

Birchcliff Energy Ltd. Announces Q3 2023 Results, Declaration of Q4 2023 Dividend of \$0.20 Per Common Share and Preliminary 2024 Guidance

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CALGARY, Nov. 14, 2023 - [Birchcliff Energy Ltd.](#) ("Birchcliff" or the "Corporation") (TSX: BIR) is pleased to announce its Q3 2023 financial and operational results and its preliminary guidance for 2024. Birchcliff is also pleased to announce that its board of directors (the "Board") has declared a quarterly cash dividend of \$0.20 per common share for the quarter ending December 31, 2023.

"In Q3 2023, we generated adjusted funds flow⁽¹⁾ of \$72.2 million and free funds flow⁽¹⁾ of \$5.5 million, with average production of 74,143 boe/d. In addition, we returned an aggregate of \$53.3 million to shareholders in Q3 2023 through our base common share dividend. Since September 30, 2022, Birchcliff has returned an aggregate of \$218.5 million to shareholders (or \$0.82 per basic common share) through common share dividends," commented Jeff Tonken, Chief Executive Officer of Birchcliff. "Earlier in the year, we made the strategic decision to defer the drilling of nine wells from Q2 2023 to Q3 2023, which resulted in no new wells being brought on production in Q3 2023. These nine wells were recently brought on production, allowing us to capture the anticipated strength in natural gas pricing that is typically seen in winter months, as well as setting us up for stronger average production in Q4 2023 and Q1 2024."

"We anticipate that our adjusted funds flow will be sufficient to fully fund our F&D capital expenditures and common share dividend payments in 2024 based on our preliminary budgeting process and current commodity price outlook. We are targeting F&D capital expenditures of \$260 million to \$280 million in respect of 2024 and annual average production of 77,000 to 79,000 boe/d⁽²⁾. We expect to generate adjusted funds flow of approximately \$500 million and free funds flow of approximately \$240 million to \$260 million in 2024. As part of Birchcliff's \$260 million to \$280 million capital program for 2024, we expect to spend approximately \$20 million in Q4 2023 to commence the drilling of five wells in Pouce Coupe, which will allow us to maximize production during the winter months, and \$240 million to \$260 million in 2024. We are continuing to evolve our plans for 2024 and expect to announce the details of our formal 2024 capital budget and updated five-year outlook for 2024 to 2028 on January 17, 2024."⁽³⁾

Q3 2023 FINANCIAL AND OPERATIONAL HIGHLIGHTS

- Achieved quarterly average production of 74,143 boe/d.
- Generated quarterly adjusted funds flow of \$72.2 million, or \$0.27 per basic common share⁽⁴⁾, and quarterly free funds flow of \$5.5 million, or \$0.02 per basic common share⁽⁴⁾.
- Generated cash flow from operating activities of \$67.8 million.
- Reported quarterly net income to common shareholders of \$15.1 million, or \$0.06 per basic common share.
- Realized an operating expense of \$3.93/boe.
- F&D capital expenditures totalled \$66.7 million.
- Total debt⁽⁵⁾ at September 30, 2023 was \$327.7 million.
- Returned \$53.3 million to shareholders through the Corporation's base common share dividend.

Birchcliff's unaudited interim condensed financial statements for the three and nine months ended September 30, 2023 and related management's discussion and analysis will be available on its website at www.birchcliffenergy.com and on SEDAR+ at www.sedarplus.ca.

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

(2) As compared to \$255 million of F&D capital expenditures and 78,000 boe/d of production, as set out in the Corporation's five-year outlook for 2023 to 2027. See the Corporation's press release dated May 10, 2023.

(3) See "Outlook and Guidance - Preliminary 2024 Guidance" for further information regarding Birchcliff's preliminary 2024 guidance and its commodity price and exchange rate assumptions for such guidance.

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

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

DECLARATION OF Q4 2023 QUARTERLY DIVIDEND

The Board has declared a quarterly cash dividend of \$0.20 per common share for the quarter ending December 31, 2023. The dividend will be payable on December 29, 2023 to shareholders of record at the close of business on December 15, 2023. The ex-dividend date is December 14, 2023. The dividend has been designated as an eligible dividend for the purposes of the *Income Tax Act* (Canada). This is the fifth consecutive quarter in which Birchcliff's Board has declared a cash dividend of \$0.20 per common share.

This press release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. For further information regarding the forward-looking statements and forward-looking information contained herein, see "Advisories - Forward-Looking Statements". With respect to the disclosure of Birchcliff's production contained in this press release, see "Advisories - Production". In addition, this press release uses various "non-GAAP financial measures", "non-GAAP ratios" and "capital management measures" as such terms are defined in National Instrument 52-112 - Non-GAAP and Other Financial Measures Disclosure ("NI 52-112"). Non-GAAP financial measures and non-GAAP ratios are not standardized financial measures under GAAP and might not be comparable to similar financial measures disclosed by other issuers. For further information regarding the non-GAAP and other financial measures used in this press release, see "Non-GAAP and Other Financial Measures".

Q3 2023 FINANCIAL AND OPERATIONAL SUMMARY

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
OPERATING				
Average production				
Light oil (bbls/d)	1,728	2,254	1,916	2,159
Condensate (bbls/d)	4,850	4,601	5,221	4,631
NGLs (bbls/d)	7,412	7,593	5,852	7,305
Natural gas (Mcf/d)	360,924	381,788	374,544	371,174
Total (boe/d)	74,143	78,079	75,413	75,957
Average realized sales prices (CDN\$) ⁽¹⁾				
Light oil (per bbl)	100.46	115.94	98.77	121.49
Condensate (per bbl)	107.67	115.84	103.75	125.06
NGLs (per bbl)	26.35	38.18	26.91	43.04
Natural gas (per Mcf)	2.86	6.83	3.07	6.95
Total (per boe)	25.96	47.26	27.05	49.18
NETBACK AND COST (\$/boe)				
Petroleum and natural gas revenue ⁽¹⁾	25.97	47.26	27.06	49.18
Royalty expense	(2.04)	(6.04)	(2.47)	(6.05)
Operating expense	(3.93)	(3.50)	(3.84)	(3.46)
Transportation and other expense ⁽²⁾	(6.37)	(5.41)	(5.74)	(5.58)
Operating netback ⁽²⁾	13.63	32.31	15.01	34.09

G&A expense, net	(1.36)	(0.98)	(1.43)	(1.08)
Interest expense	(0.86)	(0.44)	(0.66)	(0.48)
Realized gain (loss) on financial instruments	(0.83)	6.33	(1.69)	2.99
Other cash income (expense)	0.01	-	(0.03)	-
Adjusted funds flow ⁽²⁾	10.59	37.22	11.20	35.52
Depletion and depreciation expense	(8.08)	(7.48)	(8.11)	(7.49)
Unrealized gain (loss) on financial instruments	1.20	15.30	(1.31)	9.26
Other expenses ⁽³⁾	(0.69)	(0.39)	(0.64)	(0.28)
Dividends on preferred shares	-	(0.24)	-	(0.25)
Deferred income tax expense	(0.81)	(10.36)	(0.40)	(8.59)
Net income to common shareholders	2.21	34.05	0.74	28.17
FINANCIAL				
Petroleum and natural gas revenue (\$000s) ⁽¹⁾	177,126	339,531	557,064	1,019,822
Cash flow from operating activities (\$000s)	67,840	272,965	241,523	700,828
Adjusted funds flow (\$000s) ⁽⁴⁾	72,225	267,350	230,612	736,584
Per basic common share (\$) ⁽²⁾	0.27	1.01	0.87	2.78
Free funds flow (\$000s) ⁽⁴⁾	5,548	182,020	(15,859)	478,725
Per basic common share (\$) ⁽²⁾	0.02	0.69	(0.06)	1.80
Net income to common shareholders (\$000s)	15,108	244,582	15,313	584,229
Per basic common share (\$)	0.06	0.92	0.06	2.20
End of period basic common shares (000s)	266,640	265,877	266,640	265,877
Weighted average basic common shares (000s)	266,390	265,298	266,397	265,422
Dividends on common shares (\$000s)	53,321	5,317	159,954	13,285
Dividends on preferred shares (\$000s)	-	1,730	-	5,126
F&D capital expenditures (\$000s) ⁽⁵⁾	66,677	85,330	246,471	257,859
Total capital expenditures (\$000s) ⁽⁴⁾	67,475	86,485	248,375	260,759
Revolving term credit facilities (\$000s)	318,711	196,989	318,711	196,989
Total debt (\$000s) ⁽⁶⁾	327,655	186,064	327,655	186,064

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

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

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

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

(5) See "Advisories - F&D Capital Expenditures".

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

OUTLOOK AND GUIDANCE

Updated 2023 Guidance

The Corporation is re-affirming its annual average production guidance at approximately 77,000 boe/d for 2023. As previously disclosed, Birchcliff expected to be on the low end of its 2023 production guidance range of 77,000 to 80,000 boe/d, largely as a result of an unplanned system outage on Pembina Pipeline's Northern Pipeline system that negatively affected the Corporation's production in the first half of the year, as well as the deferral of the drilling of nine wells from Q2 2023 to Q3 2023.

Birchcliff is updating its 2023 F&D capital expenditures guidance from \$270 million to \$280 million to \$300 million to reflect the acceleration of approximately \$20 million of capital expenditures from 2024 into Q4 2023. Birchcliff will commence the drilling of 5 (5.0 net) wells in Pouce Coupe in Q4 2023, which wells are planned to be brought on production in late January 2024, as well as drill several surface holes and procure various long-lead items required for the execution of the Corporation's 2024 capital program.

By accelerating these capital projects, the Corporation will be able to maximize production during the winter months to capture the anticipated strength in natural gas pricing that is typically seen in the winter months. In

addition, accelerating this capital into Q4 2023 will allow Birchcliff to continue its two-drilling rig program throughout the remainder of 2023, help to ensure the efficient execution of the Corporation's 2024 capital program and allow Birchcliff to significantly decrease the risks related to the price and availability of drilling and other oilfield services during a period of tight supply.

The Corporation is also updating certain other items of its 2023 guidance to reflect the acceleration of capital and an updated commodity price forecast for 2023.

The following tables set forth Birchcliff's updated and previous guidance and commodity price assumptions for 2023, as well as its free funds flow sensitivity:

	Updated 2023 guidance and assumptions - November 14, 2023 ⁽¹⁾	Previous 2023 guidance assumptions - August 2023
Production		
Annual average production (<i>boe/d</i>)	77,000	77,000 - 80,000
% Light oil	3%	3%
% Condensate	7%	7%
% NGLs	8%	8%
% Natural gas	82%	82%
Average Expenses (\$/boe)		
Royalty	2.55 - 2.75	3.60 - 3.80
Operating	3.75 - 3.95	3.60 - 3.80
Transportation and other ⁽²⁾	5.60 - 5.80	5.30 - 5.50
Adjusted Funds Flow (<i>millions</i>) ⁽³⁾	\$350	\$360
F&D Capital Expenditures (<i>millions</i>)	\$300	\$270 - \$280
Free Funds Flow (<i>millions</i>) ⁽³⁾	\$50	\$80 - \$90
Annual Base Dividend (<i>millions</i>) ⁽⁴⁾	\$213	\$213
Excess Free Funds Flow (<i>millions</i>) ⁽³⁾⁽⁴⁾	(\$163)	(\$123) - (\$133)
Total Debt at Year End (<i>millions</i>) ⁽⁵⁾	\$330 ⁽⁶⁾	\$280 - \$290
Natural Gas Market Exposure⁽⁷⁾		
AECO exposure as a % of total natural gas production	15%	15%
Dawn exposure as a % of total natural gas production	42%	42%
NYMEX HH exposure as a % of total natural gas production	37%	37%
Alliance exposure as a % of total natural gas production	6%	6%
Commodity Prices		
Average WTI price (<i>US\$/bbl</i>)	78.90 ⁽⁸⁾	78.00
Average WTI-MSW differential (<i>CDN\$/bbl</i>)	4.10 ⁽⁸⁾	4.20
Average AECO price (<i>CDN\$/GJ</i>)	2.60 ⁽⁸⁾	2.45
Average Dawn price (<i>US\$/MMBtu</i>)	2.45 ⁽⁸⁾	2.50
Average NYMEX HH price (<i>US\$/MMBtu</i>)	2.80 ⁽⁸⁾	2.85
Exchange rate (<i>CDN\$ to US\$1</i>)	1.35 ⁽⁸⁾	1.35
Forward two months' free funds flow sensitivity⁽⁸⁾⁽⁹⁾ Estimated change to 2023 free funds flow (<i>millions</i>)		
Change in WTI US\$1.00/bbl	\$0.7	
Change in NYMEX HH US\$0.10/MMBtu	\$0.7	
Change in Dawn US\$0.10/MMBtu	\$1.3	
Change in AECO CDN\$0.10/GJ	\$0.4	
Change in CDN/US exchange rate CDN\$0.01	\$0.9	

(1) For further information regarding the risks and assumptions relating to the Corporation's guidance, see "Advisories - Forward-Looking

Statements".

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

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

(4) Assumes that an annual base dividend of \$0.80 per common share is paid, there are 266 million common shares outstanding and no special dividends are paid.

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

(6) Birchcliff's updated guidance for total debt at year end includes \$10.8 million of executive retirement benefit payments, which were not previously included.

(7) Birchcliff's natural gas market exposure for 2023 takes into account its outstanding physical and financial basis swap contracts.

(8) Birchcliff's updated commodity price and exchange rate assumptions and free funds flow sensitivity for 2023 are based on anticipated full-year commodity price and exchange rate averages, which include settled benchmark commodity prices and the CDN/US exchange rate for the period from January 1, 2023 to October 31, 2023.

(9) Illustrates the expected impact of changes in commodity prices and the CDN/US exchange rate on the Corporation's updated forecast of free funds flow for 2023, holding all other variables constant. The sensitivity is based on the updated commodity price and exchange rate assumptions set forth in the table above. The calculated impact on free funds flow is only applicable within the limited range of change indicated. Calculations are performed independently and may not be indicative of actual results. Actual results may vary materially when multiple variables change at the same time and/or when the magnitude of the change increases.

Preliminary 2024 Guidance

For 2024, Birchcliff remains focused on maintaining capital discipline, generating free funds flow and delivering significant returns to shareholders, while maintaining a strong balance sheet. Based on its preliminary budgeting process and current commodity price outlook for 2024, Birchcliff is targeting F&D capital expenditures of \$240 million to \$260 million in 2024. When combined with the accelerated capital of \$20 million in Q4 2023 as discussed above, this would equate to approximately \$260 million to \$280 million of F&D capital expenditures in respect of 2024. This level of capital spending will allow the Corporation to bring approximately 28 to 30 wells on production in 2024 and increase its annual average production year-over-year. With the addition of the five wells that will be drilled in Q4 2023 and brought on production in late January 2024, the Corporation currently expects to deliver annual average production of 77,000 to 79,000 boe/d in 2024.

Birchcliff is currently forecasting that it will generate approximately \$500 million of adjusted funds flow and \$240 million to \$260 million of free funds flow in 2024 based on its targeted levels of F&D capital expenditures and annual average production. Based on the Corporation's preliminary budgeting process and current commodity price outlook for 2024, Birchcliff anticipates that its adjusted funds flow will be sufficient to fully fund its F&D capital expenditures and common share dividend payments in 2024.

Excess free funds flow generated in 2024, above current dividend levels, is currently anticipated to be used to invest in the Corporation's business, including filling its existing infrastructure to grow adjusted funds flow and lower per unit costs. Depending on commodity prices and available cash flow, the Corporation may also use a portion of excess free funds flow to reduce indebtedness and/or increase its base dividend.

Birchcliff continues to evolve its plans for 2024 and expects to announce the details of its formal 2024 capital budget and updated five-year outlook for 2024 to 2028 on January 17, 2024.

The following tables set forth Birchcliff's preliminary guidance and commodity price assumptions for 2024, as

well as its free funds flow sensitivity:

	Preliminary 2024 guidance and assumptions ⁽¹⁾
Annual Average Production (<i>boe/d</i>)	77,000 - 79,000
Adjusted Funds Flow (<i>millions</i>) ⁽²⁾	\$500
F&D Capital Expenditures (<i>millions</i>)	\$240 - \$260
Free Funds Flow (<i>millions</i>) ⁽²⁾	\$240 - \$260
Annual Base Dividend (<i>millions</i>) ⁽³⁾	\$213
Commodity Prices	
Average WTI price (<i>US\$/bbl</i>)	80.00
Average WTI-MSW differential (<i>CDN\$/bbl</i>)	4.50
Average AECO price (<i>CDN\$/GJ</i>)	3.15
Average Dawn price (<i>US\$/MMBtu</i>)	3.40
Average NYMEX HH price (<i>US\$/MMBtu</i>)	3.60
Exchange rate (<i>CDN\$ to US\$1</i>)	1.35

Forward twelve months' free funds flow sensitivity⁽⁴⁾ Estimated change to 2024 free funds flow (*millions*)

Change in WTI US\$1.00/bbl	\$3.9
Change in NYMEX HH US\$0.10/MMBtu	\$7.7
Change in Dawn US\$0.10/MMBtu	\$7.9
Change in AECO CDN\$0.10/GJ	\$3.0
Change in CDN/US exchange rate CDN\$0.01	\$5.6

(1) Birchcliff's preliminary 2024 guidance for its adjusted funds flow and free funds flow is based on an annual average production rate of 78,000 boe/d, which is the mid-point of Birchcliff's preliminary annual average production guidance range for 2024. For further information regarding the risks and assumptions relating to the Corporation's guidance, see "Advisories - Forward-Looking Statements".

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

(3) Assumes that an annual base dividend of \$0.80 per common share is paid, there are 266 million common shares outstanding, there are no changes to the base dividend rate and no special dividends are paid. The declaration of future dividends is subject to the approval of the Board and is subject to change.

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

Elmworth Outlook

As previously disclosed in the Corporation's press release dated May 10, 2023, Birchcliff has amassed a significant Montney land position in the Elmworth area of Alberta, which positions the Corporation to continue to drive long-term shareholder value and provides it with a large potential future development area that can supply clean natural gas for many years to come.

Birchcliff has initiated the formal planning for the construction of a proposed 100% owned and operated natural gas processing plant in the area, including determining processing capacity, takeaway capacity and specific timelines for consultation and construction. Birchcliff currently has a successful acid gas disposal well and an AER approved Acid Gas Disposal Scheme in the Elmworth area, which is a key component for a

natural gas processing plant. Birchcliff may consider allocating some capital in 2024 to continue to build, protect and optimize its Elsworth Montney land position, including through drilling and completions activity, strategic A&D transactions and Crown land sales.

Q3 2023 FINANCIAL AND OPERATIONAL RESULTS

Production

Birchcliff's production averaged 74,143 boe/d in Q3 2023, a 5% decrease from Q3 2022. The decrease was primarily due to the timing of new wells brought on production in the period as compared to Q3 2022, which resulted from the strategic decision to defer the drilling of 9 wells from Q2 2023 to Q3 2023. Birchcliff did not bring any wells on production in Q3 2023 as compared to 19 wells brought on production in Q3 2022. Production in Q3 2023 was also negatively impacted by natural production declines and positively impacted by incremental production volumes from the new Montney/Doig wells brought on production since Q3 2022.

Liquids accounted for 19% of Birchcliff's total production in Q3 2023, which is consistent with Birchcliff's liquids production weighting in Q3 2022.

Adjusted Funds Flow and Cash Flow From Operating Activities

Birchcliff's adjusted funds flow was \$72.2 million in Q3 2023, or \$0.27 per basic common share, both of which decreased by 73% from Q3 2022. Birchcliff's cash flow from operating activities was \$67.8 million in Q3 2023, a 75% decrease from Q3 2022. The decreases were primarily due to lower natural gas revenue, which was largely impacted by: (i) a 58% decrease in the average realized sales price Birchcliff received for its natural gas production in Q3 2023 as compared to Q3 2022; and (ii) lower natural gas production in Q3 2023 as compared to Q3 2022. Birchcliff's adjusted funds flow and cash flow from operating activities were also negatively impacted by a realized loss on financial instruments in Q3 2023 as compared to a realized gain on financial instruments in Q3 2022 and positively impacted by lower royalty expense in Q3 2023.

Free Funds Flow

Birchcliff generated free funds flow of \$5.5 million, or \$0.02 per basic common share, in Q3 2023 as compared to \$182.0 million and \$0.69 per basic common share in Q3 2022. The decreases were primarily due to lower adjusted funds flow, partially offset by lower F&D capital expenditures in Q3 2023 as compared to Q3 2022.

Net Income to Common Shareholders

Birchcliff reported net income to common shareholders of \$15.1 million in Q3 2023, or \$0.06 per basic common share, which decreased by 94% and 93%, respectively, from Q3 2022. The decreases were primarily due to lower adjusted funds flow, partially offset by lower income tax expense in Q3 2023 as compared to Q3 2022. Net income to common shareholders was also negatively impacted by a lower unrealized mark-to-market gain on financial instruments in Q3 2023 as compared to Q3 2022.

Debt and Credit Facilities

Total debt at September 30, 2023 was \$327.7 million, a 76% increase from September 30, 2022. At September 30, 2023, Birchcliff had a balance outstanding under its extendible revolving credit facilities (the "Credit Facilities") of \$318.7 million (September 30, 2022: \$197.0 million) from available Credit Facilities of \$850.0 million (September 30, 2022: \$850.0 million), leaving the Corporation with \$528.8 million (62%) of unutilized credit capacity after adjusting for outstanding letters of credit and unamortized deferred financing fees. This unutilized credit capacity provides Birchcliff with significant financial flexibility and available capital resources. The Credit Facilities have a maturity date of May 11, 2025 and do not contain any financial maintenance covenants.

Commodity Prices

The Corporation's average realized sales price in Q3 2023 was \$25.96/boe, a 45% decrease from Q3 2022. The decrease was primarily due to lower benchmark oil and natural gas prices, which negatively impacted the sales prices Birchcliff received for its production in Q3 2023. Birchcliff is fully exposed to increases and decreases in commodity prices as it has no fixed price commodity hedges in place.

The following table sets forth the average benchmark commodity prices for the periods indicated:

	Three months ended September 30,		
	2023	2022	% Change
Light oil - WTI Cushing (US\$/bbl)	82.26	91.55	(10)
Light oil - MSW (Mixed Sweet) (CDN\$/bbl)	107.71	116.82	(8)
Natural gas - NYMEX HH (US\$/MMBtu)	2.55	8.20	(69)
Natural gas - AECO 5A Daily (CDN\$/GJ)	2.46	3.95	(38)
Natural gas - AECO 7A Month Ahead (US\$/MMBtu)	1.78	4.46	(60)
Natural gas - Dawn Day Ahead (US\$/MMBtu)	2.27	7.37	(69)
Natural gas - ATP 5A Day Ahead (CDN\$/GJ)	2.32	3.96	(41)

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 2023, after taking into account the Corporation's financial instruments:

Three months ended September 30, 2023

Market	Effective sales ⁽¹⁾ (CDN\$000s)	Percentage of total sales (%)	Effective production (per day)	Percentage of total natural gas production (%)	Percentage of total corporate production (%)
AECO ⁽²⁾⁽³⁾	14,285	7	57,246 Mcf	16	13
Dawn ⁽⁴⁾	48,234	25	164,023 Mcf	45	37
NYMEX HH ⁽¹⁾⁽²⁾⁽⁵⁾	47,243	25	139,655 Mcf	39	31
Total natural gas ⁽¹⁾	109,762	57	360,924 Mcf	100	81
Light oil	15,969	8	1,728 bbls		2
Condensate	48,037	25	4,850 bbls		7
NGLs	17,967	10	7,412 bbls		10
Total liquids	81,973	43	13,990 bbls		19
Total corporate ⁽¹⁾	191,735	100	74,143 boe		100

(1) Effective sales and effective average realized sales price on a total natural gas and total corporate basis and for the AECO and NYMEX HH markets are non-GAAP financial measures and non-GAAP ratios, respectively. See "Non-GAAP and Other Financial Measures".

(2) AECO sales and production that effectively received NYMEX HH pricing under Birchcliff's long-term physical NYMEX HH/AECO 7A basis swap contracts have been included as effective sales and production in the NYMEX HH market. Birchcliff sold physical NYMEX HH/AECO 7A basis swap contracts for 5,000 MMBtu/d at an average contract price of NYMEX HH less US\$1.205/MMBtu during Q3 2023.

(3) 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 2023 received AECO premium pricing and have therefore been included as effective sales and production in the AECO market.

(4) Birchcliff has agreements for the firm service transportation of an aggregate of 175,000 GJ/d of natural gas on TransCanada PipeLines'

Canadian Mainline, whereby natural gas is transported to the Dawn trading hub in Southern Ontario.

(5) NYMEX HH sales and production include financial and physical NYMEX HH/AECO 7A basis swap contracts for an aggregate of 152,500 MMBtu/d at an average contract price of NYMEX HH less US\$1.23/MMBtu during Q3 2023.

Birchcliff's effective average realized sales price for NYMEX HH of CDN\$3.68/Mcf (US\$2.52/MMBtu) was determined on a gross basis before giving effect to the average NYMEX HH/AECO 7A fixed contract basis differential price of CDN\$1.79/Mcf (US\$1.23/MMBtu) and includes any realized gains and losses on financial NYMEX HH/AECO 7A basis swap contracts during Q3 2023.

After giving effect to the NYMEX HH/AECO 7A fixed contract basis differential price and including any realized gains and losses on financial NYMEX HH/AECO 7A basis swap contracts during Q3 2023, Birchcliff's effective average realized net sales price for NYMEX HH was CDN\$1.89/Mcf (US\$1.29/MMBtu) in Q3 2023.

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

Three months ended September 30, 2023

Natural gas market	Natural gas sales ⁽¹⁾ (CDN\$000s)	Percentage of natural gas sales (%)	Natural gas production (Mcf/d)	Percentage of natural gas production (%)
AECO	42,271	44	179,845	50
Dawn	48,234	51	164,023	45
Alliance ⁽⁴⁾	4,604	5	17,056	5
Total	95,109	100	360,924	100

Three months ended September 30, 2022

Natural gas market	Natural gas sales ⁽¹⁾ (CDN\$000s)	Percentage of natural gas sales (%)	Natural gas production (Mcf/d)	Percentage of natural gas production (%)
AECO	83,550	35	203,296	53
Dawn	148,258	62	160,526	42
Alliance ⁽⁴⁾	7,965	3	17,966	5
Total	239,773	100	381,788	100

(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

In Q3 2023, Birchcliff drilled 10 (10.0 net) wells, as set forth in further detail in the table below, with F&D capital expenditures of \$66.7 million.

Number of wells drilled in Q3 2023

Pouce Coupe	
09-04	7

Gordondale		
02-27	2	
Elmworth		
02-08	1	
TOTAL	10	

The Corporation did not bring any wells on production in Q3 2023.

OPERATIONAL UPDATE

In Pouce Coupe, Birchcliff has successfully completed its 7-well 09-04 pad, which was drilled in Q3 2023. Flowback operations are complete and Birchcliff recently brought the pad on production, with production flowing through Birchcliff's existing owned and operated infrastructure. The Corporation is encouraged by the initial flowback performance of this pad, which used Birchcliff's latest well spacing and stacking designs, as well as increased proppant loading. The pad was drilled and completed in 2 different Lower Montney intervals (4 in the Montney D1 and 3 in the Montney C).

In Gordondale, Birchcliff has successfully completed its 2-well 02-27 pad, which was drilled in Q3 2023. Flowback operations are complete and Birchcliff recently brought the pad on production, with production flowing through Birchcliff's existing owned and operated infrastructure. The pad was drilled in 2 different Lower Montney intervals (1 in the Montney D2 and 1 in the Montney D1) targeting condensate-rich natural gas. Similar to the 09-04 pad, the initial flowback performance on the 02-27 pad is encouraging.

The Corporation's updated 2023 capital program now includes the drilling of 30 (30.0 net) wells and the bringing on production of 32 (32.0 net) wells in 2023. The 30 wells to be drilled in 2023 include 5 (5.0 net) wells that are anticipated to be drilled in Q4 2023 and brought on production in late January 2024. See *"Outlook and Guidance - Updated 2023 Guidance"*.

The following table sets forth the number and types of wells that Birchcliff expects to drill and bring on production in 2023:

			Total number of wells to be brought on production in 2023 ⁽¹⁾	Total number of wells to be drilled in 2023
Pouce Coupe				
03-06 pad ⁽²⁾	Montney D1	Total	1	0
14-06 pad ⁽³⁾	Montney D2		2	0
	Montney D1		3	0
	Montney C		1	0
		Total	6	0
15-27 pad ⁽⁴⁾	Montney D2		1	1
	Montney D1		2	1
	Montney C		1	1
		Total	4	3
04-23 pad ⁽⁴⁾	Montney D2		2	2
	Montney D1		2	1
		Total	4	3
04-16 pad	Basal			
	Doig/Upper Montney		4	4
	Montney D1		4	4
		Total	8	8
09-04 pad	Montney D1		4	4
	Montney C		3	3
		Total	7	7

04-30 pad ⁽⁵⁾	Montney D1	Total N/A	5
Gordondale			
02-27 pad	Montney D2	1	1
	Montney D1	1	1
	Total	2	2
Elmworth			
01-28 pad	Montney	Total N/A	1
02-08 pad	Montney	Total N/A	1
TOTAL		32	30

(1) Does not include 2 (0.375 net) Charlie Lake horizontal oil wells that the Corporation participated in during 2022, which were brought on production in Q1 2023.

(2) The 03-06 pad included 4 wells that were brought on production in December 2022.

(3) The 6 wells on the 14-06 pad were drilled in Q4 2022.

(4) The 15-27 pad and the 04-23 pad each included 1 well that was drilled in Q4 2022.

(5) It is expected that these wells will be brought on production in late January 2024.

ABBREVIATIONS

AECO	benchmark price for natural gas determined at the AECO 'C' hub in southeast Alberta
AER	Alberta Energy Regulator
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
Mcf	thousand cubic feet
Mcf/d	thousand cubic feet per day
MMBtu	million British thermal units
MMBtu/d	million British thermal units per day
MSW	price for mixed sweet crude oil at Edmonton, Alberta
NGLs	natural gas liquids consisting of ethane (C2), propane (C3) and butane (C4) and specifically excluding condensate
NYMEX	New York Mercantile Exchange
OPEC	Organization of the Petroleum Exporting Countries
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma, for crude oil of standard grade

000s thousands
\$000s thousands of dollars

NON-GAAP AND OTHER FINANCIAL MEASURES

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

Non-GAAP Financial Measures

NI 52-112 defines a non-GAAP financial measure as a financial measure that: (i) depicts the historical or expected future financial performance, financial position or cash flow of an entity; (ii) with respect to its composition, excludes an amount that is included in, or includes an amount that is excluded from, the composition of the most directly comparable financial measure disclosed in the primary financial statements of the entity; (iii) is not disclosed in the financial statements of the entity; and (iv) is not a ratio, fraction, percentage or similar representation. The non-GAAP financial measures used in this press release are not standardized financial measures under GAAP and might not be comparable to similar measures presented by other companies. Investors are cautioned that non-GAAP financial measures should not be construed as alternatives to or more meaningful than the most directly comparable GAAP financial measures as indicators of Birchcliff's performance. Set forth below is a description of the non-GAAP financial measures used in this press release.

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

Birchcliff defines "adjusted funds flow" as cash flow from operating activities before the effects of decommissioning expenditures and changes in non-cash operating working capital. Birchcliff eliminates settlements of decommissioning expenditures from cash flow from operating activities as the amounts can be discretionary and may vary from period to period depending on its capital programs and the maturity of its operating areas. The settlement of decommissioning expenditures is managed with Birchcliff's capital budgeting process which considers available adjusted funds flow. Changes in non-cash operating working capital are eliminated in the determination of adjusted funds flow as the timing of collection and payment are variable and by excluding them from the calculation, the Corporation believes that it is able to provide a more meaningful measure of its operations and ability to generate cash on a continuing basis. Management believes that adjusted funds flow assists management and investors in assessing Birchcliff's financial performance after deducting all operating and corporate cash costs, as well as its ability to generate the cash necessary to fund sustaining and/or growth capital expenditures, repay debt, settle decommissioning obligations, buy back common shares and pay dividends.

Birchcliff defines "free funds flow" as adjusted funds flow less F&D capital expenditures. Management believes that free funds flow assists management and investors in assessing Birchcliff's ability to generate shareholder returns through a number of initiatives, including but not limited to, debt repayment, common share buybacks, the payment of common share dividends, acquisitions and other opportunities that would complement or otherwise improve the Corporation's business and enhance long-term shareholder value.

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

The most directly comparable GAAP financial measure to adjusted funds flow, free funds flow and excess free funds flow is cash flow from operating activities. The following table provides a reconciliation of cash flow from operating activities to adjusted funds flow, free funds flow and excess free funds flow for the periods indicated:

	Three months ended September 30,		Nine months ended September 30,		Twelve months ended December 31,
(\$000s)	2023	2022	2023	2022	2022
Cash flow from operating activities	67,840	272,965	241,523	700,828	925,275
Change in non-cash operating working capital	3,601	(6,448)	(13,229)	33,581	25,662
Decommissioning expenditures	784	833	2,318	2,175	2,746
Adjusted funds flow	72,225	267,350	230,612	736,584	953,683
F&D capital expenditures	(66,677)	(85,330)	(246,471)	(257,859)	(364,621)
Free funds flow	5,548	182,020	(15,859)	478,725	589,062
Dividends on common shares	(53,321)	(5,317)	(159,954)	(13,285)	(71,788)
Excess free funds flow	(47,773)	176,703	(175,813)	465,440	517,274

Birchcliff has disclosed in this press release forecasts of adjusted funds flow, free funds flow and excess free funds flow for 2023 and adjusted funds flow and free funds flow for 2024, which are forward-looking non-GAAP financial measures. The equivalent historical non-GAAP financial measures are adjusted funds flow, free funds flow and excess free funds flow for the twelve months ended December 31, 2022. Birchcliff anticipates the forward-looking non-GAAP financial measures for adjusted funds flow, free funds flow and excess free funds flow disclosed herein will be lower than their respective historical amounts primarily due to lower anticipated benchmark oil and natural gas prices, which are expected to decrease the average realized sales prices the Corporation receives for its production. The forward-looking non-GAAP financial measure for 2023 excess free funds flow disclosed herein is also expected to be lower as a result of a higher targeted annual base common share dividend payment forecast during 2023. The commodity price assumptions on which the Corporation's guidance is based are set forth under the heading "Outlook and Guidance".

Transportation and Other Expense

Birchcliff defines "transportation and other expense" as transportation expense plus marketing purchases less marketing revenue. Birchcliff may enter into certain marketing purchase and sales arrangements with the objective of reducing any unused transportation or fractionation fees associated with its take-or-pay commitments and/or increasing the value of its production through value-added downstream initiatives. Management believes that transportation and other expense assists management and investors in assessing Birchcliff's total cost structure related to transportation and marketing activities. The most directly comparable GAAP financial measure to transportation and other expense is transportation expense. The following table provides a reconciliation of transportation expense to transportation and other expense for the periods indicated:

	Three months ended September 30,		Nine months ended September 30,	
(\$000s)	2023	2022	2023	2022
Transportation expense	40,455	39,379	114,319	117,071
Marketing purchases	8,618	2,124	25,844	8,337
Marketing revenue	(5,637)	(2,613)	(21,989)	(9,890)
Transportation and other expense	43,436	38,890	118,174	115,518

Operating Netback

Birchcliff defines "operating netback" as petroleum and natural gas revenue less royalty expense, operating expense and transportation and other expense. Operating netback is a key industry performance indicator and one that provides investors with information that is commonly presented by other oil and natural gas producers. Management believes that operating netback assists management and investors in assessing Birchcliff's operating profits after deducting the cash costs that are directly associated with the sale of its production, which can then be used to pay other corporate cash costs or satisfy other obligations. The following table provides a breakdown of Birchcliff's operating netback for the periods indicated:

	Three months ended September 30,	Nine months ended September 30,
--	-------------------------------------	------------------------------------

(\$000s)	2023	2022	2023	2022
Petroleum and natural gas revenue	177,126	339,531	557,064	1,019,822
Royalty expense	(13,892)	(43,379)	(50,857)	(125,547)
Operating expense	(26,792)	(25,155)	(79,001)	(71,798)
Transportation and other expense	(43,436)	(38,890)	(118,174)	(115,518)
Operating netback - Corporate	93,006	232,107	309,032	706,959

Total Capital Expenditures

Birchcliff defines "total capital expenditures" as exploration and development expenditures less dispositions plus acquisitions (if any) and plus administrative assets. Management believes that total capital expenditures assists management and investors in assessing Birchcliff's overall capital cost structure associated with its petroleum and natural gas activities. The most directly comparable GAAP financial measure for total capital expenditures is exploration and development expenditures. The following table provides a reconciliation of exploration and development expenditures to total capital expenditures for the periods indicated:

(\$000s)	Three months ended		Nine months ended	
	September 30,	September 30,	September 30,	September 30,
	2023	2022	2023	2022
Exploration and development expenditures ⁽¹⁾	66,677	85,330	246,471	257,859
Acquisitions	188	848	188	2,348
Dispositions	-	-	(77)	(315)
Administrative assets	610	307	1,793	867
Total capital expenditures	67,475	86,485	248,375	260,759

(1) Disclosed as F&D capital expenditures elsewhere in this press release. See "Advisories - F&D Capital Expenditures".

Effective Sales - Total Corporate, Total Natural Gas, AECO Market and NYMEX HH Market

Birchcliff defines "effective sales" in the AECO market and NYMEX HH market as the sales amount received from the production of natural gas that is effectively attributed to the AECO and NYMEX HH market pricing, respectively, and does not consider the physical sales delivery point in each case. Effective sales in the NYMEX HH market includes realized gains and losses on financial instruments and excludes the notional fixed basis costs associated with the underlying financial contract in the period. Birchcliff defines "effective total natural gas sales" as the aggregate of the effective sales amount received in each natural gas market. Birchcliff defines "effective total corporate sales" as the aggregate of the effective total natural gas sales and the sales amount received from the production of light oil, condensate and NGLs. Management believes that disclosing effective sales for each natural gas market assists management and investors in assessing Birchcliff's natural gas diversification and commodity price exposure to each market. The most directly comparable GAAP financial measure for effective total natural gas sales and effective total corporate sales is natural gas sales. The following table provides a reconciliation of natural gas sales to effective total natural gas sales and effective total corporate sales for the periods indicated:

(\$000s)	Three months ended	
	September 30,	September 30,
	2023	2022
Natural gas sales	95,109	239,773
Realized gain (loss) on financial instruments	(5,652)	45,490
Notional fixed basis costs ⁽¹⁾	20,305	21,864
Effective total natural gas sales	109,762	307,127
Light oil sales	15,969	24,037
Condensate sales	48,037	49,031
NGLs sales	17,967	26,673
Effective total corporate sales	191,735	406,868

(1) Reflects the aggregate notional fixed basis cost associated with Birchcliff's financial and physical NYMEX HH/AECO 7A basis swap contracts

in the period.

Non-GAAP Ratios

NI 52-112 defines a non-GAAP ratio as a financial measure that: (i) is in the form of a ratio, fraction, percentage or similar representation; (ii) has a non-GAAP financial measure as one or more of its components; and (iii) is not disclosed in the financial statements of the entity. The non-GAAP ratios used in this press release are not standardized financial measures under GAAP and might not be comparable to similar measures presented by other companies. Set forth below is a description of the non-GAAP ratios used in this press release.

Adjusted Funds Flow Per Boe and Adjusted Funds Flow Per Basic Common Share

Birchcliff calculates "adjusted funds flow per boe" as aggregate adjusted funds flow in the period divided by the production (boe) in the period. Management believes that adjusted funds flow per boe assists management and investors in assessing Birchcliff's financial profitability and sustainability on a cash basis by isolating the impact of production volumes to better analyze its performance against prior periods on a comparable basis.

Birchcliff calculates "adjusted funds flow per basic common share" as aggregate adjusted funds flow in the period divided by the weighted average basic common shares outstanding at the end of the period. Management believes that adjusted funds flow per basic common share assists management and investors in assessing Birchcliff's financial strength on a per common share basis.

Free Funds Flow Per Basic Common Share

Birchcliff calculates "free funds flow per basic common share" as aggregate free funds flow in the period divided by the weighted average basic common shares outstanding at the end of the period. Management believes that free funds flow per basic common share assists management and investors in assessing Birchcliff's financial strength and its ability to deliver shareholder returns on a per common share basis.

Transportation and Other Expense Per Boe

Birchcliff calculates "transportation and other expense per boe" as aggregate transportation and other expense in the period divided by the production (boe) in the period. Management believes that transportation and other expense per boe assists management and investors in assessing Birchcliff's cost structure as it relates to its transportation and marketing activities by isolating the impact of production volumes to better analyze its performance against prior periods on a comparable basis.

Operating Netback Per Boe

Birchcliff calculates "operating netback per boe" as aggregate operating netback in the period divided by the production (boe) in the period. Operating netback per boe is a key industry performance indicator and one that provides investors with information that is commonly presented by other oil and natural gas producers. Management believes that operating netback per boe assists management and investors in assessing Birchcliff's operating profitability and sustainability by isolating the impact of production volumes to better analyze its performance against prior periods on a comparable basis.

Effective Average Realized Sales Price - Total Corporate, Total Natural Gas, AECO Market and NYMEX HH Market

Birchcliff calculates "effective average realized sales price" as effective sales, in each of total corporate, total natural gas, AECO market and NYMEX HH market, as the case may be, divided by the effective production in each of the markets during the period. Management believes that disclosing the effective average realized sales price for each natural gas market assists management and investors in comparing Birchcliff's

commodity price realizations in each natural gas market on a per unit basis.

Capital Management Measures

NI 52-112 defines a capital management measure as a financial measure that: (i) is intended to enable an individual to evaluate an entity's objectives, policies and processes for managing the entity's capital; (ii) is not a component of a line item disclosed in the primary financial statements of the entity; (iii) is disclosed in the notes to the financial statements of the entity; and (iv) is not disclosed in the primary financial statements of the entity. Set forth below is a description of the capital management measure used in this press release.

Total Debt

Birchcliff calculates "total debt" as the amount outstanding under the Corporation's revolving term credit facilities (if any) plus working capital deficit (less working capital surplus) plus the fair value of the current asset portion of financial instruments less the fair value of the current liability portion of financial instruments and less the current portion of other liabilities at the end of the period. Management believes that total debt assists management and investors in assessing Birchcliff's overall liquidity and financial position at the end of the period. The following table provides a reconciliation of the amount outstanding under the revolving term credit facilities, as determined in accordance with GAAP, to total debt for the periods indicated:

As at, (\$000s)	September 30, 2023	December 31, 2022	September 30, 2022
Revolving term credit facilities	318,711	131,981	196,989
Working capital deficit (surplus) ⁽¹⁾	8,257	(7,902)	(80,650)
Fair value of financial instruments - asset ⁽²⁾	7,971	17,729	69,725
Fair value of financial instruments - liability ⁽²⁾	(4,777)	(1,345)	-
Other liabilities ⁽²⁾	(2,507)	(1,914)	-
Total debt	327,655	138,549	186,064

(1) Current liabilities less current assets.

(2) Reflects the current portion only.

ADVISORIES

Unaudited Information

All financial and operational information contained in this press release for the three and nine months ended September 30, 2023 and 2022 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.

Boe Conversions

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

MMBtu Pricing Conversions

\$1.00 per MMBtu equals \$1.00 per Mcf based on a standard heat value Mcf.

Oil and Gas Metrics

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

Production

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

F&D Capital Expenditures

Unless otherwise stated, references in this press release to "F&D capital expenditures" denotes exploration and development expenditures as disclosed in the Corporation's financial statements in accordance with GAAP, and is primarily comprised of capital for land, seismic, workovers, drilling and completions, well equipment and facilities and capitalized G&A costs and excludes any acquisitions, dispositions, administrative assets and the capitalized portion of cash incentive payments that have not been approved by the Board. Management believes that F&D capital expenditures assists management and investors in assessing Birchcliff's capital cost outlay associated with its exploration and development activities for the purposes of finding and developing its reserves.

Forward-Looking Statements

Certain statements contained in this press release constitute forward-looking statements and forward-looking information (collectively referred to as "forward-looking statements") within the meaning of applicable Canadian securities laws. The forward-looking statements contained in this press release relate to future events or Birchcliff's future plans, strategy, operations, performance or financial position and are based on Birchcliff's current expectations, estimates, projections, beliefs and assumptions. Such forward-looking statements have been made by Birchcliff in light of the information available to it at the time the statements were made and reflect its experience and perception of historical trends. All statements and information other than historical fact may be forward-looking statements. Such forward-looking statements are often, but not always, identified by the use of words such as "seek", "plan", "focus", "future", "outlook", "position", "expect", "project", "intend", "believe", "anticipate", "estimate", "forecast", "guidance", "potential", "proposed", "predict", "budget", "continue", "targeting", "may", "will", "could", "might", "should", "would", "on track", "maintain", "deliver" and other similar words and expressions.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Accordingly, readers are cautioned not to place undue reliance on such forward-looking statements. Although Birchcliff believes that the expectations reflected in the forward-looking statements are

reasonable, there can be no assurance that such expectations will prove to be correct and Birchcliff makes no representation that actual results achieved will be the same in whole or in part as those set out in the forward-looking statements.

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

- Birchcliff's plans and other aspects of its anticipated future financial performance, results, operations, focus, objectives, strategies, opportunities, priorities and goals, including that the unutilized credit capacity under the Credit Facilities provides Birchcliff with significant financial flexibility and available capital resources;
- the information set forth under the heading "*Outlook and Guidance - Updated 2023 Guidance*" and elsewhere in this press release as it relates to Birchcliff's outlook and guidance for 2023, including: forecasts of annual average production, production commodity mix, average expenses, adjusted funds flow, F&D capital expenditures, free funds flow, annual base dividend, excess free funds flow, total debt at year end and natural gas market exposure; and the expected impact of changes in commodity prices and the CDN/US exchange rate on Birchcliff's forecast of free funds flow for 2023;
- the information set forth under the heading "*Outlook and Guidance - Preliminary 2024 Guidance*" and elsewhere in this press release as it relates to Birchcliff's preliminary outlook and guidance for 2024, including: that Birchcliff anticipates that its adjusted funds flow will be sufficient to fully fund its F&D capital expenditures and common share dividend payments in 2024 based on its preliminary budgeting process and current commodity price outlook; that it is targeting F&D capital expenditures of \$260 million to \$280 million in respect of 2024 and annual average production of 77,000 to 79,000 boe/d; that as part of Birchcliff's \$260 million to \$280 million capital program for 2024, it expects to spend approximately \$20 million in Q4 2023 to commence the drilling of five wells in Pouce Coupe, which will allow it to maximize production during the winter months, and \$240 million to \$260 million in 2024; that Birchcliff is continuing to evolve its plans for 2024 and expects to announce the details of its formal 2024 capital budget and updated five-year outlook for 2024 to 2028 on January 17, 2024; that Birchcliff remains focused on maintaining capital discipline, generating free funds flow and delivering significant returns to shareholders in 2024, while maintaining a strong balance sheet; that based on its preliminary budgeting process and current commodity price outlook for 2024, Birchcliff is targeting F&D capital expenditures of \$240 million to \$260 million in 2024; that when combined with the accelerated capital of \$20 million in Q4 2023, this would equate to approximately \$260 million to \$280 million of F&D capital expenditures in respect of 2024; that this level of capital spending in 2024 will allow the Corporation to bring approximately 28 to 30 wells on production in 2024 and increase its annual average production year-over-year; that with the addition of the five wells that will be drilled in Q4 2023 and brought on production in late January 2024, the Corporation currently expects to deliver annual average production of 77,000 to 79,000 boe/d in 2024; that excess free funds flow generated in 2024, above current dividend levels, is currently anticipated to be used to invest in the Corporation's business, including filling its existing infrastructure to grow adjusted funds flow and lower per unit costs; that depending on commodity prices and available cash flow, the Corporation may also use a portion of excess free funds flow to reduce indebtedness and/or increase its base dividend; forecasts of annual average production, adjusted funds flow, F&D capital expenditures, free funds flow and annual base dividend; and the expected impact of changes in commodity prices and the CDN/US exchange rate on Birchcliff's forecast of free funds flow for 2024;
- the information set forth under the heading "*Outlook and Guidance - Elmworth Outlook*" as it relates to Birchcliff's outlook and plans for Elmworth, including: that Birchcliff's significant Montney land position in the Elmworth area of Alberta positions the Corporation to continue to drive long-term shareholder value and provides it with a large potential future development area that can supply clean natural gas for many years to come; that Birchcliff has initiated the formal planning for the construction of a proposed 100% owned and operated natural gas processing plant in the area; and that Birchcliff may consider allocating some capital in 2024 to continue to build, protect and optimize its Elmworth Montney land position, including through drilling and completions activity, strategic A&D transactions and Crown land sales;

- the information set forth under the headings "*Outlook and Guidance*" and "*Operational Update*" and elsewhere in this press release as it relates to Birchcliff's 2023 and 2024 exploration, production and development activities and the timing thereof, including: that the nine wells that were recently brought on production allows Birchcliff to capture the anticipated strength in natural gas pricing that is typically seen in winter months, as well as setting it up for stronger average production in Q4 2023 and Q1 2024; that it is accelerating approximately \$20 million of capital expenditures from 2024 into Q4 2023 to commence the drilling of 5 (5.0 net) wells in Pouce Coupe in Q4 2023, which wells are planned to be brought on production in late January 2024, as well as drill several surface holes and procure various long-lead items required for the execution of the Corporation's 2024 capital program; that by accelerating these capital projects into Q4 2023, the Corporation will be able to maximize production during the winter months to capture the anticipated strength in natural gas pricing that is typically seen in the winter months, allow Birchcliff to continue its two-drilling rig program throughout the remainder of 2023, help to ensure the efficient execution of the Corporation's 2024 capital program and allow Birchcliff to significantly decrease the risks related to the price and availability of drilling and other oilfield services during a period of tight supply; and the anticipated number and timing of wells to be drilled and brought on production and targeted product types;
- 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); and
- that Birchcliff anticipates the forward-looking non-GAAP financial measures for adjusted funds flow, free funds flow and excess free funds flow disclosed herein will be lower than their respective historical amounts primarily due to lower anticipated benchmark oil and natural gas prices, which are expected to decrease the average realized sales prices the Corporation receives for its production; and that the forward-looking non-GAAP financial measure for 2023 excess free funds flow disclosed herein is also expected to be lower as a result of a higher targeted annual base common share dividend payment forecast during 2023.

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

- With respect to Birchcliff's 2023 guidance, such guidance is based on the commodity price, exchange rate and other assumptions set forth under the heading "*Outlook and Guidance - Updated 2023 Guidance*". In addition:
 - Birchcliff's production guidance assumes that: the 2023 capital program will be carried out as currently contemplated; no unexpected outages occur in the infrastructure that Birchcliff relies on to produce its wells and that any transportation service curtailments or unplanned outages that occur will be short in duration or otherwise insignificant; the construction of new infrastructure meets timing and operational expectations; existing wells continue to meet production expectations; and future wells scheduled to come on production meet timing, production and capital expenditure expectations.
 - Birchcliff's forecast of F&D capital expenditures assumes that the 2023 capital program will be carried out as currently contemplated and excludes any potential acquisitions, dispositions and the capitalized portion of cash incentive payments that have not been approved by the Board. The amount and allocation of capital expenditures for exploration and development activities by area and the number and types of wells to be drilled and brought on production is dependent upon results achieved and is subject to review and modification by management on an ongoing basis throughout the year. Actual spending may vary due to a variety of factors, including commodity prices, economic conditions, results of operations and costs of labour, services and materials.
 - Birchcliff's forecasts of adjusted funds flow and free funds flow assume that: the 2023 capital program will be carried out as currently contemplated and the level of capital spending for 2023 set forth herein is met; and the forecasts of production, production commodity mix, expenses and natural gas market exposure and the commodity price and exchange rate assumptions set forth herein are met. Birchcliff's forecast of adjusted funds flow takes into account its outstanding physical and financial basis swap contracts and excludes cash incentive payments that have not been approved by the Board.
 - Birchcliff's forecast of excess free funds flow assumes that: the forecasts of adjusted funds flow and free funds flow are achieved; and an annual base dividend of \$0.80 per common share is paid during 2023, there are 266 million common shares outstanding, there are no changes to the base dividend rate and no special dividends are paid.
 - Birchcliff's forecast of year end total debt assumes that: (i) the forecasts of adjusted funds flow, free funds flow and excess free funds flow are achieved, with the level of capital spending for 2023 met and the payment of an annual base dividend of \$213 million; (ii) any free funds flow remaining after the payment of dividends, asset retirement obligations and other amounts for administrative assets, financing fees and capital lease obligations is allocated towards debt reduction; (iii) there are no further buybacks of common shares during 2023; (iv) there are no significant acquisitions or dispositions completed by the Corporation during 2023; (v) there are no equity issuances during 2023; and (vi) there are no further proceeds received from the exercise of stock options or performance warrants during 2023. The forecast of total debt excludes cash incentive payments that have not been approved by the Board.
 - Birchcliff's forecast of its natural gas market exposure assumes: (i) 175,000 GJ/d being sold on a physical basis at the Dawn price; (ii) 152,500 MMBtu/d being contracted on a financial and physical basis at an average fixed basis differential price between AECO 7A and NYMEX HH of approximately US\$1.23/MMBtu; and (iii) 22,000 GJ/d being sold at Alliance on a physical basis at the AECO 5A price plus a premium. Birchcliff's natural gas market exposure takes into account its outstanding physical and financial basis swap contracts.
- With respect to Birchcliff's preliminary 2024 guidance, such guidance is based on the commodity price, exchange rate and other assumptions set forth under the heading "*Outlook and Guidance - Preliminary 2024 Guidance*". In addition:
 - Birchcliff's preliminary production guidance is subject to similar assumptions set forth herein for Birchcliff's 2023 production guidance.
 - Birchcliff's preliminary forecast of F&D capital expenditures is subject to similar assumptions set forth herein for Birchcliff's 2023 guidance for F&D capital expenditures.
 - Birchcliff's preliminary forecasts of adjusted funds flow and free funds flow are subject to similar assumptions set forth herein for Birchcliff's 2023 guidance for adjusted funds flow and free funds flow.
 - Birchcliff's anticipation that its adjusted funds flow will be sufficient to fully fund its F&D capital expenditures and common share dividend payments in 2024 assumes that: (i) the forecasts of adjusted funds flow and F&D capital expenditures are achieved; and (ii) an annual base dividend of \$0.80 per common share is paid during 2024, there are 266 million common shares outstanding, there are no changes to the base dividend rate and no special dividends are paid.
- With respect to statements of future wells to be drilled and brought on production, such statements assume: the continuing validity of the geological and other technical interpretations performed by Birchcliff's technical staff, which indicate that commercially economic volumes can be recovered from Birchcliff's lands as a result of drilling future wells; and that commodity prices and general economic conditions will warrant proceeding with the drilling of such wells.

Birchcliff's actual results, performance or achievements could differ materially from those anticipated in the forward-looking statements as a result of both known and unknown risks and uncertainties including, but not limited to: the risks posed by pandemics (including COVID-19), epidemics and global conflict (including the Russian invasion of Ukraine and the Israel-Hamas conflict) and their impacts on supply and demand and commodity prices; actions taken by OPEC and other major producers of crude oil and the impact such actions may have on supply and demand and commodity prices; the uncertainty of estimates and projections relating to production, revenue, costs, expenses and reserves; the risk that any of the Corporation's material assumptions prove to be materially inaccurate (including the Corporation's commodity price and exchange rate assumptions for 2023 and 2024); general economic, market and business conditions which will, among other things, impact the demand for and market prices of Birchcliff's products and Birchcliff's access to capital; volatility of crude oil and natural gas prices; risks associated with increasing costs, whether due to high inflation rates, supply chain disruptions or other factors; fluctuations in exchange and interest rates; stock market volatility; loss of market demand; an inability to access sufficient capital from internal and external sources on terms acceptable to the Corporation; risks associated with Birchcliff's Credit Facilities, including a failure to comply with covenants under the agreement governing the Credit Facilities and the risk that the borrowing base limit may be redetermined; fluctuations in the costs of borrowing; operational risks and liabilities inherent in oil and natural gas operations; the occurrence of unexpected events such as fires, severe weather, explosions, blow-outs, equipment failures, transportation incidents and other similar events; an inability to access sufficient water or other fluids needed for operations; uncertainty that development activities in connection with Birchcliff's assets will be economic; an inability to access or implement some or all of the technology necessary to operate its assets and achieve expected future results; the accuracy of estimates of reserves, future net revenue and production levels; geological, technical, drilling, construction and processing problems; uncertainty of geological and technical data; horizontal drilling and completions techniques and the failure of drilling results to meet expectations for reserves or production; uncertainties related to Birchcliff's future potential drilling locations; delays or changes in plans with respect to exploration or development projects or capital expenditures; the accuracy of cost estimates and variances in Birchcliff's actual costs and economic returns from those anticipated; incorrect assessments of the value of acquisitions and exploration and development programs; changes to the regulatory framework in the locations where the Corporation operates, including changes to tax laws, Crown royalty rates, environmental laws, climate change laws, carbon tax regimes, incentive programs and other regulations that affect the oil and natural gas industry; political uncertainty and uncertainty associated with government policy changes; actions by government authorities; an inability of the Corporation to comply with existing and future laws and the cost of compliance with such laws; dependence on facilities, gathering lines and pipelines; uncertainties and risks associated with pipeline restrictions and outages to third-party infrastructure that could cause disruptions to production; the lack of available pipeline capacity and an inability to secure adequate and cost-effective processing and transportation for Birchcliff's products; an inability to satisfy obligations under Birchcliff's firm marketing and transportation arrangements; shortages in equipment and skilled personnel; the absence or loss of key employees; competition for, among other things, capital, acquisitions of reserves, undeveloped lands, equipment and skilled personnel; management of Birchcliff's growth; environmental and climate change risks, claims and liabilities; potential litigation; default under or breach of agreements by counterparties and potential enforceability issues in contracts; claims by Indigenous peoples; the reassessment by taxing or regulatory authorities of the Corporation's prior transactions and filings; unforeseen title defects; third-party claims regarding the Corporation's right to use technology and equipment; uncertainties associated with the outcome of litigation or other proceedings involving Birchcliff; uncertainties associated with counterparty credit risk; risks associated with Birchcliff's risk management and market diversification activities; risks associated with the declaration and payment of future dividends, including the discretion of the Board to declare dividends and change the Corporation's dividend policy and the risk that the amount of dividends may be less than currently forecast; the failure to obtain any required approvals in a timely manner or at all; the failure to complete or realize the anticipated benefits of acquisitions and dispositions and the risk of unforeseen difficulties in integrating acquired assets into Birchcliff's operations; negative public perception of the oil and natural gas industry and fossil fuels; the Corporation's reliance on hydraulic fracturing; market competition, including from alternative energy sources; changing demand for petroleum products; the availability of insurance and the risk that certain losses may not be insured; breaches or failure of information systems and security (including risks associated with cyber-attacks); risks associated with the ownership of the Corporation's securities; and the accuracy of the Corporation's accounting estimates and judgments.

The declaration and payment of any future dividends are subject to the discretion of the Board and may not be approved or may vary depending on a variety of factors and conditions existing from time to time, including commodity prices, free funds flow, current and forecast commodity prices, fluctuations in working capital, financial requirements of Birchcliff, applicable laws (including solvency tests under the *Business Corporations Act* (Alberta) for the declaration and payment of dividends) and other factors beyond Birchcliff's control. The payment of dividends to shareholders is not assured or guaranteed and dividends may be reduced or suspended entirely. In addition to the foregoing, the Corporation's ability to pay dividends now or in the future may be limited by covenants contained in the agreements governing any indebtedness that the

Corporation has incurred or may incur in the future, including the terms of the Credit Facilities. The agreement governing the Credit Facilities provides that Birchcliff is not permitted to make any distribution (which includes dividends) at any time when an event of default exists or would reasonably be expected to exist upon making such distribution, unless such event of default arose subsequent to the ordinary course declaration of the applicable distribution.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Additional information on these and other risk factors that could affect results of operations, financial performance or financial results are included in Birchcliff's most recent annual information form under the heading "*Risk Factors*" and in other reports filed with Canadian securities regulatory authorities.

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

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

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

ABOUT BIRCHCLIFF:

Birchcliff is a dividend-paying, intermediate oil and natural gas company based in Calgary, Alberta with operations focused on the Montney/Doig Resource Play in Alberta. Birchcliff's common shares are listed for trading on the Toronto Stock Exchange under the symbol "BIR".

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