimization and cost-saving initiatives in Pouce Coupe and Gordondale;
- the information set forth under the heading "*Outlook and Guidance*" and elsewhere in this press release as it relates to Birchcliff's 2021 guidance, including: that Birchcliff now expects to generate approximately \$400 million of adjusted funds flow on annual average production of 79,000 to 81,000 boe/d; that the Corporation is now targeting \$170 million to \$190 million of free funds flow in 2021, which will be prioritized towards debt reduction, with total debt at year end now anticipated to be \$600 million to \$620 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;
- Birchcliff's outlook for commodity prices;
- 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; statements regarding the number and types of wells expected to be drilled and brought on production and the timing thereof; the types of product types targeted; that the results from the 04-04 pad provide Birchcliff with significantly more potential high-rate natural gas and condensate drilling opportunities; that several of the wells from the 04-04 pad are capable of being held at stabilized rates for an extended duration, which will allow for strong stable production profiles and less backout of Birchcliff's existing area production; that Birchcliff expects to continue to drive drilling and completion costs down through scale and repeatability on larger pads; that it is expected that the 14-06 pad and the 14-28 pad will be brought on production in the second and third quarters of 2021, respectively; 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 the 14-19 pad will pay out approximately 1.3 years after coming on-stream; and that the wells brought on production in Gordondale in 2021 are expected to keep the AltaGas Facility full during the year;

- the information set forth under the heading "*Environmental, Social and Governance*", including: that continuing Birchcliff's industry-leading ESG performance continues to be a top priority for Birchcliff; that Birchcliff intends to release its ESG report for the year ended December 31, 2020 in Q3 2021; that the acid gas capture and sequestration at the Pouce Coupe Gas Plant is a significant competitive advantage for Birchcliff as the price of carbon increases; statements regarding the Corporation's emissions reduction initiatives and reducing its carbon footprint (including: that Birchcliff expects to have its initiative to remove all remaining methane venting equipment from its operations completed by 2023; and that the Corporation anticipates that its venting sources and fugitive emissions will be reduced by 50% before 2023); that NGIF Industry Grants anticipates that the technologies supported by its past grants will result in an estimated 6 megatonne reduction in emissions by 2030; and that NGIF Cleantech Ventures investments will include solutions that lead to emissions reductions and other environmental benefits in existing natural gas production, transmission, distribution, carbon capture utilization and storage, and end-use applications, as well as projects that will lead to the expanded production of emerging fuels like renewable natural gas and hydrogen; 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, currency exchange rates, interest rates, inflation rates, royalty rates and tax rates; the state of the economy, financial markets and the exploration, development and production business; the political environment in which Birchcliff operates; the regulatory framework regarding royalties, taxes, environmental, climate change and other laws; the Corporation's ability to comply with existing and future environmental, climate change and other laws; future cash flow, debt and dividend levels; future operating, transportation, marketing, general and administrative and other expenses; Birchcliff's ability to access capital and obtain financing on acceptable terms; the timing and amount of capital expenditures and the sources of funding for capital expenditures and other activities; the sufficiency of budgeted capital expenditures to carry out planned operations; the successful and timely implementation of capital projects and the timing, location and extent of future drilling and other operations; results of operations; Birchcliff's ability to continue to develop its assets and obtain the anticipated benefits therefrom; the performance of existing and future wells; the success of new wells drilled; reserves and resource volumes and Birchcliff's ability to replace and expand reserves through acquisition, development or exploration; the impact of competition on Birchcliff; the availability of, demand for and cost of labour, services and materials; the ability to obtain any necessary regulatory or other approvals in a timely manner; the satisfaction by third parties of their obligations to Birchcliff; the ability of Birchcliff to secure adequate processing and transportation for its products; Birchcliff's ability to successfully market natural gas and liquids; the availability of hedges on terms acceptable to Birchcliff; and Birchcliff's natural gas market exposure. In addition to the foregoing assumptions, Birchcliff has made the following assumptions with respect to certain forward-looking statements contained in this press release:

- Birchcliff's 2021 guidance (as revised May 12, 2021) assumes the following commodity prices and exchange rate: an average WTI price of US\$62.00/bbl; an average WTI-MSW differential of CDN\$5.70/bbl; an average AECO 5A price of CDN\$2.80/GJ; an average Dawn price of US\$2.85/MMBtu; an average NYMEX HH price of US\$2.90/MMBtu; and an exchange rate (CDN\$ to US\$1) of 1.24.
- 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 estimates of adjusted funds flow and free funds flow for 2021, such estimates assume 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 future wells to be drilled and brought on production, such statements assume: the continuing validity of the geological and other technical interpretations performed by Birchcliff's technical staff, which indicate that commercially economic volumes can be recovered from Birchcliff's lands as a result of drilling future wells; and that commodity prices and general economic conditions will warrant proceeding with the drilling of such wells.
- 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 currency exchange and interest rates; stock market volatility; loss of market demand; an inability to access sufficient capital from internal and external sources on terms acceptable to the Corporation; risks associated with Birchcliff's Credit Facilities, including a failure to comply with covenants under the agreement governing the Credit Facilities and the risk that the borrowing base limit may be redetermined; fluctuations in the costs of borrowing; operational risks and liabilities inherent in oil and natural gas operations; the occurrence of unexpected events such as fires, severe weather, explosions, blow-outs, equipment failures, transportation incidents and other similar events affecting Birchcliff or other parties whose operations or assets directly or indirectly affect Birchcliff; an inability to access sufficient water or other fluids needed for operations; uncertainty that development activities in connection with Birchcliff's assets will be economic; an inability to access or implement some or all of the technology necessary to efficiently and effectively operate its assets and achieve expected future results; uncertainties associated with estimating oil and natural gas reserves and resources; the accuracy of estimates of reserves, future net revenue and production levels; geological, technical, drilling, construction and processing problems; uncertainty of geological and technical data; horizontal drilling and completions techniques and the failure of drilling results to meet expectations for reserves or production; uncertainties related to Birchcliff's future potential drilling locations; delays or changes in plans with respect to exploration or development projects or capital expenditures, including delays in the completion of gas plants and other facilities; the accuracy of cost estimates and variances in Birchcliff's actual costs and economic returns from those anticipated; incorrect assessments of the value of acquisitions and exploration and development programs; changes to the regulatory framework in the locations where the Corporation operates, including changes to tax laws, Crown royalty rates, environmental laws, climate change laws, carbon tax regimes, incentive programs and other regulations that affect the oil and natural gas industry and other actions by government authorities; an inability of the Corporation to comply with existing and future environmental, climate change and other laws; the cost of compliance with current and future environmental laws; political uncertainty and uncertainty associated with government policy changes; dependence on facilities, gathering lines and pipelines, some of which the Corporation does not control; uncertainties and risks associated with pipeline restrictions and outages to third-party infrastructure that could cause disruptions to production; the lack of available pipeline capacity and an inability to secure adequate and cost-effective processing and transportation for Birchcliff's products; an inability to satisfy obligations under Birchcliff's firm marketing and transportation arrangements; shortages in equipment and skilled personnel; the absence or loss of key employees; competition for, among other things, capital, acquisitions of reserves, undeveloped lands, equipment and skilled personnel; management of Birchcliff's growth; environmental and climate change risks, claims and liabilities; potential litigation; default under or breach of agreements by counterparties and potential enforceability issues in contracts; claims by Indigenous peoples; the reassessment by taxing or regulatory authorities of the Corporation's prior transactions and filings; unforeseen title defects; third-party claims regarding the Corporation's right to use technology and equipment; uncertainties associated with the outcome of litigation or other proceedings involving Birchcliff; uncertainties associated with counterparty credit risk; risks associated with Birchcliff's risk management activities and the risk that hedges on terms acceptable to Birchcliff may not be available; risks associated with the declaration and payment of future dividends, including the discretion of Birchcliff's board

of directors to declare dividends and change the Corporation's dividend policy; the failure to obtain any required approvals in a timely manner or at all; the failure to complete or realize the anticipated benefits of acquisitions and dispositions and the risk of unforeseen difficulties in integrating acquired assets into Birchcliff's operations; negative public perception of the oil and natural gas industry and fossil fuels, including transportation and hydraulic fracturing involving fossil fuels; the Corporation's reliance on hydraulic fracturing; market competition, including from alternative energy sources; changing demand for petroleum products; the availability of insurance and the risk that certain losses may not be insured; breaches or failure of information systems and security (including risks associated with cyber-attacks); risks associated with the ownership of the Corporation's securities; the accuracy of the Corporation's accounting estimates and judgments; and potential requirements under applicable accounting standards for the impairment or reversal of estimated recoverable amounts of the Corporation's assets from time to time.

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, including those that pertain to the 2021 Capital Program, 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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