

OUR COMMITMENT.

2017 CORPORATE RESPONSIBILITY REPORT

“RESPECTING AND SUPPORTING
THE PEOPLE AND COMMUNITIES
SURROUNDING OUR
OPERATIONS IS IMPORTANT
TO THE DEVELOPMENT OF OUR
RESOURCES.”

– A. Jeffery Tonken
President & Chief Executive Officer

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This Corporate Responsibility Report contains references to “adjusted funds flow” and “total debt”, which do not have standardized meanings prescribed by GAAP and therefore may not be comparable to similar measures presented by other companies where similar terminology is used. For further information, see “Non-GAAP Measures” in this report and in the management’s discussion and analysis for the year ended December 31, 2017 (the “MD&A”). Boe amounts in this report have been calculated by using the conversion ratio of 6 Mcf of natural gas to 1 bbl of oil.

MESSAGE

MESSAGE TO STAKEHOLDERS

Dear fellow stakeholder,

Birchcliff prides itself on being an innovative and environmentally friendly developer of our resource base while also being committed to our stakeholders. We understand that respecting and supporting the people and communities surrounding our operations is important to the development of our resources.

Birchcliff's stakeholder engagement begins in-house with the many employee and family programs we offer to our employees. We provide a platform for personal and professional growth to all our employees. All Birchcliff employees are encouraged to participate in seminars, courses, workshops and conferences to enhance their knowledge of Birchcliff's operations. Furthermore, annual reviews of our employees along with candid discussions between our executive and management teams provide the opportunity for all levels of employees to be heard. We understand that by fostering a family environment in-house, we equip our staff with the tools and training to responsibly operate in the field.

Birchcliff continues to support the people and communities within the areas in which we operate. Over the last three years, Birchcliff donated to more than 100 local community groups and organizations with donations and sponsorships totaling over \$3,000,000. By understanding and contributing to the values and priorities within the communities surrounding our operations we can all succeed together.

Birchcliff views corporate responsibility as an ongoing process that underpins everything that we do. We look forward to continuing to work with the local communities and Indigenous groups in the Peace River Arch area of Alberta.

We are excited to share with you the operational, financial and social highlights of our last three years. We are looking forward to communicating our accomplishments on a biennial basis.



A. Jeffery Tonken
President & Chief Executive Officer












ABOUT BIRCHCLIFF

Birchcliff Energy Ltd. is a Calgary, Alberta based intermediate oil and gas company that explores for, develops and produces natural gas, light oil and natural gas liquids.

All of Birchcliff's operations are concentrated in the Peace River Arch area of Alberta, which is considered by management to be one of the most desirable natural gas and light oil drilling areas in North America. Within the Peace River Arch, Birchcliff's operations are primarily concentrated in the Pouce Coupe and Gordondale areas of Alberta where it operates the vast majority of its production, owns large contiguous blocks of high working interest land and owns and/or controls its infrastructure.

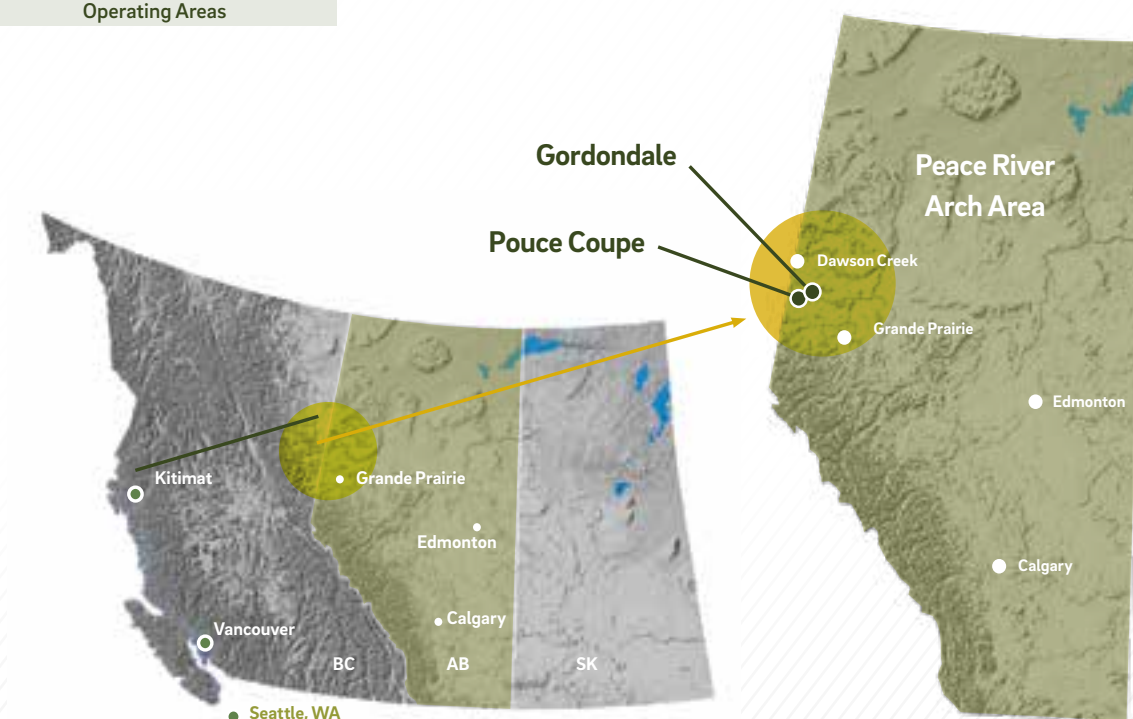
Birchcliff's common shares are listed on the Toronto Stock Exchange ("TSX") under the symbol "BIR" and are included in the "S&P/TSX" Composite Index. Birchcliff's Series A and Series C Preferred Shares are listed for trading on the TSX under the symbols "BIR.PR.A" and "BIR.PR.C", respectively.

2017 Operational, Financial & Reserve Highlights

 Average Production – 67,963 BOE/d	 O&G Revenue – \$556.9 MM	 PDP Reserves – 198.0 MMBOE
 Q4/17 Production – 80,103 BOE/d	 Adjusted Funds Flow – \$317.7 MM	 2P Reserves – 972.5 MMBOE
 Drilled – 54 Wells (100% WI)	 Total Debt – \$598.2 MM	 PDP FD&A ⁽¹⁾ – \$4.79/BOE

(1) Please see "Advisories - Oil and Gas Metrics" for a description of the methodology used to calculate FD&A costs.

Operating Areas



ABOUT THIS REPORT

- This report is intended for **all company stakeholders** and provides **performance detail** on subsets of Birchcliff's operations.
- To determine the content for this report, Birchcliff executives and several departmental leaders were **engaged in November 2017** to identify and prioritize topics that are **most relevant** to its key stakeholder groups.
- This report was created using the **Global Reporting Initiative ("GRI") G4 Sustainability Reporting Guidelines**. This report contains Standard Disclosures from the Guidelines but has not fulfilled all of the requirements to qualify as fully 'in accordance' with the GRI.
- Unless otherwise stated, **this report covers the years 2015-2017**.
- Financial data is in **Canadian dollars**; environmental data is in **metric units**; and production data is in **barrels of oil equivalent ("BOE")**.
- For further information regarding production or reserves, please refer to our **Annual Information Form** for the year ended December 31, 2017 on our website **www.birchcliffenergy.com**.
- The terms **Birchcliff, our, we, the company, and the corporation**, refers to Birchcliff Energy Ltd.

FOUNDATIONS

FOUNDATIONS OF RESPONSIBILITY

Birchcliff is committed to constantly evolving and improving our Health, Safety and Environmental Management Program and conducting our activities in a manner that safeguards our employees, contractors, representatives, the environment and the public at large.

As part of our fundamental values, we recognize the importance of our responsibility for environmental stewardship.

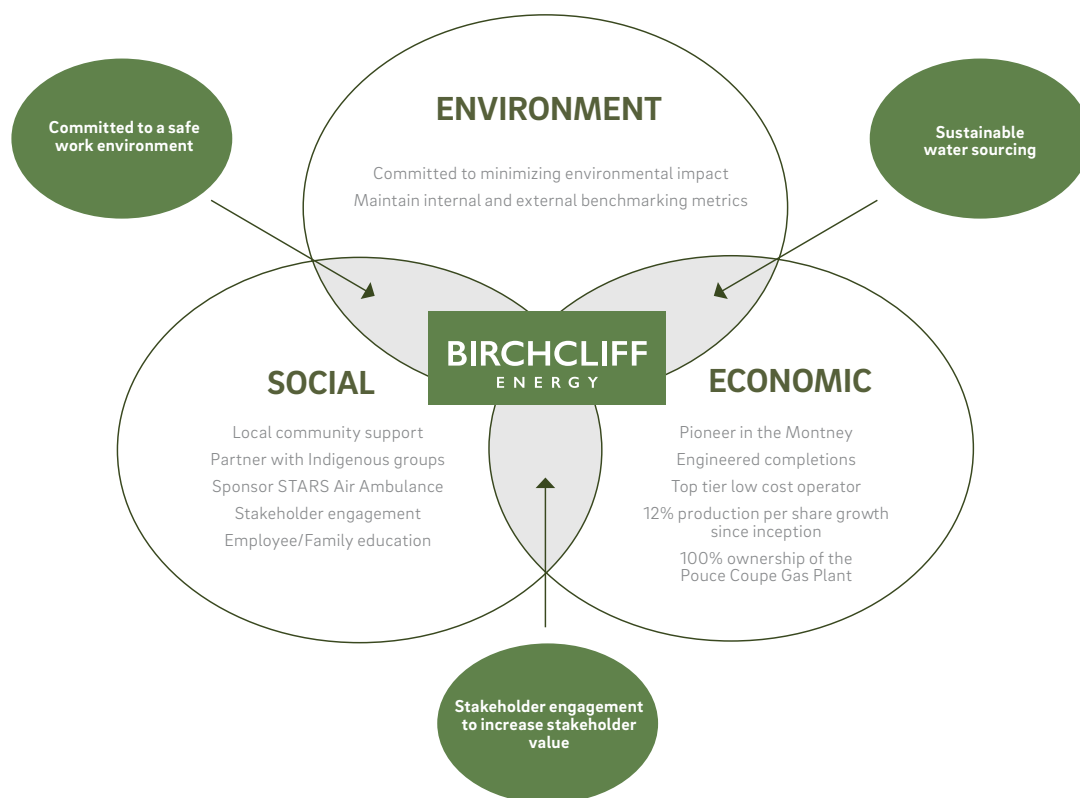
We endeavour to maintain excellence in environmental reporting and response, and to take proactive steps to eliminate or reduce our environmental impact.

As an organization which strives for continuous improvement, we continue to look for and develop new technology, systems and processes that will help improve efficiency, reduce our environmental footprint and create a safer work environment.

Fostering a strong relationship with the community and our stakeholders is integral to successfully and responsibly developing our resources. At Birchcliff we believe cooperative, sincere and responsive consultation efforts with stakeholders in the areas in which we operate create a solid foundation for our business. Birchcliff has an experienced team working with local stakeholders to learn their values and priorities and to resolve any issues or concerns that arise.

The table below summarizes our engagement with different stakeholder groups:

STAKEHOLDER GROUP	HOW WE ENGAGE
Indigenous Groups	<ul style="list-style-type: none"> • Direct consultation and communication • Partnerships with local Indigenous group-affiliated service companies • Community and education grant funding
Local Communities and Landowners	<ul style="list-style-type: none"> • Support of local projects and initiatives through charitable donations • Direct communication and engagement • Participation in the Wapiti Area Synergy Group
Employees and Contractors	<ul style="list-style-type: none"> • Development and training • Performance reviews • Quarterly staff meetings • Safety Stand Downs
Government and Regulators	<ul style="list-style-type: none"> • Obtaining necessary approvals • Provide input in the development of balanced legislation, regulations, best practices and guidelines
Shareholders	<ul style="list-style-type: none"> • Annual and quarterly reports • Press releases • Annual General Meeting • Constant one on one communication
Industry Groups	<ul style="list-style-type: none"> • Active member of the Canadian Association of Petroleum Producers • Active member of the Canadian Society of Unconventional Resources • Active member of the Explorers and Producers Association of Canada



GOVERNANCE

Birchcliff's Board of Directors (the "Board") is ultimately responsible for the stewardship of Birchcliff and ensuring accountability to our shareholders. The Board currently consists of six directors, of which four are independent. The non-independent directors are A. Jeffery Tonken, being the Chairman, President and Chief Executive Officer, and James W. Surbey, who was previously the Vice-President, Corporate Development.

In addition, the Board has an independent Lead Director. The primary role of the Lead Director is to act as liaison between the independent directors of the Board and the management of Birchcliff to ensure the Board is organized properly, functions effectively and meets its obligations and responsibilities.

The Board has four standing committees: the Audit Committee, the Compensation Committee, the Nominating Committee and the Reserves Evaluation Committee. While each of these committees has specific duties, the Board has oversight responsibility for material risks, including health, safety and environmental risks.

Currently, the number of women on the Board is two. Although the Board considers the level of representation of women on the Board in identifying and nominating candidates for election or appointment to the Board, the Board has not adopted a written policy relating to the identification and nomination of women directors. As part of the Board's fiduciary duty to act in the best interests of Birchcliff, the Board believes that it should be able to select and nominate for election or appointment as directors those individuals who will best serve the interests of Birchcliff, regardless of gender.

Our shareholders are given the opportunity to vote on matters affecting Birchcliff by attending our annual and, if applicable, special meeting of shareholders (the "AGM") or by using proxies for voting. Shareholders also have the opportunity to raise questions from the floor during the question and answer portion of the AGM and, subject to statutory provisions, may also submit their own resolution for consideration at the AGM.



INNOVATION

COMMITMENT TO INNOVATION

LOOKING BACK <<<<<<

- With approximately 350 horizontal Montney/Doig wells drilled as of December 31, 2017, we have learned that correctly understanding the key reservoir drivers for initial productivity and ultimate recovery is crucial for selecting the correct technology to maximize reservoir performance.

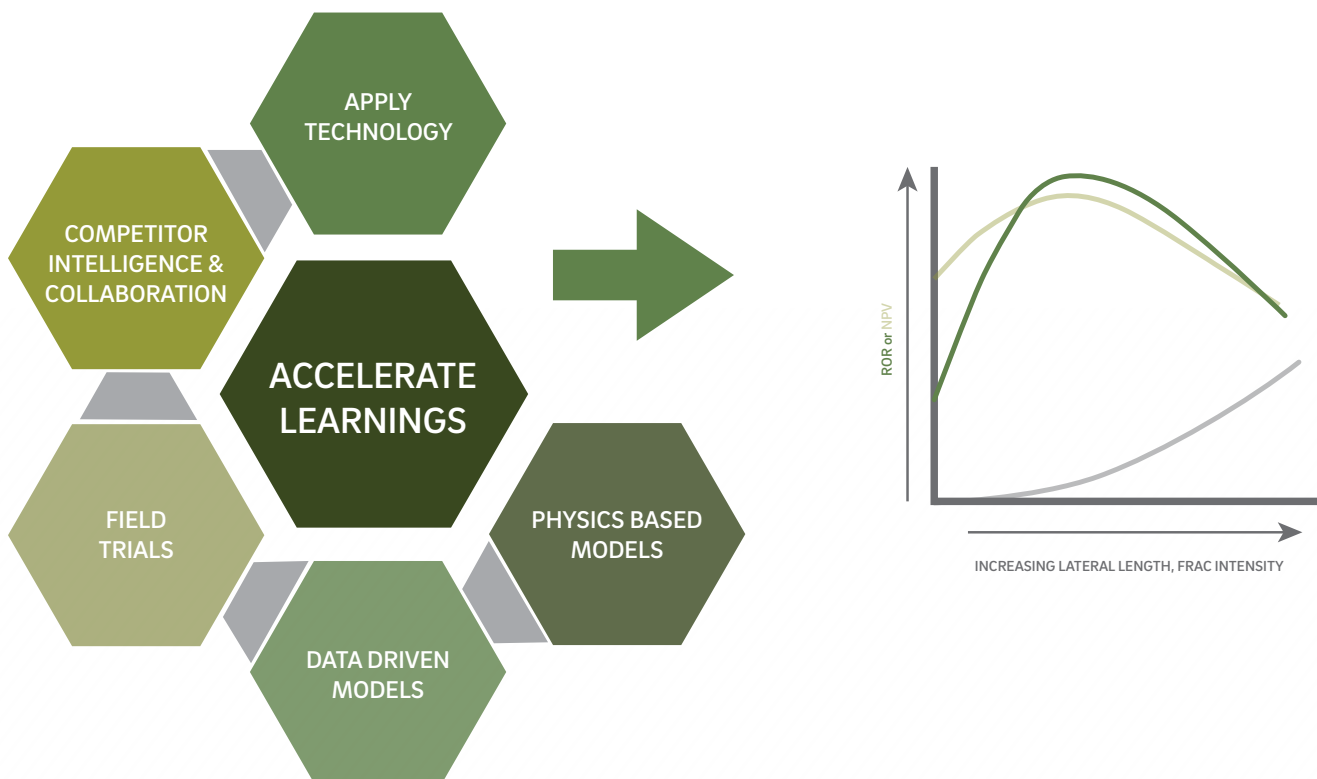
LOOKING FORWARD >>>>>>

- We will continue to drive improvement in business value through a continued focus on digital transformation at both the strategic and operational levels.

Birchcliff is involved in the sustainable development of an unconventional multi-layered gas and liquids reservoir (Montney/Doig Resource Play).

Since inception, Birchcliff has been able to improve its corporate performance as supported by the financial metrics. This continuous improvement stems from an unwavering focus on efficiency and innovation, which are ingrained in our corporate culture.

Birchcliff deploys a rigorous staged approach to accelerate field development learnings and maximize reservoir economics. This staged approach is outlined in the image below.



With approximately 350 horizontal Montney/Doig wells drilled as of December 31, 2017, our technical teams have gone through an evolution of small and large design changes both on the drilling and completion side, with a relentless effort to improve the economic well deliverability.

One of the ongoing learnings is that subtle differences in the reservoir can have striking implications for drilling performance, completion efficiency and ultimately well performance. Therefore, understanding the key reservoir drivers for initial productivity and ultimate recovery is crucial for selecting the correct technology to maximize reservoir performance.



ENVIRONMENT

LOOKING BACK <<<<<<

- Strong focus on climate change management, emission reduction initiatives and an active reclamation program.
- Developed a corporate long-term water strategy to secure water for our future development.
- Strong regulatory and liability management.

LOOKING FORWARD >>>>>>

- Development of an Environmental Management Program.
- Continue to identify, manage and implement practices to address our changing regulatory landscape.

AIR

CLIMATE CHANGE MANAGEMENT AND AIR EMISSION REDUCTION INITIATIVES

We comply with provincial and federal GHG emission and reporting regulations. We are currently monitoring the changing regulations regarding climate change management, and our staff continuously look to identify and implement efficiency opportunities that can be applied across our business.

Below we describe some of our specific emission reduction initiatives.

POUCE COUPE SOUTH 3-22-78-12W6 GAS PLANT

During 2017, we completed the construction of Phase V, increasing the processing capacity to 260 MMcf/d from 180 MMcf/d. In an effort to reduce emissions and optimize energy efficiency, heat recovery exchangers were incorporated into the design on four new 5,000 horsepower gas driven engines to utilize heat from the engine exhaust to heat the amine and other processes inside the plant. The result is that the new processing train uses half the fuel gas as the other processing trains per unit throughput. Phase VI expansion, which is essentially a twinning of the Phase V equipment, is underway with the same heat recovery system. Following expected completion in October 2018, the processing capacity will be 340 MMcf/d. Other environmentally driven projects include:

- Heat Recovery Units ("HRU") – Two HRUs capture residual heat energy to be used in other applications in the plant, resulting in fuel gas savings of ~940 Mcf/d.
- Thermoelectric Generators ("TEG") – We converted our fuel gas powered pneumatic sites to propane powered TEGs. TEGs emit CO₂ instead of methane, a much less harmful product for the environment.
- Vapor Recovery Units ("VRU") – We installed VRUs, which allow us to recover vented gas. This increases our sales volumes and reduces our GHG emissions.
- Acid Gas Injection – Our acid gas injection wells allow us to store CO₂ and H₂S in a safe reservoir rather than emit it into the atmosphere. We injected ~4,400 tonnes of CO₂ into our acid gas wells in 2016, thus significantly reducing potential GHG emissions.

GHG Emissions for 3-22 Pouce Coupe South Gas Plant Operations

Year	SO ₂ (tonnes)	NO _x (tonnes)	Direct GHGs (tonnes CO ₂ e)	Direct GHG Intensity (tonnes CO ₂ e/BOE)	Direct Energy Consumption (GJ)	Direct Energy Intensity (GJ/BOE)
2014	136.2	210.5	97,569	0.0112	1,546,669	0.1768
2015	95.1	216.0	88,356	0.0082	1,750,429	0.1630
2016	59.8	219.9	93,691	0.0085	1,748,460	0.1581

Reporting is for 3-22 Pouce Coupe South Gas Plant operations only. Future reporting will work to include more of the field operations.

GORDONDALE 2-6-79-11W6

During 2017, we completed and equipped a water disposal well with the objective of reducing operating costs and minimizing emission traffic. This resulted in reduced trucking on the South Pilsworth Road, eliminated approximately 35 trucks (30 m³/load) a day on the road, landowner disturbance, traffic volume, and emissions from vehicle use.

GORDONDALE 7-29-78-11W6

During 2017, a Lease Automatic Custody Transfer ("LACT") unit was installed. This resulted in reduced trucking on the South Pilsworth Road, eliminated approximately 5 loads (50 m³/load) per day of oil, decreased landowner disturbance, traffic volume, and emissions from vehicle use.

LAND

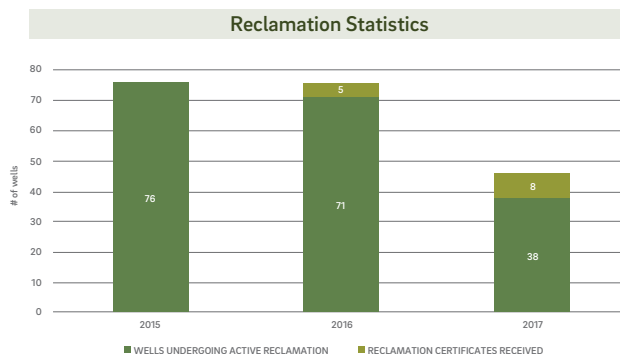
ASSET RETIREMENT & RECLAMATION

As part of our continuing environmental stewardship, we actively maintain our abandonment and reclamation programs to ensure non-producing assets are retired and restored to their natural state.

Here at Birchcliff, we have taken a proactive approach with regard to our annual well abandonment and suspension obligations. We actively monitor our producing wells and have a documented workflow process in place to ensure we are in compliance with the Alberta Energy Regulator ("AER") Directive O13: Suspension Requirements for Wells.

This includes classifying our wells based on a risk matrix, annual field inspections and well abandonment when required.

Since the commencement of our reclamation program in 2006, we have received 30 reclamation certificates and we are currently managing numerous sites throughout our operations.



LICENSEE LIABILITY RATING ("LLR") PROGRAM

The LLR program is the liability management program governing conventional upstream wells, facilities, and pipelines. The liability assessment is a comparison of deemed assets to liabilities. It is designed to assess a licensee's ability to address suspension, abandonment, remediation, and reclamation liabilities.

Birchcliff is proud to report that our LLR is 17.07 as of December 31, 2017, compared to industry average of 4.63.

WILDLIFE PROTECTION

At Birchcliff, we are diligent in looking for ways to minimize our impact on wildlife and their habitat. The following measures outline some of our efforts towards protecting wildlife:

1. Our multi-well pad drilling has allowed us to increase our production while significantly reducing surface disturbance.
2. We conduct wildlife sweeps on proposed developments and the surrounding area to identify important wildlife features.
3. When storing flowback or produced water in above-ground storage systems (i.e. C-rings), we install fully-enclosed netting and monitor daily to prevent wildlife from coming into contact with the fluid.
4. We install wire fencing and amphibian fencing around the perimeter of our lined water storage reservoirs to prevent wildlife from entering.



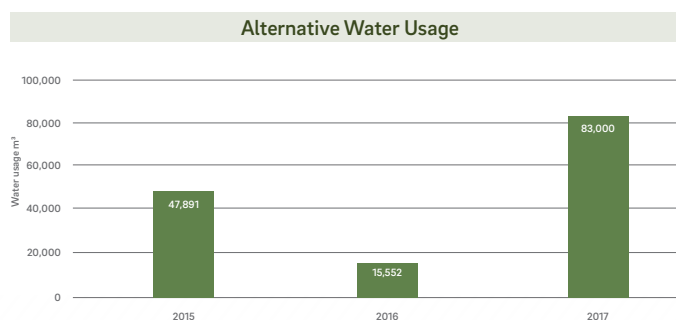
WATER

At Birchcliff, we are committed to responsible water use for all of our operations and minimizing our impact on the watershed. We recognize the value of water and the need to protect and preserve the natural environment. Water is used for many of Birchcliff's energy development activities including drilling, hydraulic fracturing and dust control. We are currently using a combination of surface water, saline and non-saline groundwater, recycled fluid from hydraulic fracturing (flowback) and produced water for our operations. We are continuously looking for opportunities to reduce our reliance on high-quality water sources and maximize the use of alternative sources. We do not use potable water for our development activities.

ALTERNATIVE WATER SOURCING

Whenever possible, Birchcliff strives to minimize the use of high-quality water sources for hydraulic fracturing. Alternative sources are systematically evaluated and their use is dependent on various factors, including timing of completions, onsite storage capacity, trucking distances and seasonality.

In 2017, we used approximately 83,000 m³ of alternative source water and successfully recycled an estimated 90% of flowback from hydraulic fracturing. Birchcliff also engages with other water users in the industry through water sharing agreements to further minimize fresh water usage and offset water disposal requirements.



WATER STORAGE

Birchcliff currently has seven strategically-located fresh water storage reservoirs which supply water for our Pouce Coupe and Gordondale operations. These reservoirs allow us to store surface water during peak environmental flow periods and use it during times of limited water availability. Birchcliff is actively monitoring several water bodies to ensure a healthy watershed is maintained and regulatory requirements are met when water is diverted. By diverting under peak flow conditions, we are able to preserve the environmental flow needs of the watershed while securing the volumes required for our operations using these reservoirs.

Birchcliff also has groundwater development capable of producing low-quality, non-saline source water which can be stockpiled using this water storage infrastructure.

CORPORATE WATER STRATEGY

In recent years, changing hydraulic fracturing techniques have led to increased water usage which prompted Birchcliff to develop a long-term strategy to mitigate risk and minimize impacts associated with water usage. By being proactive, we are able to secure the volume necessary for future development while meeting or exceeding regulatory requirements and ultimately minimizing our environmental impact.



COMMUNITY INVOLVEMENT

LOOKING BACK <<<<<<

- Birchcliff was integral to the establishment of the Wapiti Area Synergy Partnership, its by-laws, organization of meetings, promotion within the community and development of its website.
- We partnered with the County of Saddle Hills, entering into a road monitoring agreement that monitors speed on several public roads used extensively in our operations.

LOOKING FORWARD >>>>>>

- Maintain strong working relationship with local communities and support initiatives which promote education, employment and cultural preservation.
- Continuing to contribute to a number of local community initiatives that elevate and enhance quality of life at the local level, including minor hockey and other amateur sports, local schools, agricultural societies and fire departments.

Fostering a strong relationship with the community and our stakeholders is as integral to the success of our projects as obtaining the required regulatory approvals.

We believe that cooperative, sincere and responsive consultation efforts with stakeholders in the areas in which we operate creates a solid foundation for our business. Birchcliff has an experienced team working with local stakeholders to learn their values and priorities and to resolve any issues or concerns that arise in the course of our field operations. Birchcliff also recognizes the role that communities play in our success and actively seeks out opportunities to give back.

SUPPORT TO LOCAL COMMUNITIES

We maintain an annual fund to provide support to local groups and organizations within our operating area. On average, we allocate between \$10,000 to \$20,000 annually to donate to our local communities. 2017 field donations and sponsorships totaled \$12,968. We have empowered our field staff to make decisions regarding contributions to their community. Many of our employees are local to the area, and as proud community members and ambassadors, it is important that they are recognized as being responsible for funding.

We partnered with the County of Saddle Hills and entered into a road monitoring agreement that monitors speed on several public roads used extensively in our operations. Our primary reason for entering into this agreement is to ensure that our contractors are obeying our corporately imposed reduced speed limits and other restrictions in areas with residents in close proximity. Birchcliff prides itself on being good neighbours and we believe that this initiative shows our stakeholders that the health and safety of all people involved in our operations is the top priority.

Over and above this field-level support, we provide funding and support to larger community initiatives through corporate donations for such things as park development projects, library enhancements and local events.

PLAY PARK CONSTRUCTION, BAY TREE COMMUNITY

Birchcliff recently approved a donation of \$25,000 in support of a new playground to be constructed at the Bay Tree Community Park. We were approached by the Bay Tree Community Park Association which was looking to upgrade the playground and include safe, modern playground equipment. Not only will we provide approximately 1/3 of the funding for this project, but as a team-building event we will also be providing volunteer labour to assist in the construction of the playground.



WAPITI AREA SYNERGY PARTNERSHIP

We were a key leader in the formation of the Wapiti Area Synergy Partnership and a strong ongoing supporter of its initiatives. This synergy group is designed to bring the community, industry and the regulators together to communicate and address the issues and concerns brought forward by community members regarding energy developments in and around their communities, and to foster a proactive and collaborative approach to energy development while protecting the environment.

SAFETY IN SCHOOLS

We have collaborated with the Safety in Schools program to fund free workplace safety training to Alberta high schools. We are committed to helping Alberta's youth get ready to work safely and avoid becoming a statistic.

STARS GOLF TOURNAMENT

We host an annual golf tournament to raise local awareness and funds for STARS Air Ambulance through donations and a silent auction. In 2017, this tournament along with matching funds from Birchcliff raised over \$129,000. Over the last 12 years, Birchcliff has donated over \$1 million to STARS Air Ambulance, which is an important partner in trauma care for the Grande Prairie region.



SUPPORT TO CALGARY COMMUNITY

We maintain an annual fund to provide support to Calgary and surrounding area. Each year, Birchcliff raises funds for the United Way and the YWCA. In 2017, Birchcliff joined the United Way million dollar club, raking in over \$1,000,000 for the United Way since 2005. We also make an annual contribution to Home Front Calgary, a community-justice response team dedicated to helping families experiencing domestic violence. Through our support of Momentum, Calgarians living in poverty learn how to achieve a sustainable livelihood. We donate to the OneSight program and support the Canadian Cancer Society daffodil campaign. Birchcliff volunteers with Feed the Hungry, providing healthy meals in an atmosphere of dignity and respect. During the holiday season, Birchcliff employees "adopt" a number of families in need and donate gifts, food and decorations to help make the holidays special. We also fill backpacks with living essentials and gifts for the Mustard Seed and prepare sandwiches for the homeless for the Calgary Drop-In Centre. Through these activities and numerous others, Birchcliff creates and maintains long-term, positive partnerships and relationships, while promoting employee engagement in the communities where we operate.

INDIGENOUS CONSULTATION



Birchcliff's activity is focused in the Peace River Arch area of Alberta which is within the traditional area occupied by the Treaty 8 First Nations members and by the Metis people.

Birchcliff is required to conduct "Proponent Led Consultation" on behalf of the Government of Alberta (the "Crown") when it is seeking to obtain access to unoccupied crown lands for the purposes of constructing wellsites, pipelines, access roads and other various related activities. This consultation is conducted in a way prescribed by the Crown through the Aboriginal Consultation Office ("ACO").

The ACO determines which Indigenous groups must be included in the process and the level of consultation required. The ACO then conducts an assessment of our consultation and provides a determination of the adequacy of the consultation. This must be completed before an application for a disposition can be submitted.

Birchcliff respects the Indigenous groups recognized as having traditional rights or rights to harvesting and traditional use activities within our area of interest and will work to establish relationships directly with those groups. These relationships allow both groups to better understand each other's needs and therefore better facilitate the consultation process. It is critical to the success of each party that they have a mutual respect and understanding of each other's needs and requirements and that they agree to work together to find collaborative solutions.

COMMUNITY DEVELOPMENT FUNDS

Through our cooperation agreements with Indigenous groups, we make funds available on an annual basis to support their education, cultural, and economic development initiatives. Examples of sponsored events are include:

SUMMER STUDENT PROGRAM, DUNCAN'S FIRST NATION ("DFN")

In a partnership with Duncan's First Nation, Birchcliff is the sole sponsor of an on-reserve summer student program for some of the youth band members. Five students and one mature coordinator are given the opportunity to experience working for DFN in all areas including office administration, band programs and community events. Students benefit from earning a wage, learning about their community, and building a variety of skills for different aspects of DFN's business. Students are mentored by a summer student coordinator, who is also hired as part of the program along with the regular DFN staff, facilitators, and Elders.

This program has run successfully now for almost 10 years and close to 50 youth band members have directly benefited from this program.

INDIVIDUAL SCHOLARSHIPS, DFN AND HORSE LAKE FIRST NATION ("HLFN")

Working with the education coordinator at the DFN and HLFN offices, Birchcliff has provided scholarships to numerous members who were attending post-secondary educational institutions. These programs ranged from trades programs up to bachelor's degrees. The funding provided by Birchcliff has supplemented other funds available to these bands and allowed for additional members to benefit from further education.

Other recent events at DFN sponsored in part by Birchcliff:

- Christmas Party and Dinner
- Treaty Days Celebrations

YOUTH & ELDERS CAMPS, HLFN 2016 AND 2017

Birchcliff has been the sole sponsor of the Youth and Elder camps for the HLFN for two years now. These camps are weeklong events attended by four Elders, 10 additional adults as supervisors and 24 youth. They spend a week camping at Pink Mountain in British Columbia. This is a terrific opportunity for the youth and the elders to connect as they gather together in a traditional setting. Traditional knowledge and skills such as hunting, medicinal plants, language and stories are shared and relationships are strengthened.

This type of sharing builds close relationships between the young and old and helps the youth to understand their cultural heritage. This has been a successful program for the past two years with positive results. Birchcliff plans to continue sponsorship of this event in the years to come.

TREATY 8 DAYS, 2017

HLFN hosted Treaty 8 Days this past summer. Birchcliff was proud to participate as one of the key sponsors of the event. In addition to hosting all of the Treaty 8 members for meetings to discuss health, education, livelihood and child youth services, the event included community feasts, a round dance and many other events for the youth.



CAREER FAIR, 2017

Each year HLFN hosts a career fair, inviting its members, the community at large and all of the high school kids from the local schools. Several of our field personnel and office staff spent the afternoon at the career fair discussing various careers in the energy industry with the students.

ROUND DANCES

Events such as round dances provide an opportunity for the community to come together and celebrate their history and culture. Birchcliff was happy to donate a teepee several years ago to the HLFN and continues to provide some of the funding for these events. Birchcliff will continue to fund similar events through our annual community development fund.



ECO CANADA'S TRAINING FOR ENVIRONMENTAL MONITORS

This program provided formal training for members who would be working with the band consultation office. This program equipped the trainees with the skills required to better assess impacts of industrial activity on tradition lands. It also provided them with much essential training.

SKATE AND HOCKEY EQUIPMENT DRIVE, 2016

HLFN has a terrific hockey rink facility that also serves as the community center for other activities and events. We wanted to help some of the children who either did not have equipment or had outgrown their previous gear. Our Calgary office conducted an equipment drive, employees collected gently used equipment that was still in good repair and this was shipped to HLFN in the fall to coincide with the fall flooding of the ice at the arena.

HOCKEY EVENT

In 2015, Birchcliff in partnership with the University of Calgary and other industry supporters delivered an inspiring weekend of hockey, youth leadership and community engagement in Hythe and HLFN. More than 300 young people were engaged through participatory school sessions, on-ice skills development, and creative workshops delivered by NHL Alumni and the Werklund Youth Leadership Team.



EMPLOYEES

LOOKING BACK <<<<<<<

- Employees, managers and executives pursue rigorous annual review of personal, and corporate goals and achievements.
- Support lifelong health and wellness of staff through our Fitness & Wellness Policy, Lunch and Learn Program focusing on all aspects of health and wellness, as well as numerous other initiatives.

LOOKING FORWARD >>>>>>>

- Continued investment in our employees via training and learning opportunities.

EMPLOYEES

Birchcliff has a strong record of success, built on our core belief that outstanding people – combined with a great corporate culture – creates a winning environment.

Our success is directly attributable to the contribution of every member of our team working together to increase stakeholder value. The following initiatives are helping us achieve great success in employee excellence:

INTERNAL MENTORING PROGRAM

This informal program encourages senior employees to work with less experienced employees in training and knowledge transfer, designating time to allow junior employees to learn valuable job and business skills. This helps foster a strong unified team and helps develop leadership skills. This also increases our internal talent and maintains employee engagement.

EDUCATION FUNDS

All employees are encouraged to participate in seminars, courses, and conferences to enhance their knowledge and skills that relate to Birchcliff's business. If an employee has a professional designation, Birchcliff will provide them with the support necessary to remain in good standing with their governing organization. Birchcliff also pays for every employee's professional association fees.

Managers and supervisors are encouraged to actively review the education and development of those reporting to them, with the goal of aligning the training and education of employees with Birchcliff's corporate goals.

Birchcliff will pay for employees to attend training and educational development approved by the appropriate levels of management. As guidance, we expect employees to complete 5-10 days per year of education and training.

SCHOLARSHIPS

To encourage and promote higher education, the Birchcliff Scholarship Program awards up to \$6,000 per year (\$3,000 per semester) for employees of Birchcliff whose dependent children are enrolled in an accredited educational institution as full-time students who meet the requirements of the program.

ANNUAL PERFORMANCE REVIEW

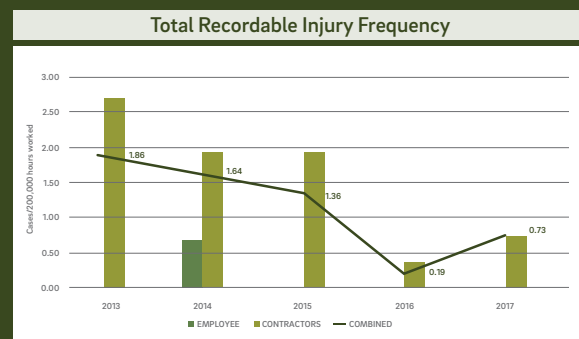
Birchcliff executives, managers and other employees pursue a rigorous annual performance review which involves goal setting, achievement review, and department and corporate analysis regarding our best assets, our employees.



SAFETY

Birchcliff is committed to building a culture of unconditional dedication to safety.

We conduct our activities in a manner that safeguards our employees, contractors, representatives, the environment and the public at large. Under no circumstances will Birchcliff sacrifice the safety and well-being of personnel, the public, or the environment at our worksites.



LOOKING BACK <<<<<<

- We established a requirement for all of our standard contractors to have a Certificate of Recognition ("**COR**").
- Increased awareness and tracking of leading indicators, such as Hazard Recognition and Near Hit reporting.
- Our contractor total recordable injury frequency ("**TRIF**") was 0.73 in 2017 - striving for zero is always our goal.

LOOKING FORWARD >>>>>>

- Continue to manage our certificate of recognition **COR** action plan items.
- We are moving forward with Safety Essentials for supervisors and managers ("**SEFSAM**") training. This will help with cultural alignment and consistency throughout the organization.
- We are moving forward with formal investigation training for our Field Leadership in 2018.
- We continue to implement new technology and initiatives that result in a better prepared and trained workforce.
- Management of the impact that legalization of marijuana may have on the workforce.

SAFETY

MANAGING EMPLOYEE SAFETY

Management, supervisors, employees and others engaged on our behalf, are all responsible and accountable for the overall health, safety and environmental program requirements and performance.

All employees and contractors on company worksites are required to follow all health, safety and environmental rules and procedures, and are required to participate in pertinent health and safety training. Birchcliff promotes practices to proactively improve safety performance. We encourage employees, contractors and stakeholders to participate in these practices to support us in creating a culture of continuous improvement and unconditional dedication to safety.

LEARNING AND INCIDENT MANAGEMENT SYSTEM DEVELOPMENT

In 2018, we plan to implement a new learning and incident management system. This system will replace our current program to help ensure consistent development and training for our employees. This system will house a series of training programs, track training certificates and support competency management. This program will also allow us to better categorize, track and conduct trend analysis for incidents, near hits, hazard identifications and positive job observations.

CERTIFICATE OF RECOGNITION

We received our COR in 2010. Although not a requirement, we viewed this as an excellent example of our dedication and support for continuous improvement of our safety management program. As part of the COR program, we have brought together a COR Action Team with stakeholders at several levels of the organization to manage and identify areas of improvement as identified in the COR audit.

With the changes to the Occupational Health and Safety ("OH&S") regulations, this team of engaged employees and contractors will become our Birchcliff Joint Health and Safety Committee.

HEALTH, SAFETY, AND ENVIRONMENT ("HSE") MEETINGS

In the field, each area meets on a monthly basis to discuss topics that impact the health and safety of the workplace. This includes reviews of safe work practices, elements of our emergency response plan, and incident reviews.

Our field leadership team meets quarterly to review HSE performance, new initiatives and upcoming regulatory changes.

At a corporate level, semi-annual meetings are held in our head office to review our program and HSE performance.

INCIDENT REVIEWS

All Incidents, near hits and pro-active reports are communicated throughout the field and operations teams. All incidents or significant near hits are reviewed weekly with the Executive Team. For all incidents, corrective actions are put in place to reduce the likelihood of reoccurrence.

INTERNAL HSE PERFORMANCE TARGET

Starting in 2018, HSE goals have been included in the annual performance goals for operations personnel. These goals include: HSE Meeting attendance, leading indicator reporting, inspections and contractor spot checks. We believe that these goals will help increase awareness, which will in turn help to create a safer workplace.

SAFETY STAND DOWN

Every year, members of our Executive and Management Team visit the field and meet with front-line workers to discuss the importance of health and safety. This effort supports our workers and helps outline Birchcliff's health and safety expectations.

IMPROVING CONTRACTOR SAFETY

Our contractors are an essential part of our organization and often conduct our highest risk work. Over the last several years, we have been working to continuously improve our contractor management program.

FROM THE FIELD

Wayne Kettner of WK Ventures Ltd. Has a long-term relationship with Birchcliff both as a contractor and as a local resident and active community member of Baytree, Alberta—in our Pouce Coupe operating area.

Wayne was present for Birchcliff's first well and has been an integral part of the success of our field operations ever since. Although Birchcliff has grown considerably over the years, Wayne cites our family-like atmosphere and local mindedness among the reasons he enjoys partnering with us.

"I'm not a number here," he says. "Everybody knows your name and that makes you feel that you're really part of the team."

As a general contractor, Wayne has handled just about anything needed with regards to the drilling or pipeline section, from hauling water and aggregate to road maintenance and repairs.

"Birchcliff is very conscious of the impact of their operations and do whatever it takes to get the job done right," he says. "They always go above and beyond in terms of safety and maintenance, putting up extra signs and maintaining or monitoring roads as needed."

Wayne also notes that this dedication to being good neighbours carries over to Birchcliff's involvement and contributions to the local community. Local meetings and community information sessions help keep Birchcliff's activities transparent and the channels of communication open. Additionally, he has been pleased with the financial support Birchcliff provides annually to community projects and initiatives—from school library books to ball diamonds.

"It's nice to see that side of their operations," says Wayne. "They're always approachable about any community needs and they make sizeable contributions that really make a difference for us."

SAFETY CONT'D

CONTRACTOR REGISTRY

We require our contractors to register with a third-party safety data management program, ComplyWorks. This system allows us to consolidate all contractor information into one system. This helps support constant messaging of performance from our contractors to us, as well as our expectations for Health and Safety requirements.

CONTRACTOR PRE-QUALIFICATION

In 2017, we made significant changes to our contractor management program. One major initiative included the requirement for all of our standard contractors working in the field to attain and maintain their COR. This ensures that contractors we are hiring not only have a safety program, but also are using and proactively managing it.

EMERGENCY PREPAREDNESS AND RESPONSE

We maintain effective emergency response plans for all of our operations. We have a regulatory requirement to conduct one full-scale exercise every three years, but in an effort to go above and beyond – and to ensure that our teams are trained and prepared for potential emergencies – we conduct these annually. We also conduct communications exercises, tabletops and corporate role specific training annually.

We have also brought in new technology to support our response and training. We are using a cellular phone-based application to allow for immediate notification and monitoring of an emergency. This also includes a web-based dashboard in our emergency command centers.



PERFORMANCE SUMMARY

INDICATOR	UNITS	2015	2016	2017
ENVIRONMENT				
Greenhouse Gas Emissions¹				
Direct	Tonnes CO ₂ e	88,356	93,691	N/A
Indirect	Tonnes CO ₂ e	N/A	N/A	N/A
Total	Tonnes CO ₂ e	N/A	N/A	N/A
Direct GHG Intensity	Tonnes CO ₂ e/boe	0.0082	0.0085	N/A
Other Air Emissions				
SO ₂	Tonnes	95.1	59.8	N/A
NO _x	Tonnes	216.0	219.9	N/A
Water				
Withdrawals ²	m ³ /yr	195,069	122,712	726,847
Intensity	m ³ /boe	0.014	0.007	0.029
Reclamation				
Wells Undergoing Active Reclamation	#	76	71	38
Reclamation Certificates/Releases Received	#	0	5	8
Spills				
Reportable	#	2	1	2
Volume	m ³	15	50	60.2
SAFETY				
Recordable injury rate - employees	Cases/200,000 hours worked	0	0	0
Recordable injury rate - contractors	Cases/200,000 hours worked	1.91	0.37	0.73
Fatalities - employees and contractors	#	0	0	0

Assumptions

1. Reporting is for 3-22 Pouce Coupe South Gas Plant operations only.
2. Accurate numbers for water withdrawn for hydraulic fracturing are included, plus an estimated withdrawal volume of 1000m³ per well drilled in each year for the purpose of drilling and dust control.

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ABBREVIATIONS

bbl	barrel	GJ/d	gigajoule/day
bbls	barrels	m³	cubic metres
bbls/d	barrels per day	Mboe	thousand barrels of oil equivalent
Bcf	billion cubic feet	Mcf	thousand cubic feet
boe	barrel of oil equivalent	MM	millions
boe/d	barrel of oil equivalent per day	MMS	millions of dollars
CO₂	carbon dioxide	MMcf	million cubic feet
CO₂E	carbon dioxide equivalent	MMcf/d	million cubic feet per day
FD&A	finding, development and acquisition	NO_x	nitrogen oxides
GAAP	generally accepted accounting principles	NPV	net present value
GHG	greenhouse gas	ROR	rate of return
GJ	gigajoule	SO₂	sulfur dioxide

ADVISORIES

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.

NON-GAAP FINANCIAL MEASURES

This Corporate Responsibility Report uses "adjusted funds flow" 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, liquidity and overall performance. For further details on these non-GAAP measures, please see "Advisories – Non-GAAP Measures" in Birchcliff's MD&A for the year ended December 31, 2017 (the "MD&A"), a copy of which is available on www.birchcliffenergy.com and on www.sedar.com.

OIL AND GAS METRICS

This Corporate Responsibility Report contains metrics commonly used in the oil and natural gas industry, including FD&A costs. 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 and should not be used to make comparisons. Such metrics have been included herein to provide readers with additional measures to evaluate Birchcliff's performance; however, such measures are not reliable indicators of Birchcliff's future performance and may not compare to Birchcliff's performance in previous periods and therefore such metrics should not be unduly relied upon. For information on how FD&A costs are calculated, please see "Advisories – Oil and Gas Metrics" in Birchcliff's most recent Annual Report, a copy of which is available on www.birchcliffenergy.com and on www.sedar.com.

RESERVES

The reserves contained herein are estimates only, and are based upon reports prepared for Birchcliff by two independent qualified reserves evaluators, Deloitte LLP and McDaniel Associates Ltd., on 100% of Birchcliff's light crude oil and medium crude oil (combined), conventional natural gas, shale gas and NGLs reserves

effective December 31, 2017. Such evaluations were prepared in accordance with the standards contained in the Canadian Oil and Gas Evaluation Handbook (the "**COGE Handbook**") and National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* ("**NI 51-101**"). Further information regarding the Corporation's reserves, including the uncertainties and variable factors and assumptions on which such reserves estimates are based, can be found in the Corporation's Annual Information Form for the financial year ended December 31, 2017, a copy of which is available on www.birchcliffenergy.com and on www.sedar.com.

Certain terms used herein are defined in NI 51-101 and the COGE Handbook and, unless the context otherwise requires, shall have the same meanings in this Corporate Responsibility Report as in NI 51-101 or the COGE Handbook, as the case may be.

FORWARD-LOOKING INFORMATION

Certain statements contained in this Corporate Responsibility Report constitute forward-looking statements and information (collectively referred to as "**forward-looking information**") within the meaning of applicable Canadian securities laws. Such forward-looking information relates to future events or Birchcliff's future performance. All information other than historical fact may be forward-looking information. Such forward-looking information is often, but not always, identified by the use of words such as "seek", "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "forecast", "potential", "proposed", "predict", "budget", "continue", "targeting", "may", "will", "could", "might", "should" and other similar words and expressions. This information involves 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 information. Birchcliff believes that the expectations reflected in the forward-looking information are reasonable in the current circumstances but no assurance can be given that these expectations will prove to be correct and such forward-looking information included in this Corporate Responsibility Report should not be unduly relied upon.

In particular, this Corporate Responsibility Report contains forward-looking information relating to the following: Birchcliff's plans, operations, focus, objectives, strategies, opportunities, priorities and goals (including statements in respect of innovation, development of an Environmental Management Program, management of the changing regulatory landscape, GHG emission reduction initiatives, site reclamation, water use, local community initiatives, Indigenous relations, Birchcliff's 2018 health, safety and environmental goals, implementation of a new learning and incident management system and Birchcliff's investment in its employees); estimates of reserves and FD&A costs; the statement that Birchcliff continues to look for and develop

new technology, systems and processes that will help improve efficiency, reduce its environmental footprint and create a safer work environment; and statements regarding the planned Phase VI expansion of the Pouce Coupe Gas Plant (including the anticipated processing capacity of the Pouce Coupe Gas Plant after the expansion). Information relating to reserves is forward-looking as it involves the implied assessment, based on certain estimates and assumptions, that the reserves exist in the quantities predicted or estimates and that the reserves can be profitably produced in the future.

Readers are cautioned that Birchcliff's actual results, performance or achievements could differ materially from those anticipated in the forward-looking information as a result of both known and unknown risks and uncertainties. The assumptions on which the forward-looking statements are based and the risk factors and uncertainties that could cause Birchcliff's actual results to differ materially are discussed under "*Advisories – Forward-Looking Information*" in Birchcliff's MD&A. Readers are cautioned that the list of factors contained in Birchcliff's MD&A 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 and in other reports filed with Canadian securities regulatory authorities.

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

The forward-looking information contained in this Corporate Responsibility Report is expressly qualified by the foregoing cautionary statements. The forward-looking information contained in this Corporate Responsibility Report is made as of the date of this Corporate Responsibility Report. Birchcliff is not under any duty to update or revise any of the forward-looking information except as expressly required by applicable securities laws.

CORPORATE RESPONSIBILITY REPORT

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