

BIRCHCLIFF

ENERGY

BIRCHCLIFF ENERGY LTD. ANNOUNCES THE FILING OF ITS AUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURE DOCUMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

Calgary, Alberta (March 16, 2022) – Birchcliff Energy Ltd. (“**Birchcliff**” or the “**Corporation**”) (TSX: BIR) is pleased to announce that it has filed its annual audited financial statements (the “**Financial Statements**”) and related management’s discussion and analysis and its annual information form (the “**AIF**”) for the financial year ended December 31, 2021 (collectively, the “**Annual Filings**”) on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”).

The Financial Statements are consistent with the unaudited financial results disclosed in the press release issued by Birchcliff on February 9, 2022. The AIF includes the disclosure and reports relating to reserves data and other oil and gas information required pursuant to National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*. The Annual Filings are available electronically on Birchcliff’s website at www.birchcliffenergy.com and on SEDAR at www.sedar.com.

2021 HIGHLIGHTS

2021 was a record year for all of the Corporation’s cash flow metrics. Highlights included:

- Annual average production of 78,520 boe/d⁽¹⁾, a 3% increase from 2020. Liquids accounted for 21% of Birchcliff’s total production in 2021.
- Record annual adjusted funds flow⁽²⁾ of \$539.7 million, or \$2.03 per basic common share⁽³⁾, an increase of 192% and 194%, respectively, from 2020. Cash flow from operating activities was \$515.4 million, a 174% increase from 2020.
- Record annual free funds flow⁽²⁾ of \$309.3 million, or \$1.16 per basic common share⁽³⁾.
- Significantly reduced total debt⁽⁴⁾ at year-end to \$499.4 million, a reduction of \$262.6 million (34%) from \$762.0 million at December 31, 2020.
- Record annual net income to common shareholders of \$310.5 million, or \$1.17 per basic common share.

2022 UPDATE

“Birchcliff has had a strong start to 2022. Our production and capital expenditures guidance is on target and our initial 2022 drilling results are very encouraging. Our cash flow has been very strong as a result of the higher than anticipated commodity prices that we have seen year-to-date. Birchcliff has been able to benefit from these prices as none of our production is subject to fixed price commodity hedges. We remain committed to maintaining capital discipline, maximizing free funds flow and reducing indebtedness. Birchcliff looks forward to announcing our first quarter results on May 11, 2022,” commented Jeff Tonken, Chief Executive Officer of Birchcliff.

Birchcliff’s 2022 capital program is focused on the development of its low-cost natural gas and condensate production in Pouce Coupe and Gordondale. The 2022 capital program is designed to utilize two drilling rigs in order to bring 35 new wells from 4 large pads onto production during the year (26 wells in Pouce Coupe and 9 wells in Gordondale).

Birchcliff has successfully completed its 6-well 13-29 pad in Pouce Coupe, which was drilled in late Q4 2021 and early January 2022. Flowback operations are complete and Birchcliff has recently brought the pad onstream, with production flowing through Birchcliff’s existing owned and operated infrastructure. The Corporation has been encouraged by the initial flowback performance of the pad. Four wells on the 13-29 pad were drilled in the Montney D1 interval offsetting several of Birchcliff’s existing high-productivity, low-cost natural gas wells, and two wells were drilled in the Basal Doig/Upper Montney interval.

Birchcliff currently has two drilling rigs at work in Pouce Coupe, drilling low-cost, condensate-rich natural gas wells on the

(1) Consisted of 2,899 bbls/d of light oil, 5,715 bbls/d of condensate, 7,705 bbls/d of NGLs and 373,217 Mcf/d of natural gas. See “*Advisories – Boe Conversions*” and “*Advisories – Production*”.

(2) Non-GAAP financial measure. See “*Advisories – Non-GAAP and Other Financial Measures*”.

(3) Non-GAAP ratio. See “*Advisories – Non-GAAP and Other Financial Measures*”.

(4) Capital management measure. See “*Advisories – Non-GAAP and Other Financial Measures*”.

10-well 01-08 pad. Wells on the 01-08 pad are being drilled in three intervals (5 in the Montney D1, 4 in the Basal Doig/Upper Montney and 1 in the Montney C). The 01-08 pad demonstrates Birchcliff's commitment to using scale and repeatability to drive down per well costs and utilizing enhanced completions techniques to improve well performance.

ADVISORIES

Abbreviations

bbl	barrel
bbls/d	barrels per day
boe	barrel of oil equivalent
boe/d	barrel of oil equivalent per day
condensate	pentanes plus (C5+)
GAAP	generally accepted accounting principles for Canadian public companies, which are currently International Financial Reporting Standards as issued by the International Accounting Standards Board
Mcf	thousand cubic feet
Mcf/d	thousand cubic feet per day
NGLs	natural gas liquids consisting of ethane (C2), propane (C3) and butane (C4) and specifically excluding condensate
\$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 National Instrument 52-112 – *Non-GAAP and Other Financial Measures Disclosure* ("NI 52-112")), which are described in further detail below. These measures facilitate management's comparisons to the Corporation's historical operating results in assessing its results and strategic and operational decision-making and may be used by financial analysts and others in the oil and natural gas industry to evaluate the Corporation's performance.

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 where similar terminology is used. Investors are cautioned that non-GAAP financial measures should not be construed as alternatives to or more meaningful than the most directly comparable GAAP 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 and 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. Adjusted funds flow can also be derived from petroleum and natural gas revenue less royalty expense, operating expense, transportation and other expense, net G&A expense, interest expense and any realized losses (plus realized gains) on financial instruments and plus any other cash income sources. 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, repurchase common shares and pay common share and preferred share 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 further generate shareholder returns through a number of initiatives, including but not limited to, potential debt repayment, preferred share redemptions,

common share repurchases, dividend increases and acquisitions.

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

<i>(\$000s)</i>	Twelve months ended	
	December 31,	
	2021	2020
Cash flow from operating activities	515,369	188,180
Change in non-cash operating working capital	21,161	(5,977)
Decommissioning expenditures	3,203	2,323
Adjusted funds flow	539,733	184,526
F&D capital expenditures	(230,479)	(287,967)
Free funds flow	309,254	(103,441)

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 where similar terminology is used. Set forth below is a description of the non-GAAP ratios used in this press release.

Adjusted Funds Flow Per Basic Common Share

Birchcliff calculates “adjusted funds flow per basic common share” as aggregate adjusted funds flow in the period divided by the 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 basic common shares outstanding at the end of the period. Management believes that free fund flow per basic common share assists management and investors in assessing Birchcliff’s financial strength and its ability to generate shareholder returns on a per common share 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 plus adjusted working capital deficit (surplus). 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 revolving term credit facilities, as determined in accordance with GAAP, to total debt:

As at December 31, (\$000s)	2021	2020
Revolving term credit facilities	500,870	731,372
Working capital deficit	53,312	93,988
Fair value of financial instruments	(16,517)	(23,479)
Capital securities	(38,268)	(39,930)
Adjusted working capital deficit (surplus) ⁽¹⁾⁽²⁾	(1,473)	30,579
Total debt⁽²⁾	499,397	761,951

(1) Capital management measure. Management believes that adjusted working capital deficit (surplus) assists management and investors in assessing Birchcliff’s short-term liquidity requirements.

(2) Previously classified as a non-GAAP measure under CSA Staff Notice 52-306 (Revised) – *Non-GAAP Financial Measures*.

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.

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) except where otherwise stated, 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. In certain cases, 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.

Forward-Looking Statements

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

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

In particular, this press release contains forward-looking statements relating to the following: Birchcliff's plans and other aspects of its anticipated future financial performance, results, operations, focus, objectives, strategies, opportunities, priorities and goals; that Birchcliff's production and capital expenditures guidance is on target; that Birchcliff remains committed to maintaining capital discipline, maximizing free funds flow and reducing indebtedness; that Birchcliff will announce its first quarter results on May 11, 2022; statements relating to the Corporation's 2022 capital program and its exploration and development activities and the timing thereof (including: that Birchcliff is focused on the development of its low-cost natural gas and condensate production in Pouce Coupe and Gordondale; the number of wells expected to be brought on production in 2022; and the Corporation's commitment to using scale and repeatability to drive down per well costs and utilizing enhanced completions techniques to improve well performance).

With respect to the forward-looking statements contained in this press release, assumptions have been made regarding, among other things: the degree to which the Corporation's results of operations and financial condition will be disrupted by circumstances attributable to the COVID-19 pandemic; prevailing and future commodity prices and differentials, exchange rates, interest rates, inflation rates, royalty rates and tax rates; the state of the economy, financial markets and the exploration, development and production business; the political environment in which Birchcliff operates; the regulatory framework regarding royalties, taxes, environmental, climate change and other laws; the Corporation's ability to comply with existing and future environmental, climate change and other laws; future cash flow, debt and dividend levels; future operating, transportation, marketing, general and administrative and other expenses; Birchcliff's ability to

access capital and obtain financing on acceptable terms; the timing and amount of capital expenditures and the sources of funding for capital expenditures and other activities; the sufficiency of budgeted capital expenditures to carry out planned operations; the successful and timely implementation of capital projects and the timing, location and extent of future drilling and other operations; results of operations; Birchcliff's ability to continue to develop its assets and obtain the anticipated benefits therefrom; the performance of existing and future wells; reserves volumes and Birchcliff's ability to replace and expand reserves through acquisition, development or exploration; the impact of competition on Birchcliff; the availability of, demand for and cost of labour, services and materials; the ability to obtain any necessary regulatory or other approvals in a timely manner; the satisfaction by third parties of their obligations to Birchcliff; the ability of Birchcliff to secure adequate processing and transportation for its products; Birchcliff's ability to successfully market natural gas and liquids; the results of the Corporation's risk management and market diversification activities; and Birchcliff's natural gas market exposure. 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) and epidemics and their impacts on supply and demand and commodity prices; actions taken by OPEC and other major producers of crude oil and the impact such actions may have on supply and demand and commodity prices; general economic, market and business conditions which will, among other things, impact the demand for and market prices of Birchcliff's products and Birchcliff's access to capital; volatility of crude oil and natural gas prices; fluctuations in exchange and interest rates; stock market volatility; loss of market demand; an inability to access sufficient capital from internal and external sources on terms acceptable to the Corporation; risks associated with Birchcliff's credit facilities, including a failure to comply with covenants under the agreement governing the credit facilities and the risk that the borrowing base limit may be redetermined; fluctuations in the costs of borrowing; operational risks and liabilities inherent in oil and natural gas operations; the occurrence of unexpected events such as fires, severe weather, explosions, blow-outs, equipment failures, transportation incidents and other similar events; an inability to access sufficient water or other fluids needed for operations; uncertainty that development activities in connection with Birchcliff's assets will be economic; an inability to access or implement some or all of the technology necessary to 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; actions by government authorities, including those with respect to the COVID-19 pandemic; an inability of the Corporation to comply with existing and future environmental, climate change and other laws; the cost of compliance with current and future environmental laws; political uncertainty and uncertainty associated with government policy changes; dependence on facilities, gathering lines and pipelines; uncertainties and risks associated with pipeline restrictions and outages to third-party infrastructure that could cause disruptions to production; the lack of available pipeline capacity and an inability to secure adequate and cost-effective processing and transportation for Birchcliff's products; an inability to satisfy obligations under Birchcliff's firm marketing and transportation arrangements; shortages in equipment and skilled personnel; the absence or loss of key employees; competition for, among other things, capital, acquisitions of reserves, undeveloped lands, equipment and skilled personnel; management of Birchcliff's growth; environmental and climate change risks, claims and liabilities; potential litigation; default under or breach of agreements by counterparties and potential enforceability issues in contracts; claims by Indigenous peoples; the reassessment by taxing or regulatory authorities of the Corporation's prior transactions and filings; unforeseen title defects; third-party claims regarding the Corporation's right to use technology and equipment; uncertainties associated with the outcome of litigation or other proceedings involving Birchcliff; uncertainties associated with counterparty credit risk; risks associated with Birchcliff's risk management and market diversification activities; risks associated with the declaration and payment of future dividends, including the discretion of Birchcliff's board of directors to declare dividends and change the Corporation's dividend policy; the failure to obtain any required approvals in a timely manner or at all; the failure to complete or realize the anticipated benefits of acquisitions and dispositions and the risk of unforeseen difficulties in integrating acquired assets into Birchcliff's operations; negative

public perception of the oil and natural gas industry and fossil fuels; the Corporation's reliance on hydraulic fracturing; market competition, 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.

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 the AIF and in other reports filed with Canadian securities regulatory authorities.

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

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

About Birchcliff:

Birchcliff is a Calgary, Alberta based intermediate oil and natural gas company with operations focused on the Montney/Doig Resource Play in Alberta. Birchcliff's common shares and cumulative redeemable preferred shares Series A and Series C are listed for trading on the Toronto Stock Exchange under the symbols "BIR", "BIR.PR.A" and "BIR.PR.C", respectively.

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