

BIRCHCLIFF

ENERGY

BIRCHCLIFF ENERGY LTD. ANNOUNCES UNAUDITED 2023 FULL-YEAR AND FOURTH QUARTER RESULTS AND 2023 RESERVES HIGHLIGHTS

Calgary, Alberta (February 14, 2024) – Birchcliff Energy Ltd. (“**Birchcliff**” or the “**Corporation**”) (TSX: BIR) is pleased to announce its unaudited 2023 full-year and fourth quarter financial and operational results and highlights from its independent reserves evaluation effective December 31, 2023.

“In 2023, we delivered annual average production of 75,699 boe/d and adjusted funds flow⁽¹⁾ of \$306.8 million and returned \$224.8 million to shareholders through common share dividends and share repurchases under our normal course issuer bid,” commented Chris Carlsen, President and Chief Executive Officer of Birchcliff. “We achieved a PDP F&D operating netback recycle ratio⁽²⁾ of 1.1x in a low commodity price environment, notwithstanding \$58.0 million of capital spent on strategic priorities that did not add reserves or production in 2023. We believe that there is significant intrinsic shareholder value embedded in Birchcliff’s asset base that is not reflected in our current share price, as demonstrated by our PDP reserves net asset value per common share⁽²⁾ of \$8.22 and \$18.38 and \$23.60 per share for our proved and proved plus probable reserves, respectively.⁽³⁾ In addition, our Elmworth asset consisting of approximately 140 net sections of Montney lands is largely unbooked from a reserves basis, providing us with significant inventory and a large potential future development area.”

“We are excited about our 2024 capital program, which utilizes our latest wellbore and completions design and targets high rate-of-return wells with strong capital efficiencies and attractive paybacks. Our 2024 capital budget reflects our commitment to maintaining a strong balance sheet and capital discipline, while focusing on sustainable shareholder returns and the continued development of our world-class asset base. We are closely monitoring commodity prices and the previously announced deferral of 13 wells to the second half of the year provides us with the flexibility to adjust our 2024 capital program if necessary to achieve these priorities. As announced on January 17, 2024, our board of directors declared a cash dividend of \$0.10 per common share for the quarter ending March 31, 2024, which equates to an annual base dividend of \$0.40 per common share for 2024 (approximately \$107 million in aggregate).”⁽⁴⁾

2023 Financial and Operational Highlights

- Delivered annual average production of 75,699 boe/d (82% natural gas and 18% liquids) in 2023 and quarterly average production of 76,546 boe/d (81% natural gas and 19% liquids) in Q4 2023.
- Generated annual adjusted funds flow of \$306.8 million in 2023 and quarterly adjusted funds flow of \$76.2 million in Q4 2023. Cash flow from operating activities was \$320.5 million in 2023 and \$79.0 million in Q4 2023.
- Reported annual net income to common shareholders of \$9.8 million in 2023 and a quarterly net loss to common shareholders of \$5.5 million in Q4 2023.
- F&D capital expenditures were \$304.6 million in 2023 and \$58.2 million in Q4 2023. Birchcliff drilled 30 (30.0 net) wells in 2023 and brought 32 (32.0 net) wells on production in 2023.
- Returned \$213.3 million to shareholders in 2023 through its base common share dividend. In addition, Birchcliff purchased an aggregate of 1,427,868 common shares under its normal course issuer bid.

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

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

(3) Net asset value per common share is at December 31, 2023 and before income taxes (discounted at 10%). See “*2023 Year-End Reserves – Net Asset Value*”.

(4) Assumes that an annual base dividend of \$0.40 per common share is paid and that there are 267 million common shares outstanding, with no special dividends paid. The declaration of future dividends is subject to the approval of the board of directors of the Corporation (the “**Board**”) and is subject to change.

2023 Reserves Highlights⁽⁵⁾

- Birchcliff delivered PDP F&D costs⁽⁶⁾ of \$13.16/boe and a PDP F&D operating netback recycle ratio of 1.1x, notwithstanding \$58.0 million in F&D capital expenditures spent on strategic priorities for which there was no production or reserves assigned at year-end 2023.
- Proved and proved plus probable reserves increased by 3% and 1%, respectively, from December 31, 2022. Birchcliff's proved reserves totalled 691.9 MMboe at December 31, 2023, which reflects an F&D reserves replacement of 144%. Birchcliff's proved plus probable reserves totalled 993.9 MMboe at December 31, 2023, which reflects an F&D reserves replacement of 103%.
- Birchcliff's PDP reserves totalled 220.5 MMboe at December 31, 2023. Birchcliff added 23.1 MMboe of PDP reserves on an F&D basis in 2023, after adding back 2023 actual production of 27.6 MMboe⁽⁷⁾.
- At December 31, 2023, the net present value of future net revenue (before income taxes, discounted at 10%) was \$2.6 billion for Birchcliff's PDP reserves, \$5.4 billion for its proved reserves and \$6.8 billion for its proved plus probable reserves.
- Reserves life index⁽⁶⁾ at December 31, 2023 of 8.0 years on a PDP basis, 25.1 years on a proved basis and 36.0 years on a proved plus probable basis.
- The net asset value per common share of Birchcliff's PDP, proved and proved plus probable reserves at December 31, 2023 was \$8.22, \$18.38 and \$23.60, respectively, which is 66%, 271% and 376% higher than the closing price of its common shares on the TSX on February 12, 2024 of \$4.96.

Birchcliff anticipates filing its annual information form and audited financial statements and related management's discussion and analysis for the year ended December 31, 2023 on March 13, 2024.

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". With respect to the disclosure of Birchcliff's reserves and related reserves metrics contained in this press release, see "2023 Year-End Reserves", "Presentation of Oil and Gas Reserves" and "Advisories – Oil and Gas Metrics". 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".

(5) Deloitte LLP ("Deloitte") prepared an independent evaluation of the Corporation's reserves effective December 31, 2023 as contained in their report dated February 14, 2024 (the "Deloitte Report"). The forecast commodity prices, inflation and exchange rates utilized in the Deloitte Report were computed using the average of forecasts from Deloitte, McDaniel & Associates Consultants Ltd. ("McDaniel"), GLJ Ltd. ("GLJ") and Sproule Associates Limited ("Sproule") effective January 1, 2024 (the "2023 Price Forecast"). See "2023 Year-End Reserves" and "Presentation of Oil and Gas Reserves".

(6) See "Advisories – Oil and Gas Metrics".

(7) Consists of 674.9 Mbbbls of light oil, 1,898.7 Mbbbls of condensate, 2,301.7 Mbbbls of NGLs and 136,529.0 MMcf of natural gas.

2023 UNAUDITED FINANCIAL AND OPERATIONAL SUMMARY

	Three months ended December 31,		Twelve months ended December 31,	
	2023	2022	2023	2022
OPERATING				
Average production				
Light oil (bbls/d)	1,649	2,413	1,849	2,223
Condensate (bbls/d)	5,145	4,822	5,202	4,679
NGLs (bbls/d)	7,653	7,963	6,306	7,471
Natural gas (Mcf/d)	372,594	387,604	374,052	375,315
Total (boe/d)	76,546	79,799	75,699	76,925
Average realized sales prices (CDN\$) ⁽¹⁾				
Light oil (per bbl)	100.07	115.24	99.07	119.78
Condensate (per bbl)	103.80	114.32	103.76	122.27
NGLs (per bbl)	26.95	35.80	26.92	41.09
Natural gas (per Mcf)	2.92	6.11	3.03	6.73
Total (per boe)	26.02	43.63	26.79	47.73
NETBACK AND COST (\$/boe)				
Petroleum and natural gas revenue ⁽¹⁾	26.03	43.64	26.80	47.73
Royalty expense	(2.75)	(4.86)	(2.54)	(5.74)
Operating expense	(3.81)	(4.06)	(3.83)	(3.62)
Transportation and other expense ⁽²⁾	(5.53)	(5.37)	(5.69)	(5.52)
Operating netback⁽²⁾	13.94	29.35	14.74	32.85
G&A expense, net	(1.80)	(1.82)	(1.52)	(1.27)
Interest expense	(0.95)	(0.53)	(0.74)	(0.49)
Realized gain (loss) on financial instruments	(0.38)	2.57	(1.35)	2.88
Other cash income (expense)	0.01	-	(0.03)	-
Adjusted funds flow⁽²⁾	10.82	29.57	11.10	33.97
Depletion and depreciation expense	(8.44)	(7.97)	(8.20)	(7.61)
Unrealized gain (loss) on financial instruments	(1.58)	(8.31)	(1.38)	4.67
Other expenses ⁽³⁾	(1.88)	(0.77)	(0.95)	(0.43)
Dividends on preferred shares	-	-	-	(0.18)
Deferred income tax recovery (expense)	0.29	(3.06)	(0.22)	(7.14)
Net income (loss) to common shareholders	(0.79)	9.46	0.35	23.28
FINANCIAL				
Petroleum and natural gas revenue (\$000s) ⁽¹⁾	183,295	320,358	740,359	1,340,180
Cash flow from operating activities (\$000s)	79,006	224,447	320,529	925,275
Adjusted funds flow (\$000s) ⁽⁴⁾	76,215	217,099	306,827	953,683
Per basic common share (\$) ⁽²⁾	0.29	0.82	1.15	3.59
Free funds flow (\$000s) ⁽⁴⁾	18,049	110,337	2,190	589,062
Per basic common share (\$) ⁽²⁾	0.07	0.41	0.01	2.22
Net income (loss) to common shareholders (\$000s)	(5,533)	69,453	9,780	653,682
Per basic common share (\$)	(0.02)	0.26	0.04	2.46
End of period basic common shares (000s)	267,156	266,047	267,156	266,047
Weighted average basic common shares (000s)	266,667	265,922	266,465	265,548
Dividends on common shares (\$000s)	53,390	58,503	213,344	71,788
Dividends on preferred shares (\$000s)	-	-	-	5,162
F&D capital expenditures (\$000s) ⁽⁵⁾	58,166	106,762	304,637	364,621
Total capital expenditures (\$000s) ⁽⁴⁾	59,541	107,471	307,916	368,230
Revolving term credit facilities (\$000s)	372,097	131,981	372,097	131,981
Total debt (\$000s) ⁽⁶⁾	382,306	138,549	382,306	138,549

(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".

FULL-YEAR AND Q4 2023 UNAUDITED FINANCIAL AND OPERATIONAL RESULTS

Production

- Birchcliff's production averaged 75,699 boe/d in 2023, a 2% decrease from 2022. Production averaged 76,546 boe/d in Q4 2023, a 4% decrease from Q4 2022.
- Birchcliff's full-year production was negatively impacted by: (i) an unplanned system outage on Pembina Pipeline's Northern Pipeline system that negatively impacted the Corporation's NGLs sales volumes in the first half of the year; (ii) the timing of wells brought on production in 2023 as compared to 2022, which resulted from the strategic decision to defer the drilling of nine wells from Q2 2023 to Q3 2023; and (iii) natural production declines. Birchcliff's Q4 production was negatively impacted by unplanned third-party outages, including a third-party compressor outage that continued until the end of January 2024. Birchcliff's full-year and Q4 production was positively impacted by incremental production volumes from the new Montney/Doig wells brought on production in the year.
- Birchcliff's full-year production in 2023 was below its guidance of 77,000 boe/d, primarily due to the unplanned third-party outages discussed above.
- Liquids accounted for 18% of Birchcliff's total production in 2023 as compared to 19% in 2022, which was in line with Birchcliff's guidance. Liquids accounted for 19% of Birchcliff's total production in both Q4 2023 and Q4 2022.

Adjusted Funds Flow and Cash Flow From Operating Activities

- Birchcliff generated adjusted funds flow of \$306.8 million in 2023, or \$1.15 per basic common share, both of which decreased by 68% from 2022. Adjusted funds flow was \$76.2 million in Q4 2023, or \$0.29 per basic common share, both of which decreased by 65% from Q4 2022.
- Birchcliff's cash flow from operating activities was \$320.5 million in 2023, a 65% decrease from 2022. Cash flow from operating activities was \$79.0 million in Q4 2023, a 65% decrease from Q4 2022.
- The decreases in adjusted funds flow and cash flow from operating activities were primarily due to lower natural gas revenue, which was largely the result of a 55% and 52% decrease in the average realized sales price Birchcliff received for its natural gas production in the full-year and Q4 2023, respectively, as compared to 2022. Birchcliff's adjusted funds flow and cash flow from operating activities were also negatively impacted by a realized loss on financial instruments of \$37.3 million and \$2.6 million in the full-year and Q4 2023, respectively, as compared to a realized gain on financial instruments of \$80.7 million and \$18.8 million in 2022.
- Birchcliff's full-year adjusted funds flow in 2023 was lower than its guidance of \$350 million, primarily due to a lower than anticipated average realized natural gas sales price and lower production.

Free Funds Flow

- Birchcliff generated free funds flow of \$2.2 million in 2023, or \$0.01 per basic common share, both of which decreased by 100% from 2022. Free funds flow was \$18.0 million in Q4 2023, or \$0.07 per basic common share, an 84% and 83% decrease, respectively, from Q4 2022.
- The decreases in free funds flow were primarily due to lower adjusted funds flow, partially offset by lower F&D capital expenditures in the full-year and Q4 2023 as compared to 2022.
- Birchcliff's full-year free funds flow in 2023 was lower than its guidance of \$50 million, primarily due to lower than anticipated adjusted funds flow.

Net Income (Loss) to Common Shareholders

- Birchcliff earned net income to common shareholders of \$9.8 million in 2023, or \$0.04 per basic common share, a 99% and 98% decrease, respectively, from 2022. The decreases were primarily due to lower adjusted funds flow and an unrealized mark-to-market loss on financial instruments of \$38.2 million in 2023 as compared to an unrealized mark-to-market gain on financial instruments of \$131.0 million in 2022, partially offset by a lower income tax expense in 2023.

- Birchcliff reported a net loss to common shareholders of \$5.5 million in Q4 2023, or \$0.02 per basic common share, as compared to net income to common shareholders of \$69.5 million and \$0.26 per basic common share in Q4 2022. The change to a net loss position was primarily due to lower adjusted funds flow, partially offset by a lower unrealized mark-to-market loss on financial instruments of \$11.1 million in Q4 2023 as compared to \$61.0 million in Q4 2022.

Operating Netback and Selected Cash Costs

- Birchcliff's operating netback was \$14.74/boe in 2023, a 55% decrease from 2022. Operating netback was \$13.94/boe in Q4 2023, a 53% decrease from Q4 2022. The decreases were primarily due to lower per boe petroleum and natural gas revenue, partially offset by lower per boe royalty expense in the full-year and Q4 2023.
- Birchcliff's royalty expense was \$2.54/boe in 2023, a 56% decrease from 2022. Royalty expense was \$2.75/boe in Q4 2023, a 43% decrease from Q4 2022. The decreases were primarily due to a lower average realized sales price received for Birchcliff's production. Birchcliff's full-year royalty expense was in line with its guidance of \$2.55/boe to \$2.75/boe.
- Birchcliff's operating expense was \$3.83/boe in 2023, a 6% increase from 2022. The increase was primarily due to inflationary pressures in service, labour and other supply costs used in Birchcliff's field operations, which together increased by 22% on a per boe basis, and higher property taxes and regulatory fees. Operating expense was \$3.81/boe in Q4 2023, a 6% decrease from Q4 2022. The decrease was primarily due to lower power and fuel costs. Birchcliff's full-year operating expense was within its guidance of \$3.75/boe to \$3.95/boe.
- Birchcliff's transportation and other expense was \$5.69/boe in 2023 and \$5.53/boe in Q4 2023, both of which increased by 3% from their comparable prior periods in 2022. The increases were primarily due to a marketing loss on a propane supply arrangement with a third-party producer of polypropylene. Birchcliff's full-year transportation and other expense was within its guidance of \$5.60/boe to \$5.80/boe.
- Birchcliff's G&A expense was \$1.52/boe in 2023, a 20% increase from 2022. The increase was primarily due to: (i) increased incentive payments made to the Corporation's employees; and (ii) an increase to other general business expenditures, largely driven by higher compliance, regulatory, advocacy, corporate travel and employee-related costs. G&A expense was \$1.80/boe in Q4 2023, which was comparable to \$1.82/boe in Q4 2022.
- Birchcliff's interest expense was \$0.74/boe in 2023, a 51% increase from 2022. Interest expense was \$0.95/boe in Q4 2023, a 79% increase from Q4 2022. The increases were primarily due to: (i) a higher average effective interest rate on amounts drawn under the Corporation's extendible revolving term credit facilities (the "**Credit Facilities**"); and (ii) a higher average outstanding balance under the Credit Facilities in the full-year and Q4 2023.

Debt and Credit Facilities

- Total debt at December 31, 2023 was \$382.3 million, a 176% increase from December 31, 2022. Birchcliff's 2023 year-end total debt was above its guidance of \$330 million, primarily due to lower than anticipated adjusted funds flow.
- At December 31, 2023, Birchcliff had a balance outstanding under its Credit Facilities of \$372.1 million (December 31, 2022: \$132.0 million) from available Credit Facilities of \$850.0 million (December 31, 2022: \$850.0 million), leaving the Corporation with \$475.9 million 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 additional capital resources.
- The Credit Facilities do not contain any financial maintenance covenants and do not mature until May 11, 2025.

Marketing and Natural Gas Market Diversification

- Birchcliff's physical natural gas sales exposure primarily consists of the AECO, Dawn and Alliance markets. In addition, the Corporation has various financial instruments outstanding that provide it with exposure to NYMEX HH pricing.

The following table sets forth Birchcliff's effective sales, production and average realized sales price for natural gas and liquids for Q4 2023, after taking into account the Corporation's financial instruments:

Three months ended December 31, 2023						
	Effective sales (CDN\$000s)	Percentage of total sales (%)	Effective production (per day)	Percentage of total natural gas production (%)	Percentage of total corporate production (%)	Effective average realized sales price (CDN\$)
Market						
AECO ⁽¹⁾⁽²⁾⁽³⁾	17,731	9	71,261 Mcf	19	15	2.70/Mcf
Dawn ⁽⁴⁾	47,433	24	161,119 Mcf	43	35	3.20/Mcf
NYMEX HH ⁽¹⁾⁽²⁾⁽⁵⁾	53,012	26	140,214 Mcf	38	31	4.11/Mcf
Total natural gas⁽¹⁾	118,176	59	372,594 Mcf	100	81	3.45/Mcf
Light oil	15,180	8	1,649 bbls		2	100.07/bbl
Condensate	49,135	24	5,145 bbls		7	103.80/bbl
NGLs	18,977	9	7,653 bbls		10	26.95/bbl
Total liquids	83,292	41	14,447 bbls		19	62.67/bbl
Total corporate⁽¹⁾	201,468	100	76,546 boe		100	28.61/boe

- (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 Q4 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 Q4 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 152,000 MMBtu/d at an average contract price of NYMEX HH less US\$1.23/MMBtu during Q4 2023. Birchcliff's effective average realized sales price for NYMEX HH of CDN\$4.11/Mcf (US\$2.76/MMBtu) was determined on a gross basis before giving effect to the average NYMEX HH/AECO 7A fixed contract basis differential price of CDN\$1.83/Mcf (US\$1.23/MMBtu) and includes any realized gains and losses on financial NYMEX HH/AECO 7A basis swap contracts during Q4 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 Q4 2023, Birchcliff's effective average realized net sales price for NYMEX HH was CDN\$2.28/Mcf (US\$1.53/MMBtu) in Q4 2023.

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

Three months ended December 31, 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 (%)	Average realized natural gas sales price ⁽¹⁾ (CDN\$/Mcf)	Natural gas transportation costs ⁽²⁾ (CDN\$/Mcf)	Natural gas sales netback ⁽³⁾ (CDN\$/Mcf)
AECO	50,508	51	203,024	55	2.72	0.38	2.33
Dawn	47,433	47	161,119	43	3.20	1.42	1.78
Alliance ⁽⁴⁾	2,016	2	8,451	2	2.59	-	2.59
Total	99,957	100	372,594	100	2.92	0.83	2.09
Three months ended December 31, 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 (%)	Average realized natural gas sales price ⁽¹⁾ (CDN\$/Mcf)	Natural gas transportation costs ⁽²⁾ (CDN\$/Mcf)	Natural gas sales netback ⁽³⁾ (CDN\$/Mcf)
AECO	101,194	46	208,042	53	5.29	0.39	4.90
Dawn	106,494	49	161,671	42	7.16	1.41	5.75
Alliance ⁽⁴⁾	10,134	5	17,891	5	6.16	-	6.16
Total	217,822	100	387,604	100	6.11	0.80	5.31

- (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

- F&D capital expenditures were \$304.6 million in 2023, as compared to Birchcliff's guidance of \$300 million.
- Birchcliff was able to efficiently execute on its 2023 capital program in its core area of Pouce Coupe and Gordondale, as well as in the Elmworth area where the Corporation drilled two horizontal wells for land retention purposes.

The following table sets forth the number of wells Birchcliff drilled and brought on production in 2023:

	Total # of wells drilled in 2023	Total # of wells brought on production in 2023
Pouce Coupe		
Basal Doig/Upper	4	4
Montney D2	3	5
Montney D1	15	16
Montney C	4	5
Total	26	30
Gordondale		
Montney D2	1	1
Montney D1	1	1
Total	2	2
Elmworth		
Montney	2	N/A
TOTAL	30	32⁽¹⁾

(1) Does not include 2 (0.375 net) Charlie Lake horizontal oil wells that the Corporation participated in during 2022, with production coming onstream in Q1 2023.

In 2023, Birchcliff successfully developed multiple zones in the Lower and Upper Montney targeting brownfield and greenfield reservoir areas in both Pouce Coupe and Gordondale. The Corporation is excited to build on the momentum and learnings from its 2023 results as it continues to execute its 2024 capital program.

OPERATIONAL UPDATE

As disclosed in Birchcliff's January 17, 2024 press release, the Board approved a disciplined F&D capital budget of \$240 million to \$260 million for 2024. As part of the capital program, Birchcliff expects to bring 29 wells on production in 2024. Birchcliff is delaying the drilling of 13 wells until late Q2 and into Q3 2024, with these wells expected to come on production in Q4 2024, aligned with the anticipated improvement in commodity prices.

The Corporation successfully completed drilling its 5-well 04-30 pad in Pouce Coupe in December 2023. Initial production and flowback operations commenced in late January 2024 and the wells are expected to be turned over to production through Birchcliff's permanent facilities later in February 2024. The pad was drilled in the Lower Montney targeting high-rate natural gas.

Birchcliff has completed the drilling of its 5-well 16-17 pad in Pouce Coupe utilizing two drilling rigs. Well completions operations are scheduled to commence later in February 2024 and the wells are anticipated to be brought on production in late Q1 2024. The pad is targeting condensate-rich natural gas, with three wells in the Lower Montney and two wells in the Upper Montney.

Birchcliff currently has two drilling rigs at work in the Gordondale area, with one rig drilling on the 2-well 02-27 pad and one rig drilling on the 4-well 01-10 pad. Both pads are targeting wells in the Lower Montney, which are anticipated to be brought on production in Q2 2024. Following the drilling of these two pads, the 2024 drilling program will be on hold until late Q2 2024 to finish the drilling of the remaining 13 wells.

2023 YEAR-END RESERVES

The reserves data set forth below at December 31, 2023 is based upon the Deloitte Report, which has been 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**”).

The reserves data provided in this press release presents only a portion of the disclosure required under NI 51-101. The disclosure required under NI 51-101 will be contained in Birchcliff’s annual information form for the year ended December 31, 2023, which is expected to be filed on SEDAR+ (www.sedarplus.ca) on March 13, 2024.

In certain of the tables below, numbers may not add due to rounding. The estimates of future net revenue contained herein do not represent fair market value. For additional information regarding the presentation of Birchcliff’s reserves disclosure contained herein, see “*Presentation of Oil and Gas Reserves*” and “*Advisories*” in this press release.

Reserves Summary

The following table summarizes the estimates of Birchcliff’s gross reserves at December 31, 2023 and December 31, 2022, estimated using the forecast price and cost assumptions in effect as at the effective date of the applicable reserves evaluation:

Reserves Category	December 31, 2023 (Mboe)	December 31, 2022 ⁽¹⁾ (Mboe)	% Change
Proved Developed Producing	220,536	224,826	(2)
Total Proved	691,886	668,545	3
Total Proved Plus Probable	993,897	986,412	1

(1) Deloitte prepared an independent evaluation of the Corporation’s reserves effective December 31, 2022 as contained in their report dated February 15, 2023 (the “**2022 Deloitte Report**”). The forecast commodity prices, inflation and exchange rates utilized in the 2022 Deloitte Report were computed using the average of forecasts from Deloitte, McDaniel, GLJ and Sproule effective January 1, 2023 (the “**2022 Price Forecast**”).

The following table sets forth Birchcliff’s light crude oil and medium crude oil, conventional natural gas, shale gas and NGLs reserves at December 31, 2023, estimated using the 2023 Price Forecast:

Reserves Category	Light Crude Oil and Medium Crude Oil		Conventional Natural Gas		Shale Gas		NGLs ⁽¹⁾		Total Oil Equivalent	
	Gross (Mbbbls)	Net (Mbbbls)	Gross (MMcf)	Net (MMcf)	Gross (MMcf)	Net (MMcf)	Gross (Mbbbls)	Net (Mbbbls)	Gross (Mboe)	Net (Mboe)
Proved										
Developed Producing	5,131	4,158	7,391	6,983	1,063,766	971,025	36,879	29,119	220,536	196,278
Developed Non-Producing	9	9	0	0	4,064	3,794	147	122	833	763
Undeveloped	9,320	7,564	2,860	2,598	2,425,192	2,162,833	56,522	44,277	470,517	412,746
Total Proved	14,460	11,731	10,251	9,581	3,493,022	3,137,653	93,547	73,517	691,886	609,787
Total Probable	10,088	7,688	5,666	5,273	1,438,587	1,248,201	51,213	38,810	302,011	255,410
Total Proved Plus Probable	24,549	19,419	15,917	14,854	4,931,609	4,385,854	144,760	112,327	993,897	865,197

(1) NGLs includes condensate.

Net Present Values of Future Net Revenue

The following table sets forth the net present values of future net revenue attributable to Birchcliff's reserves at December 31, 2023, estimated using the 2023 Price Forecast, before deducting future income tax expenses and calculated at various discount rates:

Reserves Category	Before Income Taxes Discounted At (%/year)					Unit Value Discounted at 10%/year (\$/boe) ⁽¹⁾
	0 (\$000s)	5 (\$000s)	10 (\$000s)	15 (\$000s)	20 (\$000s)	
Proved						
Developed Producing	4,481,835	3,353,987	2,620,064	2,140,711	1,810,682	13.35
Developed Non-Producing	17,265	12,118	9,029	7,027	5,650	11.83
Undeveloped	8,818,786	4,755,389	2,776,525	1,701,682	1,068,585	6.73
Total Proved	13,317,886	8,121,493	5,405,617	3,849,420	2,884,917	8.86
Total Probable	7,274,926	2,993,370	1,429,800	765,411	447,752	5.60
Total Proved Plus Probable	20,592,812	11,114,863	6,835,417	4,614,831	3,332,669	7.90

(1) Unit values are based on net reserves volumes.

Net Asset Value

Net asset value is a snapshot in time as at year-end and is primarily impacted by the net present value (before income taxes, discounted at 10%) of the Corporation's reserves as evaluated by Deloitte using forecast prices and costs. The net present value of the Corporation's reserves can vary significantly depending on the oil and natural gas price assumptions used by Deloitte and assumes only the reserves identified in the applicable reserves report, with no further acquisitions or incremental development.

The following table sets forth Birchcliff's net asset value for its PDP, total proved and total proved plus probable reserves at December 31, 2023:

(\$000s, except per share amounts)	Proved Developed Producing		Total Proved		Total Proved Plus Probable	
	2023	2022	2023	2022	2023	2022
Reserves, NPV10% ⁽¹⁾	2,620,064	3,270,335	5,405,617	6,454,201	6,835,417	8,155,976
Total debt ⁽²⁾	(382,306)	(138,549)	(382,306)	(138,549)	(382,306)	(138,549)
Unexercised securities ⁽³⁾	16,717	110,136	16,717	110,136	16,717	110,136
Net asset value⁽⁴⁾⁽⁵⁾	2,254,475	3,241,922	5,040,028	6,425,788	6,469,828	8,127,563
Net asset value (per common share)⁽⁴⁾⁽⁵⁾⁽⁶⁾	\$8.22	\$11.32	\$18.38	\$22.43	\$23.60	\$28.37

(1) Represents the net present value of the future net revenue (before income taxes, discounted at 10%) of Birchcliff's PDP, total proved and total proved plus probable reserves, as applicable, as estimated by Deloitte effective December 31, 2023 and December 31, 2022, using forecast prices and costs.

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

(3) Represents the value of unexercised in-the-money stock options and performance warrants outstanding at the end of the period. The closing trading price on the TSX of Birchcliff's common shares on December 29, 2023 and December 30, 2022 was \$5.78 and \$9.43, respectively.

(4) Excludes any value from undeveloped land and seismic.

(5) Net asset value is a non-GAAP financial measure and net asset value per common share is a non-GAAP ratio. See "Non-GAAP and Other Financial Measures".

(6) For 2023, based on 274.2 million common shares, which includes 267.2 million basic common shares outstanding at December 31, 2023 and 7.0 million dilutive common shares from unexercised in-the-money stock options and performance warrants outstanding at December 31, 2023. For 2022, based on 286.4 million common shares, which includes 266.0 million basic common shares outstanding at December 31, 2022 and 20.4 million dilutive common shares from unexercised in-the-money stock options and performance warrants outstanding at December 31, 2022.

Pricing Assumptions

The following table sets forth the 2023 Price Forecast used in the Deloitte Report:

Year	Crude Oil		Natural Gas ⁽¹⁾			NGLs				Currency Exchange Rate (US\$/CDN\$)	Price and Cost Inflation Rates (%)
	WTI at Cushing Oklahoma (US\$/bbl)	Edmonton City Gate (CDN\$/bbl)	Alberta AECO Average Price (CDN\$/Mcf)	Ontario Dawn Reference Point (CDN\$/Mcf)	NYMEX Henry Hub (US\$/Mcf)	Edmonton Ethane (CDN\$/bbl)	Edmonton Propane (CDN\$/bbl)	Edmonton Butane (CDN\$/bbl)	Edmonton Pentanes + Condensate (CDN\$/bbl)		
2024	\$73.25	\$92.66	\$2.24	\$3.47	\$2.75	\$6.81	\$30.27	\$46.11	\$95.57	0.75	0.0
2025	\$74.09	\$93.47	\$3.36	\$4.61	\$3.62	\$10.40	\$35.22	\$47.71	\$96.25	0.76	2.0
2026	\$74.79	\$93.19	\$4.01	\$5.11	\$4.05	\$12.60	\$35.03	\$47.59	\$96.67	0.76	2.0
2027	\$76.28	\$95.04	\$4.10	\$5.21	\$4.14	\$12.87	\$35.73	\$48.55	\$98.59	0.77	2.0
2028	\$77.81	\$96.95	\$4.17	\$5.32	\$4.23	\$13.12	\$36.45	\$49.51	\$100.57	0.76	2.0
2029	\$79.37	\$98.88	\$4.26	\$5.42	\$4.30	\$13.40	\$37.18	\$50.51	\$102.58	0.77	2.0
2030	\$80.96	\$100.86	\$4.34	\$5.54	\$4.39	\$13.66	\$37.91	\$51.52	\$104.63	0.77	2.0
2031	\$82.57	\$102.89	\$4.43	\$5.64	\$4.48	\$13.95	\$38.68	\$52.55	\$106.73	0.77	2.0
2032	\$84.22	\$104.94	\$4.52	\$5.75	\$4.57	\$14.23	\$39.45	\$53.60	\$108.86	0.77	2.0
2033	\$85.91	\$107.04	\$4.61	\$5.88	\$4.66	\$14.52	\$40.24	\$54.67	\$111.03	0.77	2.0
2034	\$87.63	\$109.18	\$4.70	\$6.00	\$4.76	\$14.81	\$41.04	\$55.76	\$113.25	0.77	2.0
2035	\$89.38	\$111.36	\$4.79	\$6.11	\$4.84	\$15.10	\$41.86	\$56.88	\$115.51	0.77	2.0
2036	\$91.17	\$113.59	\$4.89	\$6.22	\$4.94	\$15.40	\$42.69	\$58.01	\$117.82	0.77	2.0
2037	\$92.99	\$115.86	\$4.99	\$6.36	\$5.04	\$15.72	\$43.55	\$59.18	\$120.18	0.77	2.0
2038	\$94.85	\$118.18	\$5.09	\$6.47	\$5.15	\$16.03	\$44.43	\$60.36	\$122.58	0.77	2.0
2039	\$96.75	\$120.54	\$5.19	\$6.61	\$5.25	\$16.35	\$45.31	\$61.56	\$125.03	0.77	2.0
2040	\$98.69	\$122.96	\$5.29	\$6.73	\$5.35	\$16.67	\$46.21	\$62.79	\$127.54	0.77	2.0
2041	\$100.66	\$125.41	\$5.40	\$6.87	\$5.46	\$17.01	\$47.14	\$64.05	\$130.08	0.77	2.0
2042	\$102.67	\$127.92	\$5.51	\$7.01	\$5.56	\$17.35	\$48.08	\$65.33	\$132.69	0.77	2.0
2043	\$104.72	\$130.47	\$5.62	\$7.15	\$5.69	\$17.70	\$49.05	\$66.63	\$135.34	0.77	2.0
2043+	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	0.77	2.0

(1) 1 Mcf = 1 MMBtu.

Reconciliation of Changes in Reserves

The following table sets forth the reconciliation of Birchcliff's gross reserves at December 31, 2023 as set forth in the Deloitte Report, estimated using the 2023 Price Forecast, to Birchcliff's gross reserves at December 31, 2022:

Factors	Light Crude Oil and Medium Crude Oil (Mbbbls)	Conventional Natural Gas (MMcf)	Shale Gas (MMcf)	NGLs ⁽⁸⁾ (Mbbbls)	Oil Equivalent (Mboe)
GROSS TOTAL PROVED					
Opening balance December 31, 2022	15,666	9,434	3,378,435	88,234	668,545
Extensions and Improved Recovery ⁽¹⁾	234	212	260,018	5,909	49,515
Technical Revisions ⁽²⁾	(756)	1,984	(64,561)	2,799	(8,387)
Discoveries ⁽³⁾	0	0	0	0	0
Acquisitions ⁽⁴⁾	0	0	98,254	1,380	17,756
Dispositions ⁽⁵⁾	0	0	(37,427)	(419)	(6,657)
Economic Factors ⁽⁶⁾	(9)	(355)	(6,193)	(156)	(1,257)
Production ⁽⁷⁾	(675)	(1,024)	(135,506)	(4,201)	(27,630)
Closing balance December 31, 2023	14,460	10,251	3,493,022	93,547	691,886
GROSS TOTAL PROBABLE					
Opening balance December 31, 2022	10,354	5,267	1,535,665	50,691	317,867
Extensions and Improved Recovery ⁽¹⁾	50	53	(38,829)	(491)	(6,903)
Technical Revisions ⁽²⁾	(314)	339	(32,220)	1,512	(4,115)
Discoveries ⁽³⁾	0	0	0	0	0
Acquisitions ⁽⁴⁾	0	0	12,052	170	2,179
Dispositions ⁽⁵⁾	0	0	(35,851)	(615)	(6,590)
Economic Factors ⁽⁶⁾	(1)	8	(2,230)	(55)	(426)
Production ⁽⁷⁾	0	0	0	0	0
Closing balance December 31, 2023	10,088	5,666	1,438,587	51,213	302,011
GROSS TOTAL PROVED PLUS PROBABLE					
Opening balance December 31, 2022	26,020	14,701	4,914,100	138,925	986,412
Extensions and Improved Recovery ⁽¹⁾	284	264	221,189	5,419	42,612
Technical Revisions ⁽²⁾	(1,070)	2,322	(96,780)	4,311	(12,502)
Discoveries ⁽³⁾	0	0	0	0	0
Acquisitions ⁽⁴⁾	0	0	110,306	1,551	19,935
Dispositions ⁽⁵⁾	0	0	(73,278)	(1,034)	(13,246)
Economic Factors ⁽⁶⁾	(11)	(347)	(8,422)	(211)	(1,683)
Production ⁽⁷⁾	(675)	(1,024)	(135,506)	(4,201)	(27,630)
Closing balance December 31, 2023	24,549	15,917	4,931,609	144,760	993,897

(1) Additions to volumes resulting from capital expenditures for: (i) step-out drilling in previously discovered reservoirs; (ii) infill drilling in previously discovered reservoirs that were not drilled as part of an enhanced recovery scheme; and (iii) the installation of improved recovery schemes.

(2) Positive or negative volume revisions to an estimate resulting from new technical data or revised interpretations on previously assigned volumes, performance and operating costs.

(3) Additions to volumes in reservoirs where no reserves were previously booked.

(4) Positive additions to volume estimates because of purchasing interests in oil and gas properties.

(5) Reductions in volume estimates because of selling all or a portion of an interest in oil and gas properties.

(6) Changes to volumes resulting from different price forecasts, inflation rates and regulatory changes.

(7) Reductions in the volume estimates due to actual production.

(8) NGLs includes condensate.

Key highlights include the following:

- **Extensions and Improved Recovery**

- Reserves were added from 31 wells brought on production pursuant to the Corporation's successful 2023 capital program, which also resulted in the assignment of reserves to potential future drilling locations offsetting the new wells. In addition, potential future drilling locations that were not included in 2022 Deloitte Report were added based on available infrastructure capacity, superior economics and COGE Handbook development guidelines.

- **Technical Revisions**
 - The technical revisions in all reserves categories for light and medium crude oil were primarily the result of: (i) higher gas-to-oil ratios for existing producing oil wells in the southeast area in Gordondale; and (ii) potential future drilling location adjustments based on offsetting well performance.
 - The technical revisions in all reserves categories for conventional natural gas were primarily the result of: (i) the reactivation of several wells during 2023; and (ii) existing well performance.
 - The technical revisions in all reserves categories for shale gas were primarily the result of: (i) an updated reserves forecast for existing wells based on historic performance; (ii) an updated full-field development plan, which included the combining or removing of multiple proved and probable potential future drilling locations, resulting in the removal of five proved undeveloped locations and one probable location; and (iii) an increase in well performance for potential future drilling locations in the Upper Montney intervals in Pouce Coupe supported by existing well performance.
 - The technical revisions in all reserves categories for NGLs were primarily the result of improved C3+ recoveries at the Corporation's 100% owned and operated natural gas processing plant in Pouce Coupe (the "Pouce Coupe Gas Plant"), notwithstanding a reduction in associated shale gas volumes.
- **Acquisitions**
 - Changes were the result of various accretive acquisitions completed by Birchcliff in the Pouce Coupe area in 2023.
- **Dispositions**
 - Changes were the result of various minor dispositions completed by Birchcliff in the Pouce Coupe area in 2023.
- **Economic Factors**
 - The forecast prices for each product type were generally lower in the 2023 Price Forecast than the 2022 Price Forecast, which resulted in the economic limit at the end of a well's life being achieved earlier and therefore a reduction of the reserves volumes in all reserves categories.

Future Development Costs

Future development costs ("FDC") reflect Deloitte's best estimate of what it will cost to bring the proved and proved plus probable reserves on production. Changes in forecast FDC occur annually as a result of development activities, acquisition and disposition activities and capital cost estimates. The following table sets forth development costs deducted in the estimation of Birchcliff's future net revenue attributable to the reserves categories noted below, estimated using the 2023 Price Forecast:

Year	Proved (\$000s)	Proved Plus Probable (\$000s)
2024	219,040	222,265
2025	647,236	666,643
2026	412,308	412,308
2027	899,140	899,140
2028	517,731	549,055
Thereafter	761,525	2,224,621
Total undiscounted	3,456,981	4,974,033

FDC for proved reserves on an FD&A basis increased by \$397.9 million to \$3.46 billion at December 31, 2023 from \$3.06 billion at December 31, 2022. FDC for proved plus probable reserves on an FD&A basis increased by \$431.7 million to \$4.97 billion at December 31, 2023 from \$4.54 billion at December 31, 2022. The increases in FDC year-over-year for both proved and proved plus probable reserves primarily reflect cost escalation as a result of inflation and were largely attributable to: (i) an increase in the drill, case, complete, equip and tie-in ("DCCET") costs for future locations in Pouce Coupe and Gordondale to \$5.9 million per well from \$5.3 million per well at December 31, 2022; and (ii) an increase in future facilities infrastructure capital in Pouce Coupe at December 31, 2023.

The FDC for both proved and proved plus probable reserves are primarily the capital costs required to drill, case, complete, equip and tie-in the net undeveloped locations. The estimates of FDC on a proved and proved plus probable basis also include approximately \$320.0 million (unescalated) for the continued expansion of the Pouce Coupe Gas Plant facilities from the existing 340 MMcf/d to 660 MMcf/d of total throughput. The FDC for the expansion of the Pouce Coupe Gas Plant also include the costs of the related gathering pipelines and maintenance capital.

F&D and FD&A Costs

The following table sets forth Birchcliff's F&D and FD&A costs for its PDP, total proved and total proved plus probable reserves for the three previous financial years, including FDC:

	2023 ⁽²⁾	2022	2021	3-Year Average
F&D costs (\$/boe)⁽¹⁾				
Proved Developed Producing	\$13.16 ⁽³⁾	\$10.24	\$5.88	\$9.18
Total Proved	\$16.02 ⁽⁴⁾	\$82.02	\$10.50	\$20.79
Total Proved Plus Probable	\$24.90 ⁽⁵⁾	n/a ⁽⁶⁾	\$13.57	\$47.94
FD&A costs (\$/boe)⁽¹⁾				
Proved Developed Producing	\$13.06 ⁽⁷⁾	\$10.25	\$5.89	\$9.18
Total Proved	\$13.79 ⁽⁸⁾	\$78.96	\$10.51	\$18.60
Total Proved Plus Probable	\$20.97 ⁽⁹⁾	n/a ⁽⁶⁾	\$13.60	\$39.67

- (1) See "Advisories – Oil and Gas Metrics" for a description of the methodology used to calculate F&D and FD&A costs.
- (2) Birchcliff's F&D and FD&A capital expenditures were \$304.6 million and \$304.7 million, respectively, in 2023. Birchcliff's F&D and FD&A capital expenditures included \$58.0 million in expenditures that were directed towards the acceleration of the Corporation's 2024 capital program, various Elmworth-related projects and gas gathering initiatives in Pouce Coupe for which there was no production or reserves assigned at year-end 2023.
- (3) Birchcliff added 23.1 MMboe of PDP reserves in 2023, after adding back 2023 actual production of 27.6 MMboe.
- (4) Includes the 2023 increase in FDC from 2022 of \$334.1 million on a proved basis. Birchcliff added 39.9 MMboe of proved reserves in 2023, after adding back 2023 actual production of 27.6 MMboe.
- (5) Includes the 2023 increase in FDC from 2022 of \$403.2 million on a proved plus probable basis. Birchcliff added 28.4 MMboe of proved plus probable reserves in 2023, after adding back 2023 actual production of 27.6 MMboe.
- (6) Birchcliff's proved plus probable reserves decreased in 2022, after adding back 2022 actual production of 28.1 MMboe. As a result of the year-over-year decrease in proved plus probable reserves, the calculations for F&D and FD&A costs for this reserves category were not applicable in 2022.
- (7) Birchcliff added 23.3 MMboe of PDP reserves in 2023, after adding back 2023 actual production of 27.6 MMboe.
- (8) Includes the 2023 increase in FDC from 2022 of \$397.9 million on a proved basis. Birchcliff added 51.0 MMboe of proved reserves in 2023, after adding back 2023 actual production of 27.6 MMboe.
- (9) Includes the 2023 increase in FDC from 2022 of \$431.7 million on a proved plus probable basis. Birchcliff added 35.1 MMboe of proved plus probable reserves in 2023, after adding back 2023 actual production of 27.6 MMboe.

Recycle Ratios

The following table sets forth Birchcliff's F&D and FD&A operating netback recycle ratios for its PDP, total proved and total proved plus probable reserves for the three previous financial years, including FDC:

	2023	2022	2021	3-Year Average
F&D operating netback recycle ratio⁽¹⁾⁽²⁾				
Proved Developed Producing	1.1x	3.2x	3.7x	2.5x
Total Proved	0.9x	0.4x	2.0x	1.1x
Total Proved Plus Probable	0.6x	n/a ⁽³⁾	1.6x	0.5x
FD&A operating netback recycle ratio⁽¹⁾⁽²⁾				
Proved Developed Producing	1.1x	3.2x	3.7x	2.5x
Total Proved	1.1x	0.4x	2.0x	1.2x
Total Proved Plus Probable	0.7x	n/a ⁽³⁾	1.6x	0.6x

- (1) Non-GAAP ratio. See "Non-GAAP and Other Financial Measures".
- (2) Birchcliff's operating netback was \$14.74/boe in 2023 as compared to \$32.85/boe in 2022 and \$21.50/boe in 2021.
- (3) As a result of the year-over-year decrease in proved plus probable reserves, the calculations for F&D and FD&A operating netback recycle ratio for this reserves category were not applicable in 2022.

Reserves Replacement

The following table sets forth Birchcliff's 2023 reserves replacement on an F&D and FD&A basis for its PDP, total proved and total proved plus probable reserves:

Reserves Category	2023 F&D Reserves Replacement ⁽¹⁾	2023 FD&A Reserves Replacement ⁽¹⁾
Proved Developed Producing	84%	84%
Total Proved	144%	184%
Total Proved Plus Probable	103%	127%

(1) See "Advisories – Oil and Gas Metrics" for a description of the methodology used to calculate reserves replacement.

Reserves Life Index

The following table sets forth Birchcliff's reserves life index for its PDP, total proved and total proved plus probable reserves at December 31, 2023:

Reserves Category	Reserves Life Index ⁽¹⁾
Proved Developed Producing	8.0 years
Total Proved	25.1 years
Total Proved Plus Probable	36.0 years

(1) See "Advisories – Oil and Gas Metrics" for a description of the methodology used to calculate reserves life index.

ABBREVIATIONS

AECO	benchmark price for natural gas determined at the AECO 'C' hub in southeast Alberta
bbl	barrel
bbls	barrels
bbls/d	barrels per day
boe	barrel of oil equivalent
boe/d	barrel of oil equivalent per day
C3+	propane plus
condensate	pentanes plus (C5+)
F&D	finding and development
FD&A	finding, development and acquisition
G&A	general and administrative
GAAP	generally accepted accounting principles for Canadian public companies, which are currently IFRS as issued by the International Accounting Standards Board
GJ/d	gigajoules per day
HH	Henry Hub
Mbbls	thousand barrels
Mboe	thousand barrels of oil equivalent
Mcf	thousand cubic feet
Mcf/d	thousand cubic feet per day
MMboe	million barrels of oil equivalent
MMBtu	million British thermal units
MMBtu/d	million British thermal units per day
MMcf	million cubic feet
MMcf/d	million cubic feet per day
NGLs	natural gas liquids consisting of ethane (C2), propane (C3) and butane (C4) and, except where otherwise noted, excludes condensate
NPV	net present value
NYMEX	New York Mercantile Exchange
OPEC	Organization of the Petroleum Exporting Countries
PDP	proved developed producing
TSX	Toronto Stock Exchange
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 and Free Funds Flow

Birchcliff defines “adjusted funds flow” as cash flow from operating activities before the effects of decommissioning expenditures, retirement benefit payments 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. Birchcliff eliminates retirement benefit payments from cash flow from operating activities as such payments reflect costs for past service and contributions made by eligible participants under the Corporation’s post-employment benefit plan, which are not indicative of the current period. Birchcliff has not historically adjusted for retirement benefit payments in the calculation of adjusted funds flow as previously no payments had been made to executive officers pursuant to their respective executive employment agreements. 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.

The most directly comparable GAAP financial measure to adjusted funds flow and 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 and free funds flow for the periods indicated:

	Three months ended December 31,		Twelve months ended December 31,	
(\$000s)	2023	2022	2023	2022
Cash flow from operating activities	79,006	224,447	320,529	925,275
Change in non-cash operating working capital	(6,248)	(7,919)	(19,477)	25,662
Decommissioning expenditures	1,457	571	3,775	2,746
Retirement benefit payments	2,000	-	2,000	-
Adjusted funds flow	76,215	217,099	306,827	953,683
F&D capital expenditures	(58,166)	(106,762)	(304,637)	(364,621)
Free funds flow	18,049	110,337	2,190	589,062

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:

(\$000s)	Three months ended December 31,		Twelve months ended December 31,	
	2023	2022	2023	2022
Transportation expense	38,509	38,793	152,828	155,864
Marketing purchases	8,928	9,529	34,772	17,866
Marketing revenue	(8,532)	(8,916)	(30,521)	(18,806)
Transportation and other expense	38,905	39,406	157,079	154,924

Operating Netback

Birchcliff defines “operating netback” as petroleum and natural gas revenue less royalty expense, operating expense and transportation and other expense. 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:

(\$000s)	Three months ended December 31,		Twelve months ended December 31,	
	2023	2022	2023	2022
Petroleum and natural gas revenue	183,295	320,358	740,359	1,340,180
Royalty expense	(19,400)	(35,679)	(70,257)	(161,226)
Operating expense	(26,808)	(29,783)	(105,809)	(101,581)
Transportation and other expense	(38,905)	(39,406)	(157,079)	(154,924)
Operating netback	98,182	215,490	407,214	922,449

FD&A and Total Capital Expenditures

Birchcliff defines “FD&A capital expenditures” as exploration and development expenditures, less dispositions, plus acquisitions (if any). Birchcliff defines “total capital expenditures” as FD&A capital expenditures plus administrative assets. Management believes that FD&A capital expenditures and total capital expenditures assist 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 to FD&A capital expenditures and total capital expenditures is exploration and development expenditures.

The following table provides a reconciliation of exploration and development expenditures to FD&A capital expenditures and total capital expenditures for the periods indicated:

(\$000s)	Three months ended December 31,		Twelve months ended December 31,	
	2023	2022	2023	2022
Exploration and development expenditures⁽¹⁾	58,166	106,762	304,637	364,621
Acquisitions	2	-	190	2,348
Dispositions	(10)	-	(87)	(315)
FD&A capital expenditures	58,158	106,762	304,740	366,654
Administrative assets	1,383	709	3,176	1,576
Total capital expenditures	59,541	107,471	307,916	368,230

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

Net Asset Value

Birchcliff defines “net asset value” as property, plant and equipment, plus reserves premium adjustment (less reserves discount adjustment) for its PDP, total proved and total proved plus probable reserves (as the case may be), less total debt and plus the value of unexercised in-the-money stock options and performance warrants outstanding at the end of the period. Management believes that net asset value assists management and investors in assessing the long-term fair value of Birchcliff’s underlying reserves assets after settling its outstanding financial obligations.

The most directly comparable GAAP financial measure to net asset value is property, plant and equipment. The following table provides a reconciliation of property, plant and equipment to net asset value for the periods indicated:

(\$000s)	Proved Developed		Total Proved		Total Proved Plus	
	2023	2022	2023	2022	2023	2022
Property, plant and equipment⁽¹⁾	3,055,958	2,972,592	3,055,958	2,972,592	3,055,958	2,972,592
Reserves premium (discount) adjustment ⁽²⁾	(435,894)	297,708	2,349,659	3,481,608	3,779,459	5,183,408
Total debt	(382,306)	(138,549)	(382,306)	(138,549)	(382,306)	(138,549)
Unexercised securities	16,717	110,136	16,717	110,136	16,717	110,136
Net asset value	2,254,475	3,241,887	5,040,028	6,425,787	6,469,828	8,127,587

(1) Previously disclosed as “petroleum and natural gas properties and equipment” on the financial statements.

(2) Represents the premium or discount, as the case may be, between the net present value of future net revenue (before income taxes, discounted at 10%) of Birchcliff’s PDP, total proved and total proved plus probable reserves, as the case may be, and the property, plant and equipment disclosed on the financial statements.

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 the 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 to 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	
	2023	December 31, 2022
Natural gas sales	99,957	217,822
Realized gain (loss) on financial instruments	(2,583)	18,764
Notional fixed basis costs ⁽¹⁾	20,802	21,645
Effective total natural gas sales	118,176	258,231
Light oil sales	15,180	25,588
Condensate sales	49,135	50,712
NGLs sales	18,977	26,224
Effective total corporate sales	201,468	360,755

(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.

Operating Netback Recycle Ratio

Birchcliff calculates “operating netback recycle ratio” as operating netback per boe in the period divided by F&D or FD&A costs, as the case may be, for its PDP, proved and proved plus probable reserves, as the case may be, in the period. Management believes that operating netback recycle ratio assists management and investors in assessing Birchcliff’s ability to profitably find and develop its PDP, proved and proved plus probable reserves.

Net Asset Value Per Common Share

Birchcliff calculates “net asset value per common share” as the net asset value in each category of reserves divided by the aggregate of the basic common shares outstanding and in-the-money dilutive common shares attributable to stock options and performance warrants outstanding at the end of the period. Management believes that net asset value per common share assists management and investors in comparing Birchcliff’s common share trading price to the underlying fair market value of its net assets on a per common share 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 Credit Facilities 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 lease obligations 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 Credit Facilities, as determined in accordance with GAAP, to total debt for the periods indicated:

As at December 31, (\$000s)	2023	2022
Revolving term credit facilities	372,097	131,981
Working capital deficit (surplus) ⁽¹⁾	10,522	(7,902)
Fair value of financial instruments – asset ⁽²⁾	3,588	17,729
Fair value of financial instruments – liability ⁽²⁾	(1,394)	(1,345)
Lease obligations ⁽³⁾	(2,507)	(1,914)
Total debt	382,306	138,549

(1) Current liabilities less current assets.

(2) Reflects the current portion only.

(3) Reflects the current portion only, which is included in "other liabilities" in the financial statements.

PRESENTATION OF OIL AND GAS RESERVES

Deloitte prepared the Deloitte Report and the 2022 Deloitte Report. In addition, Deloitte prepared a reserves evaluation in respect of Birchcliff's oil and natural gas properties effective December 31, 2021. Such evaluations were prepared in accordance with the standards contained in NI 51-101 and the COGE Handbook that were in effect at the relevant time. Reserves estimates stated herein are extracted from the relevant evaluation.

There are numerous uncertainties inherent in estimating quantities of oil, natural gas and NGLs (including condensate) reserves and the future net revenue attributed to such reserves. The reserves and associated future net revenue information set forth in this press release are estimates only. In general, estimates of economically recoverable oil, natural gas and NGLs reserves and the future net revenue therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserves recovery, the timing and amount of capital expenditures, marketability of oil, natural gas and NGLs, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially from actual results. For these reasons, estimates of the economically recoverable oil, natural gas and NGLs reserves attributable to any particular group of properties, the classification of such reserves based on risk of recovery and estimates of future net revenue associated with reserves prepared by different engineers, or by the same engineer at different times, may vary. Birchcliff's actual production, revenue, taxes and development and operating expenditures with respect to its reserves will vary from estimates thereof and such variations could be material.

It should not be assumed that the undiscounted or discounted net present value of future net revenue attributable to the Corporation's reserves estimated by the Corporation's independent qualified reserves evaluator represent the fair market value of those reserves. There is no assurance that the forecast prices and costs assumptions will be attained and variances could be material. Actual oil, natural gas and NGLs reserves may be greater than or less than the estimates provided herein and variances could be material.

In this press release, unless otherwise stated all references to “reserves” are to Birchcliff’s gross company reserves (Birchcliff’s working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of Birchcliff).

The information set forth in this press release relating to the reserves, future net revenue and future development costs of Birchcliff constitutes forward-looking statements and is subject to certain risks and uncertainties. See “Advisories – Forward-Looking Statements”.

Certain terms used herein but not defined are defined in NI 51-101, CSA Staff Notice 51-324 – *Revised Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities* (“**CSA Staff Notice 51-324**”) and/or the COGE Handbook and, unless the context otherwise requires, shall have the same meanings herein as in NI 51-101, CSA Staff Notice 51-324 and the COGE Handbook, as the case may be.

ADVISORIES

Unaudited Information

All financial information contained in this press release for the fourth quarter and year ended December 31, 2023 is based on unaudited estimated financial information which has been disclosed in accordance with GAAP. These estimated results have not been reviewed by the Corporation’s auditor and are subject to change upon completion of the audited financial statements for the year ended December 31, 2023, and changes could be material. Birchcliff anticipates filing its audited financial statements and related management’s discussion and analysis for the year ended December 31, 2023 on SEDAR+ on March 13, 2024.

Currency

Unless otherwise indicated, all dollar amounts are expressed in Canadian dollars, 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 F&D costs, FD&A costs, reserves replacement, reserves life index, operating netback recycle ratio, net asset value, net asset value per common share and netback, which have been determined by Birchcliff as set out below. 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.

- With respect to F&D and FD&A costs:
 - F&D costs for PDP, proved or proved plus probable reserves, as the case may be, are calculated by taking the sum of: (i) exploration and development costs (F&D capital expenditures) incurred in the period; and (ii) where appropriate, the change during the period in FDC for the reserves category; divided by the additions to the reserves category after adding back production in the period. F&D costs exclude the effects of acquisitions and dispositions.

- FD&A costs for PDP, proved or proved plus probable reserves, as the case may be, are calculated by taking the sum of: (i) FD&A capital expenditures incurred in the period; and (ii) where appropriate, the change during the period in FDC for the reserves category; divided by the additions to the reserves category after adding back production in the period.
- In determining the F&D and FD&A costs for PDP, proved or proved plus probable reserves, as the case may be, the estimated reserves additions during the period and the change during the period in estimated FDC are based upon the evaluations of Birchcliff's reserves prepared by its independent qualified reserves evaluators, effective December 31 of such year.
- The aggregate of the F&D and FD&A capital expenditures incurred in the most recent financial year and the change during that year in estimated FDC generally will not reflect total F&D and FD&A costs related to reserves additions for that year.
- F&D and FD&A costs may be used as a measure of the Corporation's efficiency with respect to finding and developing its reserves.
- Reserves replacement on an F&D basis is calculated by dividing PDP, proved or proved plus probable reserves additions, as the case may be, before production by the total annual production in the applicable period. Reserves replacement on an FD&A basis is calculated in the same manner as F&D reserves replacement, but include the effects of acquisitions and dispositions. Reserves replacement may be used as a measure of the Corporation's sustainability and its ability to replace its PDP, proved or proved plus probable reserves, as the case may be.
- Reserves life index is calculated by dividing PDP, proved or proved plus probable reserves, as the case may be, estimated by Birchcliff's independent qualified reserves evaluator at December 31, 2023, by 75,500 boe/d (which represents the mid-point of Birchcliff's annual average production guidance range for 2024). Reserves life index may be used as a measure of the Corporation's sustainability.
- For information regarding operating netback, operating netback recycle ratio, net asset value and net asset value per common share and how such metrics are 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 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. 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.

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: Birchcliff's belief that there is significant intrinsic shareholder value embedded in Birchcliff's asset base that is not reflected in its current share price, as demonstrated by its PDP reserves net asset value per common share of \$8.22 and \$18.38 and \$23.60 per share for its proved and proved plus probable reserves, respectively; that Birchcliff's Elsworth asset provides Birchcliff with significant inventory and a large potential future development area; that the unutilized credit capacity under the Credit Facilities provides the Corporation with significant financial flexibility and additional capital resources; and Birchcliff's 2024 guidance for production and F&D capital expenditures;
- the information set forth under the heading "*Operational Update*" and elsewhere in this press release regarding Birchcliff's 2024 outlook and capital program and its exploration, production and development activities and the timing thereof, including: that Birchcliff's 2024 capital program utilizes its latest wellbore and completions design and targets high rate-of-return wells with strong capital efficiencies and attractive paybacks; that Birchcliff's 2024 capital budget reflects its commitment to maintaining a strong balance sheet and capital discipline, while focusing on sustainable shareholder returns and the continued development of its world-class asset base; that the previously announced deferral of 13 wells to the second half of the year provides Birchcliff with the flexibility to adjust its 2024 capital program if necessary to achieve these priorities and that these wells are expected to come on production in Q4 2024, aligned with the anticipated improvement in commodity prices; that Birchcliff expects to bring 29 wells on production in 2024; targeted product types; and the expected timing for wells to be drilled, completed and brought on production;
- statements regarding dividends, including that the cash dividend of \$0.10 per common share for the quarter ending March 31, 2024 equates to an annual base dividend of \$0.40 per common share for 2024 (approximately \$107 million in aggregate);
- the information set forth under the heading "*2023 Year-End Reserves*" and elsewhere in this press release relating to the Corporation's reserves, including: estimates of reserves; estimates of the net present values of future net revenue associated with Birchcliff's reserves; forecasts of prices, inflation and exchange rates; FDC; and reserves life index;
- 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 filing its annual information form and audited financial statements and related management's discussion and analysis for the year ended December 31, 2023 on March 13, 2024.

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 estimated and that the reserves can profitably be produced in the future. See *“Presentation of Oil and Gas Reserves”*.

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 production guidance for 2024, such guidance assumes that: the Corporation’s 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.
- With respect to Birchcliff’s forecast of F&D capital expenditures for 2024, such forecast assumes that the 2024 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.
- 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.
- With respect to estimates of reserves volumes and the net present values of future net revenue associated with Birchcliff’s reserves, the key assumption is the validity of the data used by Deloitte in the Deloitte Report.

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; 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; 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-oriented 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 TSX under the symbol "BIR".

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