BIRCHCLIFF ENERGY LTD. ANNOUNCES Q3 2025 RESULTS, INCREASED 2025 PRODUCTION GUIDANCE AND PRELIMINARY 2026 BUDGET AND DECLARES Q4 2025 DIVIDEND

Calgary, Alberta (November 12, 2025) – Birchcliff Energy Ltd. ("**Birchcliff**" or the "**Corporation**") (TSX: BIR) is pleased to announce its Q3 2025 financial and operational results, updated 2025 guidance and its preliminary 2026 capital budget and guidance. Birchcliff is also pleased to announce that its board of directors (the "**Board**") has declared a quarterly cash dividend of $0.03 per common share for the quarter ending December 31, 2025.

Chris Carlsen, Birchcliff's President and Chief Executive Officer, commented: "Birchcliff's Q3 2025 results demonstrate the strength and resilience of our business, benefiting from our strong production performance, low-cost structure and natural gas market diversification. In Q3 2025, we delivered average production of 80,406 boe/d, exceeding our internal expectations, and generated adjusted funds flow(1) of $87.1 million and free funds flow(1) of $15.6 million.

As a result of our asset outperformance and strong operational execution in 2025, we are increasing our 2025 full-year production guidance to 79,000 to 80,000 boe/d (previously 76,000 to 79,000 boe/d), with our Q4 2025 production expected to average approximately 81,500 boe/d. Birchcliff expects to generate significant free funds flow in Q4 2025, which will be primarily used to reduce total debt(2) by approximately 14% from year end 2024.(3)

We continue to drive our costs lower through strong operational performance and execution, which is expected to result in a ~10% reduction in our average well cost(4) year-over-year. Our 2025 capital program is progressing ahead of schedule and the efficiencies and cost savings achieved by Birchcliff in 2025 have enabled us to drill three additional wells, which will be brought on production in Q4 2025, and advance other activities in preparation for our 2026 capital program, all within our 2025 capital expenditures guidance.

Looking forward, our capital allocation priorities are unchanged – profitable production growth by fully utilizing our existing infrastructure, strengthening our balance sheet and paying a sustainable dividend. Our 2026 capital program will be designed with flexibility, giving us the ability to adjust as required throughout the year in response to changes in commodity prices. We are currently targeting a capital budget of $325 million to $375 million for 2026, which includes investing $300 million to $350 million in Pouce Coupe and Gordondale and $25 million in Elmworth. This capital budget is expected to deliver annual average production of 81,000 to 84,000 boe/d in 2026 and, at the higher end of capital spending, would allow us to fully utilize our existing infrastructure and achieve production of ~87,500 boe/d in Q4 2026, approximately one year ahead of our current five-year plan.

We look forward to providing the details of our formal 2026 capital budget and updated five-year outlook on January 20, 2026. We thank our employees, board of directors and shareholders for their ongoing support."

Q3 2025 FINANCIAL AND OPERATIONAL HIGHLIGHTS

- Delivered average production of 80,406 boe/d (82% natural gas, 9% NGLs, 7% condensate and 2% light oil) in Q3 2025, a 7% increase from Q3 2024.
- Generated adjusted funds flow of $87.1 million in Q3 2025, or $0.32 per basic common share,(5) a 93% and 88% increase, respectively, from Q3 2024, primarily driven by higher natural gas production and a stronger average realized natural gas sales price as compared to Q3 2024. Cash flow from operating activities was $78.5 million in Q3 2025, a 19% increase from Q3 2024.

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

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

(3) Based on the mid-point of Birchcliff's updated total debt guidance range at year end 2025 of $455 million to $465 million and as compared to Birchcliff's total debt at December 31, 2024 of $535.6 million.

(4) On a drill, case, complete, equip and tie-in ("**DCCET**") basis.

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

- Generated free funds flow of $15.6 million in Q3 2025.
- Birchcliff continued to benefit from its natural gas market diversification in the quarter, with approximately 75% of its natural gas production in Q3 2025 realizing higher U.S. pricing at the Dawn and NYMEX HH markets compared to AECO. This market diversification contributed to an effective average realized natural gas sales price(5) of $3.36/Mcf in Q3 2025, which represents a 387% premium to the average benchmark AECO 5A price in the quarter, adjusted for Birchcliff's heat premium.
- Achieved an operating expense of $2.71/boe in Q3 2025, a 3% decrease from Q3 2024 and the lowest in company history.
- Realized an operating netback(5) of $11.15/boe in Q3 2025, a 34% increase from Q3 2024.
- Birchcliff drilled 9 (9.0 net) wells and brought 6 (6.0 net) wells on production in Q3 2025, with F&D capital expenditures totalling $71.5 million in the quarter.

Birchcliff's unaudited interim condensed financial statements for the three and nine months ended September 30, 2025 and related management's discussion and analysis will be available on its website at www.birchcliffenergy.com and on SEDAR+ at www.sedarplus.ca and Birchcliff's updated corporate presentation will be available on its website at www.birchcliffenergy.com.

*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, production volumes have been disclosed on a "gross" basis, as such term is defined in National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities ("**NI 51-101**"). For further information regarding the disclosure of Birchcliff's production contained herein, see "Advisories – Production". In addition, this press release uses various "non-GAAP financial measures", "non-GAAP ratios" and "capital management measures" as such terms are defined in National Instrument 52-112 – Non-GAAP and Other Financial Measures Disclosure ("**NI 52-112**"). Non-GAAP financial measures and non-GAAP ratios are not standardized financial measures under GAAP and might not be comparable to similar financial measures disclosed by other issuers. For further information regarding the non-GAAP and other financial measures used in this press release, see "Non-GAAP and Other Financial Measures".*

Q3 2025 UNAUDITED FINANCIAL AND OPERATIONAL SUMMARY

	Three months ended September 30,		Nine months ended September 30,	
	2025	**2024**	**2025**	**2024**
OPERATING				
Average production				
Light oil *(bbls/d)*	1,468	2,129	1,610	2,025
Condensate *(bbls/d)*	5,990	4,161	5,229	4,464
NGLs *(bbls/d)*	6,933	6,541	7,150	6,856
Natural gas *(Mcf/d)*	396,088	375,428	390,633	378,237
Total *(boe/d)*	**80,406**	**75,403**	**79,094**	**76,384**
Average realized sales prices *(CDN$)*				
Light oil *(per bbl)*	86.56	98.47	88.68	100.14
Condensate *(per bbl)*	84.91	95.66	88.93	100.92
NGLs *(per bbl)*	19.86	25.02	22.99	26.44
Natural gas *(per Mcf)*	2.15	1.50	2.86	1.97
Total *(per boe)*	**20.23**	**17.71**	**23.86**	**20.69**
NETBACK AND COST *($/boe)*				
Petroleum and natural gas revenue	20.23	17.71	23.86	20.69
Royalty expense	(0.53)	(1.34)	(1.19)	(1.46)
Operating expense	(2.71)	(2.78)	(2.87)	(3.35)
Transportation and other expense[1]	(5.84)	(5.24)	(5.69)	(5.23)
Operating netback[1]	**11.15**	**8.35**	**14.11**	**10.65**
G&A expense, net	(1.12)	(1.25)	(1.27)	(1.26)
Interest expense	(1.14)	(1.43)	(1.23)	(1.28)
Lease interest expense	(0.30)	(0.32)	(0.31)	(0.11)
Realized gain (loss) on financial instruments	3.18	1.17	2.87	(0.13)
Other cash income	-	-	-	0.01
Adjusted funds flow[1]	**11.77**	**6.52**	**14.17**	**7.88**
Depletion and depreciation expense	(9.09)	(9.11)	(8.98)	(8.73)
Unrealized gain (loss) on financial instruments	(4.68)	1.14	(2.55)	2.68
Other expenses[2]	(0.39)	(0.41)	(0.42)	(0.44)
Deferred income tax (expense) recovery	0.48	0.35	(0.47)	(0.39)
Net income (loss) to common shareholders	**(1.91)**	**(1.51)**	**1.75**	**1.00**
FINANCIAL				
Petroleum and natural gas revenue *($000s)*	149,628	122,835	515,334	433,115
Cash flow from operating activities *($000s)*	78,506	65,943	314,220	158,069
Adjusted funds flow *($000s)*[3]	87,101	45,211	306,029	164,956
Per basic common share *($)*[1]	0.32	0.17	1.12	0.61
Free funds flow *($000s)*[3]	15,606	(18,409)	49,452	(49,818)
Per basic common share *($)*[1]	0.06	(0.07)	0.18	(0.19)
Net income (loss) to common shareholders *($000s)*	(14,125)	(10,461)	37,707	20,884
Per basic common share *($)*	(0.05)	(0.04)	$0.14	0.08
End of period basic common shares *(000s)*	273,133	269,569	273,133	269,569
Weighted average basic common shares *(000s)*	273,095	269,342	272,357	268,711
Dividends on common shares *($000s)*	8,194	26,943	24,523	80,707
F&D capital expenditures *($000s)*[4]	71,495	63,620	256,577	214,774
Total capital expenditures *($000s)*[3]	71,893	63,886	258,081	216,072
Revolving term credit facilities *($000s)*	522,712	489,413	522,712	489,413
Total debt *($000s)*[5]	519,467	513,553	519,467	513,553

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

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

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

(4) See *"Advisories – F&D Capital Expenditures"*.

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

Q3 2025 FINANCIAL AND OPERATIONAL RESULTS

Production

- Birchcliff's production averaged 80,406 boe/d in Q3 2025, a 7% increase from Q3 2024. The increase was primarily due to the outperformance of the Corporation's existing base production and incremental production from new Montney/Doig wells brought on production since Q3 2024, partially offset by natural production declines.
- Liquids accounted for 18% of Birchcliff's total production in Q3 2025 as compared to 17% in Q3 2024. The increase was primarily due to Birchcliff specifically targeting condensate-rich natural gas wells in Pouce Coupe and Gordondale, which resulted in a 44% increase in condensate production in Q3 2025 as compared to Q3 2024, partially offset by a 31% decrease in light oil production, primarily resulting from natural production declines from a 4-well light oil pad that was brought on production in Gordondale in the second quarter of 2024.

Adjusted Funds Flow and Cash Flow From Operating Activities

- Birchcliff's adjusted funds flow was $87.1 million in Q3 2025, or $0.32 per basic common share, a 93% and 88% increase, respectively, from Q3 2024.
- Birchcliff's cash flow from operating activities was $78.5 million in Q3 2025, a 19% increase from Q3 2024.
- The increases were primarily due to higher natural gas revenue, which largely resulted from higher natural gas production and a 43% increase in the average realized sales price Birchcliff received for such production in Q3 2025 as compared to Q3 2024.
- Adjusted funds flow and cash flow from operating activities were also positively impacted by a realized gain on the Corporation's financial NYMEX HH/AECO 7A basis swap contracts of $23.5 million in Q3 2025 as compared to $8.1 million in Q3 2024. Cash flow from operating activities was also impacted by changes in non-cash operating working capital and decommissioning expenditures.

Net Loss to Common Shareholders

- Birchcliff reported a net loss to common shareholders of $14.1 million in Q3 2025, or $0.05 per basic common share, as compared to $10.5 million and $0.04 per basic common share in Q3 2024.
- The increase in net loss was primarily due to an unrealized loss on the Corporation's financial NYMEX HH/AECO 7A basis swap contracts of $34.6 million in Q3 2025 as compared to an unrealized gain of $7.9 million in Q3 2024, partially offset by higher adjusted funds flow.

Capital Activities and Investment

- Birchcliff drilled 9 (9.0 net) wells and brought 6 (6.0 net) wells on production in Q3 2025, with F&D capital expenditures totalling $71.5 million in the quarter.

Debt and Credit Facilities

- Total debt at September 30, 2025 was $519.5 million, a 1% increase from September 30, 2024 and a 3% decrease from December 31, 2024.
- At September 30, 2025, Birchcliff had a balance outstanding under its extendible revolving credit facilities (the "**Credit Facilities**") of $527.3 million (September 30, 2024: $493.7 million) from available Credit Facilities of $850.0 million (September 30, 2024: $850.0 million), leaving the Corporation with $322.7 million (38%) of unutilized credit capacity after adjusting for outstanding letters of credit and unamortized deferred financing fees.

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 NYMEX HH/AECO 7A basis swap contracts outstanding that provide it with exposure to NYMEX HH pricing.
- Birchcliff continued to benefit from its natural gas market diversification in the quarter, with approximately 75% of its natural gas production in Q3 2025 realizing higher U.S. pricing at the Dawn and NYMEX HH markets compared to AECO. This market diversification contributed to an effective average realized natural gas sales price of $3.36/Mcf in Q3 2025, which represents a 387% premium to the average benchmark AECO 5A price in the quarter, adjusted for Birchcliff's heat premium.
- AECO benchmark natural gas prices in Q3 2025 remained challenged and were negatively impacted by maintenance on the Alberta NGTL pipeline system, which reduced egress and curtailed natural gas deliveries, further exacerbating natural gas storage levels in Alberta. Additionally, Train 1 of LNG Canada experienced startup challenges, leading to a slower-than-expected initial production ramp-up, which resulted in natural gas oversupply and depressed AECO prices in Alberta.
- The following table sets forth Birchcliff's effective sales, production and average realized sales price for its natural gas and liquids for Q3 2025, after taking into account the Corporation's financial instruments:

Three months ended September 30, 2025						
	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)]	7,944	4	99,702 Mcf	25	21	0.87/Mcf
Dawn[(3)]	59,494	31	161,017 Mcf	41	33	4.02/Mcf
NYMEX HH[(1)(4)]	55,007	28	135,369 Mcf	34	28	4.42/Mcf
Total natural gas[(1)]	**122,445**	**63**	**396,088 Mcf**	**100**	**82**	**3.36/Mcf**
Light oil	11,691	6	1,468 bbls		2	86.56/bbl
Condensate	46,793	24	5,990 bbls		7	84.91/bbl
NGLs	12,667	7	6,933 bbls		9	19.86/bbl
Total liquids	**71,151**	**37**	**14,391 bbls**		**18**	**53.74/bbl**
Total corporate[(1)]	**193,596**	**100**	**80,406 boe**		**100**	**26.17/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) Birchcliff has short-term physical sales agreements with third-party marketers to sell and deliver into the Alliance pipeline system. All of Birchcliff's short-term physical Alliance sales and production during Q3 2025 received AECO adjusted pricing and have therefore been included as effective sales and production in the AECO market.

(3) 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.

(4) NYMEX HH effective sales and production include financial NYMEX HH/AECO 7A basis swap contracts for an aggregate of 147,500 MMBtu/d at an average contract price of NYMEX HH less US$1.088/MMBtu during Q3 2025.

Birchcliff's effective average realized sales price for NYMEX HH of CDN$4.42/Mcf (US$2.93/MMBtu) was determined on a gross basis before giving effect to the average NYMEX HH/AECO 7A fixed contract basis differential price of CDN$1.64/Mcf (US$1.088/MMBtu) and includes any realized gains and losses on financial NYMEX HH/AECO 7A basis swap contracts during Q3 2025.

After giving effect to the NYMEX HH/AECO 7A fixed contract basis differential price and including any realized gains and losses on financial NYMEX HH/AECO 7A basis swap contracts during Q3 2025, Birchcliff's effective average realized net sales price for NYMEX HH was CDN$2.78/Mcf (US$1.84/MMBtu) in Q3 2025.

- 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 September 30, 2025							
Natural gas market	**Natural gas sales** *(CDN$000s)*	**Percentage of natural gas sales** *(%)*	**Natural gas production** *(Mcf/d)*	**Percentage of natural gas production** *(%)*	**Average realized natural gas sales price** *(CDN$/Mcf)*	**Natural gas transportation costs[1]** *(CDN$/Mcf)*	**Natural gas sales netback[2]** *(CDN$/Mcf)*
AECO	18,386	23	223,232	56	0.91	0.46	0.44
Dawn	59,494	76	161,017	41	4.02	1.54	2.48
Alliance[3]	591	1	11,839	3	0.54	-	0.54
Total	**78,471**	**100**	**396,088**	**100**	**2.15**	**0.89**	**1.27**
Three months ended September 30, 2024							
Natural gas market	**Natural gas sales** *(CDN$000s)*	**Percentage of natural gas sales** *(%)*	**Natural gas production** *(Mcf/d)*	**Percentage of natural gas production** *(%)*	**Average realized natural gas sales price** *(CDN$/Mcf)*	**Natural gas transportation costs[1]** *(CDN$/Mcf)*	**Natural gas sales netback[2]** *(CDN$/Mcf)*
AECO	14,835	28	202,070	54	0.81	0.40	0.41
Dawn	36,103	70	161,045	43	2.44	1.46	0.98
Alliance[3]	915	2	12,313	3	0.81	-	0.81
Total	**51,853**	**100**	**375,428**	**100**	**1.50**	**0.85**	**0.65**

(1) Reflects costs to transport natural gas from the field receipt point to the delivery sales trading hub.

(2) Natural gas sales netback denotes the average realized natural gas sales price less natural gas transportation costs.

(3) Birchcliff has short-term physical sales agreements with third-party marketers to sell and deliver into the Alliance pipeline system. Alliance sales are indexed to the AECO 5A benchmark index price and are recorded net of transportation tolls.

2025 GUIDANCE

- Birchcliff is increasing its 2025 annual average production guidance to 79,000 to 80,000 boe/d as a result of its asset outperformance and strong operational execution, which have been driven by strong base production and new well performance, shorter cycle times for the drilling and completions of new wells, the timing of production additions and lower than forecasted downtime.

- Birchcliff's Q4 2025 production is expected to average approximately 81,500 boe/d.

- Birchcliff's 2025 capital program is progressing ahead of schedule and the Corporation is tightening its 2025 F&D capital expenditures guidance range to $290 million to $300 million to reflect actual spending and cost savings achieved year-to-date and the anticipated costs for activities to be completed prior to year end. The efficiencies and cost savings achieved by Birchcliff in 2025 have enabled it to drill three additional wells, which will be brought on production in Q4 2025, and advance other activities in preparation for its 2026 capital program, all within its 2025 capital expenditures guidance. See *"Operational Update".*

- The Corporation has reduced its average commodity price forecast for 2025 to reflect actual prices year-to-date and lower forecast prices for the remainder of the year. As a result, the Corporation is lowering its guidance for adjusted funds flow, which is expected to result in lower free funds flow and higher total debt at year-end 2025 than previously forecast. Birchcliff now expects to exit 2025 with total debt of $455 million to $465 million, which represents a reduction of approximately 14% from its total debt at year end 2024 of $535.6 million.

- The Corporation is also reducing its royalty expense guidance for 2025 to reflect actual prices year-to-date and lower forecast AECO and benchmark oil prices for the remainder of the year.

- The following tables set forth Birchcliff's updated and previous guidance and commodity price assumptions for 2025, as well as its free funds flow sensitivity:

	Updated 2025 guidance and assumptions – November 12, 2025[(1)]	**Previous 2025 guidance and assumptions – August 13, 2025**
Production		
Annual average production *(boe/d)*	79,000 – 80,000	76,000 – 79,000
% Light oil	3%	3%
% Condensate	6%	6%
% NGLs	9%	9%
% Natural gas	82%	82%
Average Expenses *($/boe)*		
Royalty	$1.10 – $1.30	$1.45 – $1.65
Operating	$2.90 – $3.10	$2.90 – $3.10
Transportation and other[(2)]	$5.55 – $5.75	$5.55 – $5.75
Adjusted Funds Flow *(millions)*[(3)]	$415	$445
F&D Capital Expenditures *(millions)*	$290 – $300	$260 – $300
Free Funds Flow *(millions)*[(3)]	$115 – $125	$145 – $185
Total Debt at Year End *(millions)*[(4)]	$455 – $465	$395 – $435
Natural Gas Market Exposure		
AECO exposure as a % of total natural gas production	23%	23%
Dawn exposure as a % of total natural gas production	41%	41%
NYMEX HH exposure as a % of total natural gas production	35%	35%
Alliance exposure as a % of total natural gas production	1%	1%
Commodity Prices		
Average WTI price *(US$/bbl)*	$65.15[(5)]	$66.00
Average WTI-MSW differential *(CDN$/bbl)*	$5.00[(5)]	$4.95
Average AECO price *(CDN$/GJ)*	$1.70[(5)]	$2.00
Average Dawn price *(US$/MMBtu)*	$3.20[(5)]	$3.35
Average NYMEX HH price *(US$/MMBtu)*	$3.40[(5)]	$3.65
Exchange rate *(CDN$ to US$1)*	1.40[(5)]	1.39

Forward two months' free funds flow sensitivity[(5)(6)]	**Estimated change to 2025 free funds flow** *(millions)*
Change in WTI US$1.00/bbl	$0.6
Change in NYMEX HH US$0.10/MMBtu	$0.6
Change in Dawn US$0.10/MMBtu	$1.4
Change in AECO CDN$0.10/GJ	$0.7
Change in CDN/US exchange rate CDN$0.01	$0.8

(1) Birchcliff's guidance for its production commodity mix, adjusted funds flow, free funds flow, total debt and natural gas market exposure in 2025 is based on an annual average production rate of 79,500 boe/d in 2025, which is the mid-point of Birchcliff's updated annual average production guidance range for 2025. Changes in assumed commodity prices and variances in production forecasts can have an impact on the Corporation's forecasts of adjusted funds flow and free funds flow and the Corporation's other guidance, which impact could be material. In addition, any acquisitions or dispositions completed over the course of 2025 could have an impact on Birchcliff's 2025 guidance and assumptions set forth herein, which impact could be material. For further information regarding the risks and assumptions relating to the Corporation's guidance, see *"Advisories – Forward-Looking Statements"*.

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

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

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

(5) Birchcliff's updated commodity price and exchange rate assumptions and free funds flow sensitivity for 2025 are based on anticipated full-year averages using the Corporation's anticipated forward benchmark commodity prices and the CDN/US exchange rate as of November 5, 2025, which include settled benchmark commodity prices and the CDN/US exchange rate for the period from January 1, 2025 to October 31, 2025.

(6) Illustrates the expected impact of changes in commodity prices and the CDN/US exchange rate on the Corporation's updated forecast of free funds flow for 2025, holding all other variables constant. The sensitivity is based on the updated commodity price and exchange rate assumptions set forth in the table above. The calculated impact on free funds flow is only applicable within the limited range of change indicated. Calculations are performed independently and may not be indicative of actual results. Actual results may vary materially when multiple variables change at the same time and/or when the magnitude of the change increases.

2026 PRELIMINARY CAPITAL BUDGET

- Birchcliff's 2026 capital program will be designed with flexibility, giving it the ability to adjust as required throughout the year in response to changes in commodity prices. Based on its preliminary budgeting process for 2026, Birchcliff is currently targeting an F&D capital budget of $325 million to $375 million for 2026, which is expected to deliver annual average production of 81,000 to 84,000 boe/d and represents production growth of approximately 2% to 6% as compared to 2025.(6)
- At the higher end of capital spending, Birchcliff's preliminary 2026 capital budget is designed to fully utilize the Corporation's existing infrastructure in Pouce Coupe and Gordondale and achieve production of ~87,500 boe/d in Q4 2026, approximately one year ahead of the Corporation's five-year plan announced on January 22, 2025. This represents production growth of approximately 7% as compared to Birchcliff's forecast production of 81,500 boe/d in Q4 2025.
- Birchcliff's preliminary capital budget of $325 million to $375 million is anticipated to be allocated as follows:
  - Pouce Coupe/Gordondale: ~$300 million to $350 million
    - The Corporation is currently planning to bring 30 to 37 wells on production in 2026, subject to commodity prices.
    - In addition, capital is anticipated to be allocated towards a planned turnaround at the Corporation's Pouce Coupe gas plant.
  - Elmworth: ~$25 million
    - Birchcliff will continue advancing the development of its Elmworth asset and the formal planning for the first phase of its proposed 100% owned and operated natural gas processing plant in the area. Preliminary front-end engineering has been completed and the first phase of the plant is expected to have a processing capacity of between 80 and 100 MMcf/d, with optionality to expand capacity through additional phases in the future.
    - Birchcliff is currently targeting a final investment decision for the first phase of its Elmworth plant in late 2026 or early 2027, subject to commodity prices and other factors.
- Notwithstanding the extremely weak AECO prices that were experienced in Q3 2025, Birchcliff's outlook for natural gas prices remains strong, as it expects the addition of Train 2 of LNG Canada, further U.S. LNG projects and gas-fired power for data centres to drive the demand for natural gas in 2026 and beyond, providing for robust natural gas prices.
- Birchcliff continues to evolve its plans for 2026 and expects to announce the details of its formal 2026 capital budget and guidance and updated five-year outlook for 2026 to 2030 on January 20, 2026.

OPERATIONAL UPDATE

- Through disciplined execution and an unrelenting focus on efficiency, Birchcliff expects to reduce its average well cost(7) by approximately 10% year-over-year, from ~$7.6 million per well in 2024 to ~$6.9 million per well in 2025. These savings reflect Birchcliff's optimized drilling plans and streamlined completions, as well as cost reductions and increased efficiencies realized across the value chain.
- The efficiencies and cost savings achieved have enabled Birchcliff to drill three additional wells, which will be brought on production in Q4 2025, as well as drill four additional wells and advance other activities in preparation for its 2026 capital program. These activities and investments will position Birchcliff to fully utilize its existing infrastructure in Q4 2026, maintain operational momentum into 2026 and maximize production during the winter months when natural gas prices are typically stronger.
- By the end of November 2025, Birchcliff will have brought 29 wells on production from five pads (four in Pouce Coupe and one in Gordondale) during the year, compared to its original plan of 26 wells.

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(6) Based on 79,500 boe/d, which is the mid-point of the Corporation's updated annual average production guidance range for 2025.

(7) On a DCCET basis.

Pouce Coupe

- Year-to-date, Birchcliff has brought four pads (22 wells) on production in Pouce Coupe through its permanent facilities.
- Birchcliff completed the drilling of its 6-well 07-10 pad in July 2025 and the wells were turned over to production though the Corporation's permanent facilities in September 2025. This pad targeted high-rate natural gas wells in the Lower Montney.
- The Corporation recently completed the drilling of 7 (7.0 net) wells in Pouce Coupe and expects to complete the drilling of 1 (1.0 net) well later in Q4 2025 in order to help prepare for the Corporation's 2026 capital program. These wells are expected to be brought on production in Q1 2026.

Gordondale

- Year-to-date, Birchcliff has brought 4 wells on production in Gordondale at its 02-27 pad through its permanent facilities.
- Birchcliff completed the drilling of the three additional wells on the same 02-27 pad in August 2025 and the wells are expected to be turned over to production through the Corporation's permanent facilities by the end of November 2025. This pad is targeting condensate-rich natural gas in the Lower Montney.

DECLARATION OF Q4 2025 QUARTERLY DIVIDEND

- The Board has declared a quarterly cash dividend of $0.03 per common share for the quarter ending December 31, 2025.
- The dividend will be payable on December 31, 2025 to shareholders of record at the close of business on December 15, 2025. The dividend has been designated as an eligible dividend for the purposes of the *Income Tax Act* (Canada).

ABBREVIATIONS

~	approximately
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
condensate	pentanes plus (C5+)
F&D	finding and development
G&A	general and administrative
GAAP	generally accepted accounting principles for Canadian public companies, which are currently IFRS Accounting Standards
GJ	gigajoule
GJ/d	gigajoules per day
HH	Henry Hub
IFRS	International Financial Reporting Standards as issued by the International Accounting Standards Board
LNG	liquefied natural gas
Mcf	thousand cubic feet
Mcf/d	thousand cubic feet per day
MMBtu	million British thermal units
MMBtu/d	million British thermal units per day
MMcf/d	million cubic feet per day
MSW	price for mixed sweet crude oil at Edmonton, Alberta
NGLs	natural gas liquids consisting of ethane (C2), propane (C3) and butane (C4) and specifically excluding condensate
NGTL	NOVA Gas Transmission Ltd.
NYMEX	New York Mercantile Exchange
OPEC	Organization of the Petroleum Exporting Countries
Q	quarter
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 executives under the Corporation's post-employment benefit plan, which are not indicative of the current period. 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 value and 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 September 30		Nine months ended September 30		Twelve months ended December 31
($000s)	**2025**	**2024**	**2025**	**2024**	**2024**
Cash flow from operating activities	**78,506**	**65,943**	**314,220**	**158,069**	**203,710**
Change in non-cash operating working capital	7,441	(21,424)	(10,311)	(8,009)	17,269
Decommissioning expenditures	1,154	692	2,120	1,045	1,964
Retirement benefit payments	-	-	-	13,851	13,851
Adjusted funds flow	**87,101**	**45,211**	**306,029**	**164,956**	**236,794**
F&D capital expenditures	(71,495)	(63,620)	(256,577)	(214,774)	(273,084)
Free funds flow	**15,606**	**(18,409)**	**49,452**	**(49,818)**	**(36,290)**

Birchcliff has disclosed in this press release forecasts of adjusted funds flow and free funds flow for 2025, which are forward-looking non-GAAP financial measures. See *"2025 Guidance"*. The equivalent historical non-GAAP financial measures are adjusted funds flow and free funds flow for the twelve months ended December 31, 2024. Birchcliff anticipates the forward-looking non-GAAP financial measures for adjusted funds flow and free funds flow disclosed herein will be higher than their respective historical amounts, primarily due to higher forecast production and higher anticipated benchmark natural gas prices in 2025 as compared to 2024. The commodity price assumptions on which the Corporation's guidance is based are set forth under the heading *"2025 Guidance"*.

Transportation and Other Expense

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

	Three months ended September 30		Nine months ended September 30		Twelve months ended December 31
($000s)	**2025**	**2024**	**2025**	**2024**	**2024**
Transportation expense	**40,567**	**36,259**	**118,196**	**112,812**	**149,534**
Marketing purchases	3,116	14,530	22,684	36,591	51,496
Marketing revenue	(519)	(14,472)	(17,955)	(39,986)	(54,069)
Transportation and other expense	**43,164**	**36,317**	**122,925**	**109,417**	**146,961**

Operating Netback

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

	Three months ended September 30		Nine months ended September 30	
($000s)	**2025**	**2024**	**2025**	**2024**
P&NG revenue	149,628	122,835	515,334	433,115
Royalty expense	(3,934)	(9,284)	(25,741)	(30,575)
Operating expense	(20,018)	(19,283)	(61,897)	(70,132)
Transportation and other expense	(43,164)	(36,317)	(122,925)	(109,417)
Operating netback	**82,512**	**57,951**	**304,771**	**222,991**

Total Capital Expenditures

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

	Three months ended September 30		Nine months ended September 30	
($000s)	**2025**	**2024**	**2025**	**2024**
Exploration and development expenditures[1]	**71,495**	**63,620**	**256,577**	**214,774**
Acquisitions	250	93	250	93
Dispositions	-	(49)	-	(158)
FD&A capital expenditures	**71,745**	**63,664**	**256,827**	**214,709**
Administrative assets	148	222	1,254	1,363
Total capital expenditures	**71,893**	**63,886**	**258,081**	**216,072**

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

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

Birchcliff defines "effective sales" in the AECO market and NYMEX HH market as the sales amount received from the production of natural gas that is effectively attributed to the AECO and NYMEX HH market pricing, respectively, and does not consider the physical sales delivery point in each case. Effective sales in the NYMEX HH market includes realized gains and losses on financial instruments and excludes the notional fixed basis costs associated with the underlying financial contract in the period. Birchcliff defines "effective total natural gas sales" as the aggregate of the effective sales amount received in each natural gas market. Birchcliff defines "effective total corporate sales" as the aggregate of the effective total natural gas sales and the sales amount received from the production of light oil, condensate and NGLs. Management believes that disclosing 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:

Three months ended *($000s)*	**September 30, 2025**	**September 30, 2024**
Natural gas sales	**78,471**	**51,853**
Realized gain on financial instruments	23,503	8,112
Notional fixed basis costs[1]	20,471	20,711
Effective total natural gas sales	**122,445**	**80,676**
Light oil sales	11,691	19,289
Condensate sales	46,793	36,625
NGLs sales	12,667	15,055
Effective total corporate sales	**193,596**	**151,645**

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

Non-GAAP Ratios

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

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

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

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

Free Funds Flow Per Basic Common Share

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

Transportation and Other Expense Per Boe

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

Operating Netback Per Boe

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

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

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

Capital Management Measures

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

Total Debt

Birchcliff calculates "total debt" at the end of the period as the amount outstanding under the Corporation's Credit Facilities plus working capital deficit (less working capital surplus) plus the fair value of the current asset portion of financial instruments less the current portion of other liabilities discounted to the end of the period. The current portion of other liabilities has been excluded from total debt as these amounts have not been incurred and reflect future commitments in the normal course of operations. 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 Corporation's Credit Facilities, as determined in accordance with GAAP, to total debt for the periods indicated:

As at *($000s)*	**September 30, 2025**	**December 31, 2024**	**September 30, 2024**
Revolving term credit facilities	**522,712**	**566,857**	**489,413**
Working capital surplus[(1)]	(21,689)	(88,953)	(847)
Fair value of financial instruments – asset[(2)]	32,604	71,038	38,543
Other liabilities[(2)]	(14,160)	(13,385)	(13,556)
Total debt	**519,467**	**535,557**	**513,553**

(1) Current liabilities less current assets.

(2) Reflects the current portion only.

ADVISORIES

Unaudited Information

All financial and operational information contained in this press release for the three and nine months ended September 30, 2025 and 2024 is unaudited.

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

Production

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

With respect to the disclosure of Birchcliff's production contained in this press release, all production volumes have been disclosed on a "gross" basis as such term is defined in NI 51-101, meaning Birchcliff's working interest (operating or non-operating) share before the deduction of royalties and without including any royalty interests of Birchcliff.

Initial Production Rates

Any references in this press release to initial production rates or other short-term production rates are useful in confirming the presence of hydrocarbons; however, such rates are not determinative of the rates at which such wells will continue to produce and decline thereafter and are not indicative of the long-term performance or the ultimate recovery of such wells. In addition, such rates may also include recovered "load oil" or "load water" fluids used in well completion stimulation. Readers are cautioned not to place undue reliance on such rates in calculating the aggregate production for Birchcliff. Such rates are based on field estimates and may be based on limited data available at this time.

F&D Capital Expenditures

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

Forward-Looking Statements

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

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

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

- Birchcliff's plans and other aspects of its anticipated future financial performance, results, operations, focus, objectives, strategies, opportunities, priorities and goals, including: that Birchcliff continues to drive its costs lower through strong operational performance and execution, which is expected to result in a ~10% reduction in its average well cost year-over-year; that looking forward, Birchcliff's capital allocation priorities are unchanged – profitable production growth by fully utilizing its existing infrastructure, strengthening its balance sheet and paying a sustainable dividend; that Birchcliff continues to evolve its plans for 2026 and expects to announce the details of its formal 2026 capital budget and guidance and updated five-year outlook for 2026 to 2030 on January 20, 2026; and that notwithstanding the extremely weak AECO prices that were experienced in Q3 2025, Birchcliff's outlook for natural gas prices remains strong, as it expects the addition of Train 2 of LNG Canada, further U.S. LNG projects and gas-fired power for data centres to drive the demand for natural gas in 2026 and beyond, providing for robust natural gas prices;
- the information set forth under the heading *"2025 Guidance"* and elsewhere in this press release as it relates to Birchcliff's guidance for 2025, including: forecasts of annual average and Q4 production, production commodity mix, average expenses, adjusted funds flow, F&D capital expenditures, free funds flow, total debt at year end, natural gas market exposure and the expected impact of changes in commodity prices and the CDN/US exchange rate on Birchcliff's forecast of free funds flow; that as a result of its asset outperformance and strong operational execution in 2025, Birchcliff is increasing its 2025 full-year production guidance to 79,000 to 80,000 boe/d, with its Q4 2025 production expected to average approximately 81,500 boe/d; that Birchcliff expects to generate significant free funds flow in Q4 2025, which will be primarily used to reduce total debt by approximately 14% from year end 2024; that the Corporation has reduced its average commodity price forecast for 2025 to reflect actual prices year-to-date and lower forecast prices for the remainder of the year; that as a result, the Corporation is lowering its guidance for adjusted funds flow, which is expected to result in lower free funds flow and higher total debt at year-end 2025 than previously forecast; and that the Corporation is also reducing its royalty expense guidance for 2025

to reflect actual prices year-to-date and lower forecast AECO and benchmark oil prices for the remainder of the year;

- the information set forth under the heading *"2026 Preliminary Capital Budget"* and elsewhere in this press release as it relates to Birchcliff's preliminary 2026 capital budget and guidance, including: forecasts of annual average and Q4 production, production growth, F&D capital expenditures and capital allocation; that Birchcliff's 2026 capital program will be designed with flexibility, giving it the ability to adjust as required throughout the year in response to changes in commodity prices; that Birchcliff is currently targeting an F&D capital budget of $325 million to $375 million for 2026, which includes investing $300 million to $350 million in Pouce Coupe and Gordondale and $25 million in Elmworth; that this capital budget is expected to deliver annual average production of 81,000 to 84,000 boe/d in 2026 and, at the higher end of capital spending, would allow Birchcliff to fully utilize its existing infrastructure in Pouce Coupe and Gordondale and achieve production of ~87,500 boe/d in Q4 2026, approximately one year ahead of its five-year plan announced on January 22, 2025; that the forecast annual average production of 81,000 to 84,000 boe/d represents production growth of approximately 2% to 6% as compared to 2025; that the forecast production of ~87,500 boe/d in Q4 2026 represents production growth of approximately 7% as compared to Birchcliff's forecast production of 81,500 boe/d in Q4 2025; that in Pouce Coupe and Gordondale, Birchcliff is currently planning to bring 30 to 37 wells on production in 2026, subject to commodity prices, and that capital is anticipated to be allocated towards a planned turnaround at the Corporation's Pouce Coupe gas plant; that Birchcliff will continue advancing the development of its Elmworth asset and the formal planning for the first phase of its proposed 100% owned and operated natural gas processing plant in the area; that the first phase of the plant is expected to have a processing capacity of between 80 and 100 MMcf/d, with optionality to expand capacity through additional phases in the future; and that Birchcliff is currently targeting a final investment decision for the first phase of its Elmworth plant in late 2026 or early 2027, subject to commodity prices and other factors;
- the information set forth under the headings *"2025 Guidance"* and *"Operational Update"* and elsewhere in this press release as it relates to Birchcliff's 2025 capital program and its exploration, production and development activities and plans and the timing thereof, including: forecasts of F&D capital expenditures and average well costs; the anticipated number, types and timing of wells and pads to be drilled and brought on production and targeted product types; that Birchcliff's 2025 capital program is progressing ahead of schedule and the efficiencies and cost savings achieved by Birchcliff in 2025 have enabled it to drill three additional wells, which will be brought on production in Q4 2025, as well as drill four additional wells and advance other activities in preparation for its 2026 capital program, all within its 2025 capital expenditures guidance; that these activities and investments will position Birchcliff to fully utilize its existing infrastructure in Q4 2026, maintain operational momentum into 2026 and maximize production during the winter months when natural gas prices are typically stronger; that the Corporation is tightening its 2025 F&D capital expenditures guidance range to $290 million to $300 million to reflect actual spending and cost savings achieved year-to-date and the anticipated costs for activities to be completed prior to year end; that Birchcliff expects to reduce its average well cost by approximately 10% year-over-year, from ~$7.6 million per well in 2024 to ~$6.9 million per well in 2025; that by the end of November 2025, Birchcliff will have brought 29 wells on production from five pads (four in Pouce Coupe and one in Gordondale) during the year; that the 8 (8.0 net) additional wells will help to prepare for the Corporation's 2026 capital program and are expected to be brought on production in Q1 2026; and that the three additional wells on Birchcliff's 02-27 pad are expected to be turned over to production through the Corporation's permanent facilities by the end of November 2025; and
- that Birchcliff anticipates the forward-looking non-GAAP financial measures for adjusted funds flow and free funds flow disclosed herein will be higher than their respective historical amounts, primarily due to higher forecast production and higher anticipated benchmark natural gas prices in 2025 as compared to 2024.

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; tariffs and trade policies; 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 2025 guidance (as updated on November 12, 2025), such guidance is based on the commodity price, exchange rate and other assumptions set forth under the heading *"2025 Guidance"*. In addition:
  - Birchcliff's production guidance assumes that: the 2025 capital program will be carried out as currently contemplated; no unexpected outages occur in the infrastructure that Birchcliff relies on to produce its wells and that any transportation service curtailments or unplanned outages that occur will be short in duration or otherwise insignificant; the construction of new infrastructure meets timing and operational expectations; existing wells continue to meet production expectations; and future wells scheduled to come on production meet timing, production and capital expenditure expectations.
  - Birchcliff's forecast of F&D capital expenditures assumes that the 2025 capital program will be carried out as currently contemplated and excludes any potential acquisitions, dispositions and the capitalized portion of cash incentive payments that have not been approved by the Board. The amount and allocation of capital expenditures for exploration and development activities by area and the number and types of wells to be drilled and brought on production is dependent upon results achieved and is subject to review and modification by management on an ongoing basis throughout the year. Actual spending may vary due to a variety of factors, including commodity prices, economic conditions, results of operations and costs of labour, services and materials.
  - Birchcliff's forecasts of adjusted funds flow and free funds flow assume that: the 2025 capital program will be carried out as currently contemplated and the level of capital spending for 2025 set forth herein is met; and the forecasts of production, production commodity mix, expenses and natural gas market exposure and the commodity price and exchange rate assumptions set forth herein are met. Birchcliff's forecast of adjusted funds flow takes into account its financial basis swap contracts outstanding as at November 5, 2025 and excludes cash incentive payments that have not been approved by the Board.
  - Birchcliff's forecast of year end total debt assumes that: (i) the forecasts of adjusted funds flow and free funds flow are achieved, with the level of capital spending for 2025 met and the payment of an annual base dividend of approximately $33 million; (ii) any free funds flow remaining after the payment of dividends, asset retirement obligations and other amounts for administrative assets, financing fees and capital lease obligations is allocated towards debt reduction; and (iii) there are no buybacks of common shares, no equity issuances, no further exercises of stock options and no significant acquisitions or dispositions completed by the Corporation during 2025. The forecast of total debt excludes cash incentive payments that have not been approved by the Board.
  - Birchcliff's forecast of its natural gas market exposure assumes: (i) 175,000 GJ/d being sold on a physical basis at the Dawn price; (ii) 147,500 MMBtu/d being contracted on a financial basis at an average fixed basis differential price between AECO 7A and NYMEX HH of US$1.088/MMBtu; and (iii) 1,200 GJ/d being sold at Alliance on a physical basis at the AECO 5A price plus a premium. Birchcliff's natural gas market exposure takes into account its financial basis swap contracts outstanding as at November 5, 2025.

- With respect to Birchcliff's preliminary 2026 capital budget and guidance, such budget and guidance are based on the following:
  - Birchcliff's production guidance assumes that: the 2026 capital program will be carried out as currently contemplated; no unexpected outages occur in the infrastructure that Birchcliff relies on to produce its wells and that any transportation service curtailments or unplanned outages that occur will be short in duration or otherwise insignificant; the construction of new infrastructure meets timing and operational expectations; existing wells continue to meet production expectations; and future wells scheduled to come on production meet timing, production and capital expenditure expectations.
  - Birchcliff's forecast of F&D capital expenditures assumes that the 2026 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 regarding future wells to be drilled or brought on production, such statements assume: the continuing validity of the geological and other technical interpretations performed by Birchcliff's technical staff, which indicate that commercially economic volumes can be recovered from Birchcliff's lands as a result of drilling future wells; and that commodity prices and general economic conditions will warrant proceeding with the drilling of such wells.

Birchcliff's actual results, performance or achievements could differ materially from those anticipated in the forward-looking statements as a result of both known and unknown risks and uncertainties including, but not limited to: general economic, market and business conditions which will, among other things, impact the demand for and market prices of Birchcliff's products and Birchcliff's access to capital; volatility of crude oil and natural gas prices; fluctuations in commodity prices and exchange, interest and inflation rates; risks associated with increasing costs, whether due to high inflation rates, supply chain disruptions or other factors; an inability of Birchcliff to generate sufficient cash flow from operations to meet its current and future obligations; 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 risk that weather events such as wildfires, flooding, droughts or extreme hot or cold temperatures forces the Corporation to shut-in production or otherwise adversely affects the Corporation's operations; the occurrence of unexpected events such as fires, explosions, blow-outs, equipment failures, transportation incidents and other similar events; an inability to access sufficient water or other fluids needed for operations; the risks associated with supply chain disruptions; 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; 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 uncertainty of estimates and projections relating to production, revenue, costs and reserves; 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; the risks posed by pandemics, epidemics, geopolitical events and global conflict and their impacts on supply and demand and commodity prices; actions taken by OPEC and other major oil producers and the impact such actions may have on supply and demand and commodity prices; stock market volatility; loss of market demand; changes to the regulatory framework in the locations where the Corporation operates, including changes to tax laws, Crown royalty rates, environmental and climate change laws (including emissions and "greenwashing"), 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; risks associated with tariffs, export taxes, trade policies, export restrictions and trade barriers and trade disputes or wars (including new tariffs or changes to existing international trade arrangements); 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; 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 artificial intelligence; risks associated with the ownership of the Corporation's securities; the accuracy of the Corporation's accounting estimates and judgments; and the risk that any of the Corporation's material assumptions prove to be materially inaccurate (including the Corporation's commodity price and exchange rate assumptions for 2025 and 2026).

Readers are cautioned that the foregoing lists of factors are not exhaustive. Additional information on these and other risk factors that could affect Birchcliff's results of operations, financial performance or financial results are included in the Corporation's annual information form and annual management's discussion and analysis for the financial year ended December 31, 2024 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 an intermediate oil and natural gas company based in Calgary, Alberta with operations focused on the exploration and development of the Montney/Doig Resource Play in Alberta. Birchcliff's common shares are listed for trading on the Toronto Stock Exchange under the symbol "BIR".

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Chris Carlsen – President and Chief Executive Officer

Bruno Geremia – Executive Vice President and Chief Financial Officer

MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL

This Management's Discussion and Analysis ("**MD&A**") for Birchcliff Energy Ltd. ("**Birchcliff**" or the "**Corporation**") dated November 12, 2025 is with respect to the three and nine months ended September 30, 2025 (the "**Reporting Periods**") as compared to the three and nine months ended September 30, 2024 (the "**Comparable Prior Periods**"). This MD&A has been prepared by management and approved by the Corporation's audit committee and board of directors (the "**Board**") and should be read in conjunction with the unaudited interim condensed financial statements and related notes for the Reporting Periods (the "**financial statements**") and the audited annual financial statements of the Corporation and related notes for the year ended December 31, 2024, which have been prepared in accordance with IFRS Accounting Standards. All dollar amounts are expressed in Canadian currency, unless otherwise stated.

This MD&A 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, including reconciliations to the most directly comparable GAAP financial measures where applicable, see *"Non-GAAP and Other Financial Measures"* in this MD&A.

This MD&A contains forward-looking statements and forward-looking information (collectively, "**forward-looking statements**") within the meaning of applicable Canadian securities laws. Such forward-looking statements are based upon certain expectations and assumptions and actual results may differ materially from those expressed or implied by such forward-looking statements. For further information regarding the forward-looking statements contained herein, see *"Advisories – Forward-Looking Statements"* in this MD&A. All boe amounts have been calculated by using the conversion ratio of 6 Mcf of natural gas to 1 bbl of oil. For further information, see *"Advisories – Boe Conversions"* in this MD&A.

With respect to the disclosure of Birchcliff's production contained in this MD&A: (i) references to "light oil" mean "light crude oil and medium crude oil" as such term is defined in National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* ("**NI 51-101**"); (ii) references to "liquids" mean "light crude oil and medium crude oil" and "natural gas liquids" (including condensate) as such terms are defined in NI 51-101; and (iii) references to "natural gas" mean "shale gas", which also includes an immaterial amount of "conventional natural gas", as such terms are defined in NI 51-101. In addition, NI 51-101 includes condensate within the product type of "natural gas liquids". Birchcliff has disclosed condensate separately from other natural gas liquids as the price of condensate as compared to other natural gas liquids is currently significantly higher and Birchcliff believes presenting the two commodities separately provides a more accurate description of its operations and results therefrom. In accordance with Canadian practice, production volumes and revenue are reported on a company gross basis, before the deduction of Crown and other royalties and without including any royalty interests of Birchcliff.

ABOUT BIRCHCLIFF

Birchcliff is an intermediate oil and natural gas company based in Calgary, Alberta with operations focused on the exploration and development of the Montney/Doig Resource Play in Alberta. Birchcliff's common shares are listed for trading on the Toronto Stock Exchange (the "**TSX**") under the symbol "BIR". Additional information relating to the Corporation, including its Annual Information Form for the financial year ended December 31, 2024 (the "**AIF**"), is available on the SEDAR+ website at www.sedarplus.ca and on the Corporation's website at www.birchcliffenergy.com.

Q3 2025 FINANCIAL AND OPERATIONAL HIGHLIGHTS

- Delivered average production of 80,406 boe/d (82% natural gas, 9% NGLs, 7% condensate and 2% light oil) in the three month Reporting Period, a 7% increase from the Comparable Prior Period.
- Generated adjusted funds flow(1) of $87.1 million in the three month Reporting Period, or $0.32 per basic common share,(2) a 93% and 88% increase, respectively, from the Comparable Prior Period, primarily driven by higher natural gas production and a stronger average realized natural gas sales price as compared to the Comparable Prior Period. Cash flow from operating activities was $78.5 million in the three month Reporting Period, a 19% increase from the Comparable Prior Period.
- Generated free funds flow(1) of $15.6 million in the three month Reporting Period.
- Birchcliff continued to benefit from its natural gas market diversification in the quarter, with approximately 75% of its natural gas production in the three month Reporting Period realizing higher U.S. pricing at the Dawn and NYMEX HH markets compared to AECO. This market diversification contributed to an effective average realized natural gas sales price(2) of $3.36/Mcf in the three month Reporting Period, which represents a 387% premium to the average benchmark AECO 5A price in the quarter, adjusted for Birchcliff's heat premium.
- Achieved an operating expense of $2.71/boe in the three month Reporting Period, a 3% decrease from the Comparable Prior Period and the lowest in company history.
- Realized an operating netback(2) of $11.15/boe in the three month Reporting Period, a 34% increase from the Comparable Prior Period.
- Birchcliff drilled 9 (9.0 net) wells and brought 6 (6.0 net) wells on production in the quarter, with F&D capital expenditures totalling $71.5 million in the three month Reporting Period.

2025 GUIDANCE

- Birchcliff is increasing its 2025 annual average production guidance to 79,000 to 80,000 boe/d as a result of its asset outperformance and strong operational execution, which have been driven by strong base production and new well performance, shorter cycle times for the drilling and completions of new wells, the timing of production additions and lower than forecasted downtime.
- Birchcliff's Q4 2025 production is expected to average approximately 81,500 boe/d.
- Birchcliff's 2025 capital program is progressing ahead of schedule and the Corporation is tightening its 2025 F&D capital expenditures guidance range to $290 million to $300 million to reflect actual spending and cost savings achieved year-to-date and the anticipated costs for activities to be completed prior to year end. The efficiencies and cost savings achieved by Birchcliff in 2025 have enabled it to drill three additional wells, which will be brought on production in Q4 2025, and advance other activities in preparation for its 2026 capital program, all within its 2025 capital expenditures guidance.
- The Corporation has reduced its average commodity price forecast for 2025 to reflect actual prices year-to-date and lower forecast prices for the remainder of the year. As a result, the Corporation is lowering its guidance for adjusted funds flow, which is expected to result in lower free funds flow and higher total debt at year-end 2025 than previously forecast. Birchcliff now expects to exit 2025 with total debt(3) of $455 million to $465 million, which represents a reduction of approximately 14% from its total debt at year end 2024 of $535.6 million.(4)
- The Corporation is also reducing its royalty expense guidance for 2025 to reflect actual prices year-to-date and lower forecast AECO and benchmark oil prices for the remainder of the year.

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(1) Non-GAAP financial measure. See "*Non-GAAP and Other Financial Measures*" in this MD&A.

(2) Non-GAAP ratio. See *"Non-GAAP and Other Financial Measures"* in this MD&A.

(3) Capital management measure. See "*Non-GAAP and Other Financial Measures*" in this MD&A.

(4) Based on the mid-point of Birchcliff's updated total debt guidance range at year end 2025 of $455 million to $465 million.

- The following tables set forth Birchcliff's updated and previous guidance and commodity price assumptions for 2025, as well as its free funds flow sensitivity:

	Updated 2025 guidance and assumptions – November 12, 2025[1]	Previous 2025 guidance and assumptions – August 13, 2025
Production		
Annual average production *(boe/d)*	79,000 – 80,000	76,000 – 79,000
% Light oil	3%	3%
% Condensate	6%	6%
% NGLs	9%	9%
% Natural gas	82%	82%
Average Expenses *($/boe)*		
Royalty	\$1.10 – \$1.30	\$1.45 – \$1.65
Operating	\$2.90 – \$3.10	\$2.90 – \$3.10
Transportation and other[2]	\$5.55 – \$5.75	\$5.55 – \$5.75
Adjusted Funds Flow *(millions)*[3]	\$415	\$445
F&D Capital Expenditures *(millions)*	\$290 – \$300	\$260 – \$300
Free Funds Flow *(millions)*[3]	\$115 – \$125	\$145 – \$185
Total Debt at Year End *(millions)*[4]	\$455 – \$465	\$395 – \$435
Natural Gas Market Exposure		
AECO exposure as a % of total natural gas production	23%	23%
Dawn exposure as a % of total natural gas production	41%	41%
NYMEX HH exposure as a % of total natural gas production	35%	35%
Alliance exposure as a % of total natural gas production	1%	1%
Commodity Prices		
Average WTI price *(US$/bbl)*	\$65.15[5]	\$66.00
Average WTI-MSW differential *(CDN$/bbl)*	\$5.00[5]	\$4.95
Average AECO price *(CDN$/GJ)*	\$1.70[5]	\$2.00
Average Dawn price *(US$/MMBtu)*	\$3.20[5]	\$3.35
Average NYMEX HH price *(US$/MMBtu)*	\$3.40[5]	\$3.65
Exchange rate *(CDN$ to US$1)*	1.40[5]	1.39

Forward two months' free funds flow sensitivity[5][6]	Estimated change to 2025 free funds flow *(millions)*
Change in WTI US\$1.00/bbl	\$0.6
Change in NYMEX HH US\$0.10/MMBtu	\$0.6
Change in Dawn US\$0.10/MMBtu	\$1.4
Change in AECO CDN\$0.10/GJ	\$0.7
Change in CDN/US exchange rate CDN\$0.01	\$0.8

(1) Birchcliff's guidance for its production commodity mix, adjusted funds flow, free funds flow, total debt and natural gas market exposure in 2025 is based on an annual average production rate of 79,500 boe/d in 2025, which is the mid-point of Birchcliff's updated annual average production guidance range for 2025. Changes in assumed commodity prices and variances in production forecasts can have an impact on the Corporation's forecasts of adjusted funds flow and free funds flow and the Corporation's other guidance, which impact could be material. In addition, any acquisitions or dispositions completed over the course of 2025 could have an impact on Birchcliff's 2025 guidance and assumptions set forth herein, which impact could be material. For further information regarding the risks and assumptions relating to the Corporation's guidance, see *"Advisories – Forward-Looking Statements"* in this MD&A.

(2) Non-GAAP ratio. See *"Non-GAAP and Other Financial Measures"* in this MD&A.

(3) Non-GAAP financial measure. See *"Non-GAAP and Other Financial Measures"* in this MD&A.

(4) Capital management measure. See *"Non-GAAP and Other Financial Measures"* in this MD&A.

(5) Birchcliff's updated commodity price and exchange rate assumptions and free funds flow sensitivity for 2025 are based on anticipated full-year averages using the Corporation's anticipated forward benchmark commodity prices and the CDN/US exchange rate as of November 5, 2025, which include settled benchmark commodity prices and the CDN/US exchange rate for the period from January 1, 2025 to October 31, 2025.

(6) Illustrates the expected impact of changes in commodity prices and the CDN/US exchange rate on the Corporation's updated forecast of free funds flow for 2025, holding all other variables constant. The sensitivity is based on the updated commodity price and exchange rate assumptions set forth in the table above. The calculated impact on free funds flow is only applicable within the limited range of change indicated. Calculations are performed independently and may not be indicative of actual results. Actual results may vary materially when multiple variables change at the same time and/or when the magnitude of the change increases.

CASH FLOW FROM OPERATING ACTIVITIES AND ADJUSTED FUNDS FLOW

The following table sets forth the Corporation's cash flow from operating activities and adjusted funds flow for the periods indicated:

	Three months ended September 30			Nine months ended September 30		
	2025	**2024**	**% Change**	**2025**	**2024**	**% Change**
Cash flow from operating activities *($000s)*	**78,506**	**65,943**	**19**	**314,220**	**158,069**	**99**
Adjusted funds flow *($000s)*[1]	**87,101**	**45,211**	**93**	**306,029**	**164,956**	**86**
Per basic common share *($)*[2]	0.32	0.17	88	1.12	0.61	84
Per diluted common share *($)*[2]	0.32	0.17	88	1.12	0.61	84
Per boe *($)*[2]	11.77	6.52	81	14.17	7.88	80

(1) Non-GAAP financial measure. See *"Non-GAAP and Other Financial Measures"* in this MD&A.

(2) Non-GAAP ratio. See *"Non-GAAP and Other Financial Measures"* in this MD&A.

Cash flow from operating activities increased by 19% and 99% from the three and nine month Comparable Prior Periods, respectively. Adjusted funds flow increased by 93% and 86% from the three and nine month Comparable Prior Periods, respectively. The increases were primarily due to higher natural gas revenue, which largely resulted from higher natural gas production and a 43% and 45% increase in the average realized sales price Birchcliff received for such production in the three and nine month Reporting Periods, respectively, as compared to the Comparable Prior Periods. Cash flow from operating activities and adjusted funds flow were also positively impacted by realized gains on financial instruments of $23.5 million and $61.7 million in the three and nine month Reporting Periods, respectively, as compared to a realized gain on financial instruments of $8.1 million in the three month Comparable Prior Period and a realized loss on financial instruments of $2.7 million in the nine month Comparable Prior Period. Cash flow from operating activities was also impacted by changes in non-cash operating working capital and decommissioning expenditures.

See "*Discussion of Operations*" in this MD&A for further information.

NET INCOME (LOSS) TO COMMON SHAREHOLDERS

The following table sets forth the Corporation's net income (loss) to common shareholders for the periods indicated:

	Three months ended September 30			Nine months ended September 30		
	2025	**2024**	**% Change**	**2025**	**2024**	**% Change**
Net income (loss) to common shareholders *($000s)*	**(14,125)**	**(10,461)**	**35**	**37,707**	**20,884**	**81**
Per basic common share *($)*	(0.05)	(0.04)	25	0.14	0.08	75
Per diluted common share *($)*	(0.05)	(0.04)	25	0.14	0.08	75
Per boe *($)*	(1.91)	(1.51)	26	1.75	1.00	75

Net loss to common shareholders increased by 35% from the three month Comparable Prior Period, primarily due to an unrealized loss on financial instruments of $34.6 million in the three month Reporting Period as compared to an unrealized gain on financial instruments of $7.9 million in the Comparable Prior Period, partially offset by higher adjusted funds flow.

Net income to common shareholders increased by 81% from the nine month Comparable Prior Period, primarily due to higher adjusted funds flow, partially offset by an unrealized loss on financial instruments of $55.1 million in the nine month Reporting Period as compared to an unrealized gain on financial instruments of $56.1 million in the Comparable Prior Period.

See "*Cash Flow From Operating Activities and Adjusted Funds Flow*" and "*Discussion of Operations*" in this MD&A for further information.

DISCUSSION OF OPERATIONS

Petroleum and Natural Gas Revenue

The following table sets forth Birchcliff's P&NG revenue by product category for the periods indicated:

	Three months ended September 30			Nine months ended September 30		
($000s)	**2025**	**2024**	**% Change**	**2025**	**2024**	**% Change**
Light oil	11,691	19,289	(39)	38,978	55,554	(30)
Condensate	46,793	36,625	28	126,949	123,421	3
NGLs	12,667	15,055	(16)	44,883	49,660	(10)
Natural gas	78,471	51,853	51	304,496	204,420	49
P&NG sales	149,622	122,822	22	515,306	433,055	19
Royalty income	6	13	(54)	28	60	(53)
P&NG revenue	**149,628**	**122,835**	**22**	**515,334**	**433,115**	**19**

P&NG revenue increased by 22% and 19% from the three and nine month Comparable Prior Periods, respectively. The increases were primarily due to a 51% and 49% increase in natural gas revenue for the three and nine month Reporting Periods, respectively, which largely resulted from higher natural gas production and higher average realized sales prices received for such production in the Reporting Periods. P&NG revenue was also positively impacted by higher condensate revenue, which resulted from a 44% and 17% increase in condensate production from the three and nine month Comparable Prior Periods, respectively.

P&NG revenue was negatively impacted by lower light oil and NGLs revenues in the Reporting Periods, primarily due to lower light oil production and decreases in the average realized sales prices Birchcliff received for its light oil and NGLs production as compared to the Comparable Prior Periods.

Production

The following table sets forth Birchcliff's production by product category for the periods indicated:

	Three months ended September 30			Nine months ended September 30		
	2025	**2024**	**% Change**	**2025**	**2024**	**% Change**
Light oil *(bbls/d)*	1,468	2,129	(31)	1,610	2,025	(20)
Condensate *(bbls/d)*	5,990	4,161	44	5,229	4,464	17
NGLs *(bbls/d)*	6,933	6,541	6	7,150	6,856	4
Natural gas *(Mcf/d)*	396,088	375,428	6	390,633	378,237	3
Production *(boe/d)*	**80,406**	**75,403**	**7**	**79,094**	**76,384**	**4**
Liquids-to-gas ratio *(bbls/MMcf)*	**36.3**	**34.2**	**6**	**35.8**	**35.3**	**1**

Birchcliff's production increased by 7% and 4% from the three and nine month Comparable Prior Periods, respectively. The increases were primarily due to the outperformance of the Corporation's existing base production and incremental production from new Montney/Doig wells brought on production since the Comparable Prior Periods, partially offset by natural production declines.

The following table sets forth Birchcliff's production weighting by product category for the periods indicated:

	Three months ended September 30		Nine months ended September 30	
	2025	**2024**	**2025**	**2024**
% Light oil production	2	3	2	3
% Condensate production	7	5	7	6
% NGLs production	9	9	9	9
% Natural gas production	82	83	82	82

Liquids accounted for 18% of Birchcliff's total production in the three month Reporting Period as compared to 17% in the Comparable Prior Period. The increase was primarily due to Birchcliff specifically targeting condensate-rich natural gas wells in Pouce Coupe and Gordondale, which resulted in a 44% increase in condensate production in the three month Reporting Period as compared to the Comparable Prior Period. The increased liquids production weighting in the three month Reporting Period was partially offset by a 31% decrease in light oil production, primarily resulting from natural production declines from a 4-well light oil pad that was brought on production in Gordondale in the second quarter of 2024.

Liquids accounted for 18% of Birchcliff's total production in both the nine month Reporting Period and Comparable Prior Period.

Benchmark Commodity Prices

Benchmark commodity prices directly impact the average realized sales prices that the Corporation receives for its liquids and natural gas production.

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

			Three months ended September 30			**Nine months ended September 30**
	2025	**2024**	**% Change**	**2025**	**2024**	**% Change**
Light oil – WTI Cushing *(US$/bbl)*	64.93	75.09	(14)	66.69	77.54	(14)
Light oil – MSW (Mixed Sweet) *(CDN$/bbl)*	86.80	97.89	(11)	88.79	98.40	(10)
Natural gas – NYMEX HH *(US$/MMBtu)*	3.07	2.16	42	3.39	2.10	61
Natural gas – AECO 5A Daily *(CDN$/GJ)*	0.60	0.65	(8)	1.42	1.38	3
Natural gas – AECO 7A Month Ahead *(US$/MMBtu)*	0.73	0.59	24	1.20	1.06	13
Natural gas – Dawn Day Ahead *(US$/MMBtu)*	2.79	1.70	64	3.18	1.87	70
Natural gas – ATP Day Ahead *(CDN$/GJ)*	0.59	0.77	(23)	1.33	1.50	(11)
Exchange rate *(CDN$ to US$1)*	1.3840	1.3627	2	1.4002	1.3594	3
Exchange rate *(US$ to CDN$1)*	0.7225	0.7338	(2)	0.7142	0.7356	(3)

Birchcliff physically sells substantially all of its natural gas production based on the AECO and Dawn benchmark prices. Birchcliff has agreements for the firm service transportation of an aggregate of 175,000 GJ/d of natural gas on TCPL's Canadian Mainline, whereby natural gas is transported to the Dawn trading hub in Southern Ontario, with the first tranche of this service (120,000 GJ/d) expiring on October 31, 2027, the second tranche of this service (30,000 GJ/d) expiring on October 31, 2028 and the third tranche of this service (25,000 GJ/d) expiring on October 31, 2029. Effective October 15, 2025, the first tranche of the Dawn service was extended until October 31, 2028. In addition, the Corporation has diversified a portion of its AECO production to NYMEX HH-based pricing, on a financial basis, with various terms ending no later than December 31, 2031. Birchcliff had financial NYMEX HH/AECO 7A basis swap contracts for 147,500 MMBtu/d at an average contract price of NYMEX HH less US$1.088/MMBtu during the Reporting Periods and US$1.120/MMBtu during the Comparable Prior Periods.

NYMEX HH and Dawn natural gas benchmark prices increased from the Comparable Prior Periods, primarily due to a colder winter than the prior year, which contributed to lower inventory levels and higher LNG export demand. AECO benchmark natural gas prices in the Reporting Periods remained challenged and were negatively impacted by maintenance on the Alberta NGTL pipeline system, which reduced egress and curtailed natural gas deliveries, further exacerbating natural gas storage levels in Alberta. Additionally, Train 1 of LNG Canada experienced startup challenges, leading to a slower-than-expected initial production ramp-up, which resulted in natural gas oversupply and depressed AECO prices in Alberta.

Birchcliff physically sells substantially all of its liquids production based on the MSW benchmark oil price, which generally trades at a discount to the WTI benchmark oil price. In the Reporting Periods, the MSW benchmark oil price was negatively impacted by higher global supply and uncertainties surrounding evolving trade policies and tariffs, geopolitical tensions and OPEC+ production increases.

Average Realized Sales Prices

The average realized sales prices that the Corporation receives for its liquids and natural gas production directly impacts the Corporation's net income or loss to common shareholders, adjusted funds flow and financial position. Such prices depend on a number of factors, including, but not limited to, the benchmark prices for crude oil and natural gas, the U.S. to Canadian dollar exchange rate, transportation costs, product quality differentials and the heat premium on the Corporation's natural gas production.

The following table sets forth Birchcliff's average realized light oil, condensate, NGLs and natural gas sales prices for the periods indicated:

	Three months ended September 30			Nine months ended September 30		
	2025	2024	% Change	2025	2024	% Change
Light oil *($/bbl)*	86.56	98.47	(12)	88.68	100.14	(11)
Condensate *($/bbl)*	84.91	95.66	(11)	88.93	100.92	(12)
NGLs *($/bbl)*	19.86	25.02	(21)	22.99	26.44	(13)
Natural gas *($/Mcf)*	2.15	1.50	43	2.86	1.97	45
Average realized sales price *($/boe)*	**20.23**	**17.71**	**14**	**23.86**	**20.69**	**15**

The Corporation's average realized sales price increased by 14% and 15% from the three and nine month Comparable Prior Periods, respectively, primarily due to higher average realized natural gas sales prices in the Reporting Periods, resulting from a 64% and 70% increase in Dawn natural gas prices in the three and nine month Reporting Periods, respectively. The average realized sales prices the Corporation received for its liquids production decreased from the Comparable Prior Periods, primarily due to lower WTI benchmark oil prices in the Reporting Periods. Birchcliff is fully exposed to increases and decreases in commodity prices as it has no fixed price commodity hedges in place.

Physical Natural Gas Sales, Production and Average Realized Sales Price by Market

The average realized sales price that the Corporation receives from each physical natural gas market depends on regional supply and demand fundamentals, which can be impacted by a number of factors, including, but not limited to, production levels, weather-related demand in each natural gas consuming market, economic activity, local storage inventory levels and access to storage and pipeline supply takeaway capacity.

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

	Three months ended September 30, 2025					Three months ended September 30, 2024				
Natural gas market	Natural gas sales *($000s)*	*(%)*	Natural gas production *(Mcf/d)*	*(%)*	Average realized sales price *($/Mcf)*	Natural gas sales *($000s)*	*(%)*	Natural gas production *(Mcf/d)*	*(%)*	Average realized sales price *($/Mcf)*
AECO	18,386	23	223,232	56	0.91	14,835	28	202,070	54	0.81
Dawn	59,494	76	161,017	41	4.02	36,103	70	161,045	43	2.44
Alliance(1)	591	1	11,839	3	0.54	915	2	12,313	3	0.81
Total	**78,471**	**100**	**396,088**	**100**	**2.15**	**51,853**	**100**	**375,428**	**100**	**1.50**

	Nine months ended September 30, 2025					Nine months ended September 30, 2024				
Natural gas market	Natural gas sales *($000s)*	*(%)*	Natural gas production *(Mcf/d)*	*(%)*	Average realized sales price *($/Mcf)*	Natural gas sales *($000s)*	*(%)*	Natural gas production *(Mcf/d)*	*(%)*	Average realized sales price *($/Mcf)*
AECO	101,267	33	222,035	57	1.68	81,719	40	206,848	55	1.47
Dawn	201,559	66	161,815	41	4.56	117,126	57	161,315	42	2.65
Alliance(1)	1,670	1	6,783	2	0.90	5,575	3	10,074	3	2.02
Total	**304,496**	**100**	**390,633**	**100**	**2.86**	**204,420**	**100**	**378,237**	**100**	**1.97**

(1) Birchcliff has short-term physical sales agreements with third-party marketers to sell and deliver into the Alliance pipeline system. Alliance sales are indexed to the AECO 5A benchmark index price and are recorded net of transportation tolls.

Market Diversification and Risk Management

Birchcliff engages in market diversification and risk management activities to diversify its sales points or fix commodity prices and market interest rates. The Board has approved the Corporation to execute a risk management strategy whereby Birchcliff is authorized, subject to compliance with the agreement governing the Corporation's extendible revolving term credit facilities (the "**Credit Facilities**"), to enter into agreements and financial or physical transactions with one or more counterparties from time to time that are intended to reduce the risk to the Corporation from volatility in future commodity prices, interest rates and/or foreign exchange rates.

Birchcliff has not designated its financial derivative contracts as effective accounting hedges, even though the Corporation considers all of its financial instruments to be effective economic hedges. As a result, all such financial instruments are recorded on the statements of financial position on a mark-to-market fair value basis at the end of the reporting period, with the changes in the net fair value being recognized as a non-cash unrealized gain or loss in profit or loss and realized upon settlement. These contracts are not entered into for trading or speculative purposes.

Commodity Price Risk

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. Significant changes in commodity prices can materially impact the Corporation's financial performance, operating results and financial position.

At September 30, 2025, the Corporation had the following financial derivative contracts in place to manage commodity price risk:

Product	Type of Contract	Average Notional Quantity	Period[(1)]	Average Contract Price
Natural gas	AECO 7A basis swap[(2)]	147,500 MMBtu/d	Oct. 1, 2025 – Dec. 31, 2025	NYMEX HH less US$1.088/MMBtu
Natural gas	AECO 7A basis swap[(2)]	70,000 MMBtu/d	Jan. 1, 2026 – Dec. 31, 2026	NYMEX HH less US$0.961/MMBtu
Natural gas	AECO 7A basis swap[(2)]	25,000 MMBtu/d	Jan. 1, 2027 – Dec. 31, 2027	NYMEX HH less US$0.788/MMBtu
Natural gas	AECO 7A basis swap[(2)]	25,000 MMBtu/d	Jan. 1, 2030 – Dec. 31, 2031	NYMEX HH less US$1.090/MMBtu

(1) Transactions with a common term have been aggregated and presented at the weighted average price.

(2) Birchcliff sold AECO basis swap.

There were no financial derivative contracts entered into subsequent to September 30, 2025 to manage commodity price risk.

Realized Gains and Losses on Financial Instruments

The following table sets forth Birchcliff's realized gains and losses on financial instruments for the periods indicated:

	Three months ended September 30			Nine months ended September 30		
	2025	2024	% Change	2025	2024	% Change
Realized gain (loss) *($000s)*	23,503	8,112	190	61,718	(2,686)	nm
Realized gain (loss) *($/boe)*	3.18	1.17	172	2.87	(0.13)	nm

Birchcliff recorded realized gains on financial instruments of $23.5 million and $61.7 million in three and nine month Reporting Periods, respectively, as compared to a realized gain on financial instruments of $8.1 million in the three month Comparable Prior Period and a realized loss on financial instruments of $2.7 million in the nine month Comparable Prior Period.

Birchcliff's realized gains and losses on financial instruments are primarily impacted by the settlement of its NYMEX HH/AECO 7A basis swap contracts in the period. The Corporation records a realized gain on its NYMEX HH/AECO 7A basis swap contracts when the average realized settlement price (the average spread between NYMEX HH and AECO 7A) of the contracted volumes is higher than the average contract price in the period. Conversely, the Corporation records a realized loss on its NYMEX HH/AECO 7A basis swap contracts when the average realized settlement price of the contracted volumes is lower than the average contract price in the period.

The average contract volume and price for Birchcliff's NYMEX HH/AECO 7A basis swap contracts were 147,500 MMBtu/d and US$1.088/MMBtu during the Reporting Periods and 147,500 MMBtu/d and US$1.120/MMBtu during the Comparable Prior Periods. The average realized settlement price of the Corporation's financial NYMEX HH/AECO 7A basis swap contracts during the three and nine month Reporting Periods was US$2.34/MMBtu and US$2.18/MMBtu, respectively, as compared to US$1.56/MMBtu and US$1.04/MMBtu during the Comparable Prior Periods.

Unrealized Gains and Losses on Financial Instruments

The following table sets forth Birchcliff's unrealized gains and losses on financial instruments for the periods indicated:

	Three months ended September 30			Nine months ended September 30		
	2025	**2024**	**% Change**	**2025**	**2024**	**% Change**
Unrealized gain (loss) *($000s)*	(34,588)	7,909	(537)	(55,129)	56,132	(198)
Unrealized gain (loss) *($/boe)*	(4.68)	1.14	(511)	(2.55)	2.68	(195)

Birchcliff recorded unrealized losses on financial instruments of $34.6 million and $55.1 million in the three and nine month Reporting Periods, respectively, as compared to unrealized gains on financial instruments of $7.9 million and $56.1 million in the three and nine month Comparable Prior Periods.

Birchcliff's unrealized gains and losses on financial instruments are impacted by changes in the net fair value of its financial contracts at the end of the current reporting period as compared to the previous reporting period. The Corporation records an unrealized gain on its financial instruments when the net fair value of its financial contracts has increased at the end of the current reporting period when compared to the end of the previous reporting period. Conversely, the Corporation records an unrealized loss on its financial instruments when the net fair value of its financial contracts has decreased at the end of the current reporting period when compared to the end of the previous reporting period. The Corporation's unrealized gains and losses on financial instruments can fluctuate materially from period to period due to movement in the underlying forward strip commodity prices and interest rates and may have a significant impact on its net income or loss in a period. Unrealized gains and losses on financial instruments do not impact the Corporation's adjusted funds flow and may differ materially from the actual gains or losses realized on the eventual cash settlement of financial contracts in a period.

Birchcliff's unrealized losses on financial instruments in the three and nine month Reporting Periods resulted from decreases in the fair value net asset position to $52.5 million at September 30, 2025 from $87.1 million at June 30, 2025 and $107.7 million at December 31, 2024. The decreases in the net fair value of the Corporation's financial instruments were primarily due to: (i) the decrease (or tightening) in the forward basis spread between the Corporation's financial NYMEX HH/AECO 7A basis swap contracts outstanding at September 30, 2025 as compared to the net fair value previously assessed at June 30, 2025 and December 31, 2024; and (ii) the settlement of the Corporation's financial NYMEX HH/AECO 7A basis swap contracts during the Reporting Periods.

Royalty Expense

The following table sets forth Birchcliff's royalty expense for the periods indicated:

	Three months ended September 30			Nine months ended September 30		
	2025	**2024**	**% Change**	**2025**	**2024**	**% Change**
Royalty expense *($000s)*(1)	3,934	9,284	(58)	25,741	30,575	(16)
Royalty expense (*$/boe*)	0.53	1.34	(60)	1.19	1.46	(18)
Effective royalty rate *(%)*(2)	3	8	(63)	5	7	(29)

(1) Birchcliff's natural gas royalties are calculated based on the Government of Alberta's market reference price for natural gas delivered and sold in Alberta, which primarily takes into account the AECO benchmark natural gas price and excludes the effects of Birchcliff's market diversification initiatives. Birchcliff receives natural gas royalty credits for: (i) Alberta's Drilling and Completion Cost Allowance program, which provides a 5% royalty rate on a well's initial production until the well's cumulative revenue, from all hydrocarbon products, equals a maximum threshold; and (ii) Gas Cost Allowance ("**GCA**"), which reduces natural gas royalties to reflect the expenses incurred by Birchcliff to process and transport the Crown's share of natural gas production.

(2) The effective royalty rate is calculated by dividing the aggregate royalties into P&NG sales for the period.

Aggregate royalty expense decreased by 58% and 16% from the three and nine month Comparable Prior Periods, respectively, primarily due to: (i) a $2.5 million and $4.9 million reduction in liquids royalties in the three and nine month Reporting Periods, respectively, as a result of lower WTI benchmark oil prices; and (ii) higher GCA deductions recorded in the Reporting Periods. Royalty expense in the Reporting Periods was negatively impacted by higher natural gas royalties, which resulted from an increase in the Alberta market reference price.

Operating Expense

The following table sets forth the components of Birchcliff's operating expense for the periods indicated:

	Three months ended September 30			Nine months ended September 30		
($000s)	**2025**	**2024**	**% Change**	**2025**	**2024**	**% Change**
Field operating expense	21,515	20,345	6	66,137	73,408	(10)
Recoveries	(1,497)	(1,062)	41	(4,240)	(3,276)	29
Operating expense	**20,018**	**19,283**	**4**	**61,897**	**70,132**	**(12)**
Operating expense (*$/boe*)	**2.71**	**2.78**	**(3)**	**2.87**	**3.35**	**(14)**

Operating expense per boe decreased by 3% from the three month Comparable Prior Period, primarily due to higher production volumes, partially offset by increased maintenance fees, supply costs, property taxes and regulatory fees.

Operating expense per boe decreased by 14% from the nine month Comparable Prior Period. Effective July 1, 2024, Birchcliff assumed operatorship of a third-party natural gas processing facility that resulted in the take-or-pay commitment associated with the underlying processing arrangement (the "**Gas Processing Lease**") being classified as a lease under IFRS Accounting Standards, which resulted in a $13.2 million reclassification of the take-or-pay commitment with respect to the Gas Processing Lease in the nine month Reporting Period, as compared to $4.3 million in the Comparable Prior Period. Operating expense per boe in the nine month Reporting Period was negatively impacted by higher property taxes, regulatory fees, employee field labour costs and maintenance fees as compared to the Comparable Prior Period, partially offset by operating efficiencies achieved from the operatorship of the third-party natural gas processing facility in Gordondale.

Transportation and Other Expense

The following table sets forth the components of Birchcliff's transportation and other expense for the periods indicated:

	Three months ended September 30			Nine months ended September 30		
($000s)	**2025**	**2024**	**% Change**	**2025**	**2024**	**% Change**
Natural gas transportation	32,160	28,258	14	95,678	86,422	11
Liquids transportation	6,771	6,502	4	17,892	21,608	(17)
Fractionation	1,634	1,499	9	4,613	4,782	(4)
Other fees	2	-	100	13	-	100
Transportation expense	40,567	36,259	12	118,196	112,812	5
Transportation expense *($/boe)*	5.48	5.23	5	5.47	5.39	1
Marketing purchases(1)	3,116	14,530	(79)	22,684	36,591	(38)
Marketing revenue(1)	(519)	(14,472)	(96)	(17,955)	(39,986)	(55)
Marketing loss (gain)(2)	2,597	58	nm	4,729	(3,395)	(239)
Marketing loss (gain) *($/boe)*(3)	0.36	0.01	nm	0.22	(0.16)	(238)
Transportation and other expense(2)	**43,164**	**36,317**	**19**	**122,925**	**109,417**	**12**
Transportation and other expense ***($/boe)***(3)	**5.84**	**5.24**	**11**	**5.69**	**5.23**	**9**

(1) Marketing purchases and marketing revenue primarily represent the purchase and sale of commodities with third parties. Birchcliff enters into certain commodity purchase and sale arrangements to reduce its take-or-pay fractionation fees associated with third-party commitments. The value of commodities purchased or sold during the period is primarily driven by prevailing commodity prices, the availability of sellers and buyers for fractionated products and the fractionation capacity available in the market. The value of commodities purchased and sold to third parties are recorded on a gross basis for financial statement presentation purposes. Marketing revenue also includes a propane supply arrangement with a third-party polypropylene producer, which is recorded net of processing costs and other charges.

(2) Non-GAAP financial measure. See *"Non-GAAP and Other Financial Measures"* in this MD&A.

(3) Non-GAAP ratio. See *"Non-GAAP and Other Financial Measures"* in this MD&A.

On a per boe basis, transportation and other expense increased by 11% and 9% from the three and nine month Comparable Prior Periods, respectively, primarily due to higher natural gas transportation expenses and higher marketing losses recorded in the Reporting Periods, partially offset by a lower liquids transportation expense in the nine month Comparable Prior Period.

Natural gas transportation expense increased from the three and nine month Comparable Prior Periods, primarily due to Birchcliff obtaining additional AECO firm service in November 2024 and an increase in natural gas transportation tolling charges in the Reporting Periods.

The higher marketing losses incurred in the Reporting Periods primarily resulted from larger losses on a propane supply arrangement with a third-party polypropylene producer as compared to the Comparable Prior Periods.

Transportation and other expense per boe in the nine month Reporting Period was positively impacted by a decrease in liquids transportation expense, which resulted from lower liquids trucking costs resulting from expanded pipeline connectivity, which occurred in June 2024, reduced pipeline maintenance outages and lower pipeline tariffs resulting from a prior period adjustment on pipeline tariffs from a third-party processor.

Operating Netback

The following table sets forth Birchcliff's average production and operating netback for the Pouce Coupe operating assets geologically situated in the dry natural gas and liquids-rich natural gas trends of the Montney/Doig Resource Play (the "**Pouce Coupe assets**") and the Gordondale operating assets geologically situated in the light oil and liquids-rich trends of the Montney/Doig Resource Play (the "**Gordondale assets**") and operating netback on a corporate basis for the periods indicated:

			Three months ended September 30			**Nine months ended September 30**
($/boe)	**2025**	**2024**	**% Change**	**2025**	**2024**	**% Change**
Pouce Coupe assets						
Average production						
Light oil *(bbls/d)*	36	41	(12)	41	46	(11)
Condensate *(bbls/d)*	4,339	2,792	55	3,743	2,991	25
NGLs *(bbls/d)*	1,879	1,526	23	1,817	1,771	3
Natural gas *(Mcf/d)*	312,834	290,953	8	310,158	294,192	5
Production *(boe/d)*	**58,393**	**52,851**	**10**	**57,295**	**53,840**	**6**
Liquids-to-gas ratio *(bbls/MMcf)*	**20.0**	**15.0**	**33**	**18.1**	**16.3**	**11**
% of corporate production	**73%**	**70%**	**4**	**72%**	**70%**	**3**
Netback and cost ($/boe)						
P&NG revenue	18.82	14.47	30	22.51	17.68	27
Royalty expense	(0.14)	(0.75)	(81)	(0.69)	(0.85)	(19)
Operating expense	(2.46)	(2.65)	(7)	(2.53)	(2.69)	(6)
Transportation and other expense(1)	(6.16)	(5.34)	15	(5.97)	(5.30)	13
Operating netback(1)	**10.06**	**5.73**	**76**	**13.32**	**8.84**	**51**
Gordondale assets						
Average production						
Light oil *(bbls/d)*	1,432	2,088	(31)	1,568	1,978	(21)
Condensate *(bbls/d)*	1,651	1,364	21	1,479	1,467	1
NGLs *(bbls/d)*	5,054	5,013	1	5,331	5,082	5
Natural gas *(Mcf/d)*	83,254	84,095	(1)	80,369	83,653	(4)
Production *(boe/d)*	**22,013**	**22,480**	**(2)**	**21,773**	**22,469**	**(3)**
Liquids-to-gas ratio *(bbls/MMcf)*	**97.7**	**100.7**	**(3)**	**104.3**	**101.9**	**2**
% of corporate production	**27%**	**30%**	**(10)**	**28%**	**29%**	**(3)**
Netback and cost ($/boe)						
P&NG revenue	23.97	25.31	(5)	27.42	27.91	(2)
Royalty expense	(1.56)	(2.71)	(42)	(2.52)	(2.93)	(14)
Operating expense	(3.34)	(3.04)	10	(3.72)	(4.87)	(24)
Transportation and other expense(1)	(4.99)	(4.99)	-	(4.95)	(5.05)	(2)
Operating netback(1)	**14.08**	**14.57**	**(3)**	**16.23**	**15.06**	**8**
Corporate(2)						
Netback and cost ($/boe)						
P&NG revenue	20.23	17.71	14	23.86	20.69	15
Royalty expense	(0.53)	(1.34)	(60)	(1.19)	(1.46)	(18)
Operating expense	(2.71)	(2.78)	(3)	(2.87)	(3.35)	(14)
Transportation and other expense(1)	(5.84)	(5.24)	11	(5.69)	(5.23)	9
Operating netback(1)	**11.15**	**8.35**	**34**	**14.11**	**10.65**	**32**

(1) Non-GAAP ratio. See *"Non-GAAP and Other Financial Measures"* in this MD&A.

(2) Includes other minor oil and natural gas properties, which were not individually significant during the respective periods.

Pouce Coupe Assets

Birchcliff's production from the Pouce Coupe assets increased by 10% and 6% from the three and nine month Comparable Prior Periods, respectively, primarily due to the outperformance of the Corporation's existing base production and incremental production from new Montney/Doig wells brought on production in Pouce Coupe since the Comparable Prior Periods, partially offset by natural production declines.

The liquids-to-gas ratio for the Pouce Coupe assets increased by 33% and 11% from the three and nine month Comparable Prior Periods, respectively. The increases were primarily due to the Corporation specifically targeting condensate-rich natural gas wells in the Pouce Coupe area in the Reporting Periods. Condensate production increased by 55% and 25% from the three and nine month Comparable Prior Periods, respectively.

Birchcliff's operating netback per boe for the Pouce Coupe assets increased by 76% and 51% from the three and nine month Comparable Prior Periods, respectively. The increases were primarily due to higher per boe P&NG revenue, which was largely impacted by higher natural gas production and a higher average realized natural gas sales price received during the Reporting Periods, partially offset by increased per boe transportation and other expenses.

Gordondale Assets

Birchcliff's production from the Gordondale assets decreased by 2% and 3% from the three and nine month Comparable Prior Periods, respectively, primarily due to natural production declines, partially offset by incremental production from new Montney/Doig wells brought on production since the Comparable Prior Periods.

The liquids-to-gas ratio for the Gordondale assets decreased by 3% from the three month Comparable Prior Period, primarily due to natural production declines from a 4-well light oil pad that was brought on production in Gordondale in the second quarter of 2024, partially offset by a 4-well condensate-rich natural gas pad brought on production in Gordondale in the second quarter of 2025.

The liquids-to-gas ratio for the Gordondale assets increased by 2% from the nine month Comparable Prior Period, primarily due to incremental production from the new condensate-rich natural gas pad brought on production in Gordondale in the second quarter of 2025 and natural production declines from the natural gas wells producing in the Gordondale area since the Comparable Prior Period.

Birchcliff's operating netback per boe for the Gordondale assets in the three month Reporting Period decreased by 3% from the Comparable Prior Period, primarily due to lower per boe P&NG revenue, partially offset by a lower per boe royalty expense, both of which were largely impacted by a lower average realized sales price received for its liquids production.

Birchcliff's operating netback per boe for the Gordondale assets in the nine month Reporting Period increased by 8% from the Comparable Prior Period, primarily due to a lower per boe operating expense, resulting from the reclassification of the take-or-pay commitment with respect to the Gas Processing Lease.

Administrative Expense

The following table sets forth the components of Birchcliff's net administrative expense for the periods indicated:

	Three months ended September 30			Nine months ended September 30		
($000s)	2025	2024	% Change	2025	2024	% Change
Cash:						
Salaries and benefits(1)	6,289	7,739	(19)	21,340	22,752	(6)
Other(2)	5,291	4,789	10	16,525	14,348	15
G&A expense, gross	11,580	12,528	(8)	37,865	37,100	2
Operating overhead recoveries	(38)	(28)	36	(99)	(88)	13
Capitalized overhead(3)	(3,222)	(3,802)	(15)	(10,416)	(10,646)	(2)
G&A expense, net	8,320	8,698	(4)	27,350	26,366	4
G&A expense, net *($/boe)*	1.12	1.25	(10)	1.27	1.26	1
Non-cash:						
Other compensation	1,983	2,757	(28)	5,859	8,125	(28)
Capitalized compensation(3)	(925)	(1,170)	(21)	(2,736)	(3,670)	(25)
Other compensation, net	1,058	1,587	(33)	3,123	4,455	(30)
Other compensation, net *($/boe)*	0.14	0.23	(39)	0.14	0.21	(33)
Administrative expense, net	**9,378**	**10,285**	**(9)**	**30,473**	**30,821**	**(1)**
Administrative expense, net ***($/boe)***	**1.26**	**1.48**	**(15)**	**1.41**	**1.47**	**(4)**

(1) Includes salaries and benefits paid to employees of the Corporation and fees and benefits paid to directors of the Corporation.

(2) Includes costs such as corporate travel, rent, legal fees, taxes, insurance, computer hardware and software and other general business expenses incurred by the Corporation.

(3) Includes a portion of gross G&A and other compensation expense directly attributable to the exploration and development activities of the Corporation, which have been capitalized.

In the three month Reporting Period, aggregate net administrative expense decreased by 9% due to lower net other compensation expense and net G&A expense as compared to the Comparable Prior Period. In the nine month Reporting Period, aggregate net administrative expense decreased by 1% due to lower net other compensation expense, partially offset by a higher net G&A expense as compared to the Comparable Prior Period.

Net other compensation expense decreased by 33% and 30% from the three and nine month Comparable Prior Periods, respectively, primarily due to a lower Black-Scholes fair value expense associated with Birchcliff's annual stock option grants.

Net G&A expense decreased by 4% from the three month Comparable Prior Period, primarily due to a 19% decrease in salaries and benefits as a result of lower employee incentive costs, partially offset by an increase in general business expenditures. Net G&A expense increased by 4% from the nine month Comparable Prior Period, primarily due to higher general business expenditures, partially offset by lower employee incentive costs.

Depletion and Depreciation Expense

Depletion and depreciation ("**D&D**") expense is a function of the estimated proved and probable reserves at the end of the period, the F&D costs attributable to those reserves, the associated future development costs ("**FDC**") required to recover those reserves and the actual production in the relevant period. The Corporation determines its D&D expense on a field-area basis. The following table sets forth Birchcliff's D&D expense for the periods indicated:

	Three months ended September 30			Nine months ended September 30		
	2025	2024	% Change	2025	2024	% Change
Depletion and depreciation expense *($000s)*	67,234	63,178	6	193,986	182,690	6
Depletion and depreciation expense (*$/boe*)	9.09	9.11	-	8.98	8.73	3

D&D expense per boe in the three month Reporting Period remained consistent with the Comparable Prior Period.

D&D expense per boe increased by 3% from the nine month Comparable Prior Period. The increase was primarily due to: (i) a $9.2 million depreciation charge on the lease asset recorded in the nine month Reporting Period with respect to the Gas Processing Lease as compared to $3.1 million in the Comparable Prior Period; and (ii) a higher depletion rate on the Corporation's developed and proved assets. The depletion rate was negatively impacted by lower proved plus probable reserves and positively impacted by a decrease in FDC to bring the proved plus probable reserves on production. FDC for proved plus probable reserves decreased to $4.7 billion at September 30, 2025 from $4.9 billion at September 30, 2024.

Finance Expense

The following table sets forth the components of the Corporation's finance expense for the periods indicated:

	Three months ended September 30			Nine months ended September 30		
($000s)	**2025**	**2024**	**% Change**	**2025**	**2024**	**% Change**
Cash:						
Interest expense[(1)]	8,415	9,932	(15)	26,465	26,856	(1)
Interest expense (*$/boe*)[(1)]	1.14	1.43	(20)	1.23	1.28	(4)
Lease interest expense	2,196	2,238	(2)	6,702	2,238	199
Lease interest expense (*$/boe*)	0.30	0.32	(6)	0.31	0.11	182
Non-cash:						
Accretion[(2)]	1,460	1,114	31	4,217	3,234	30
Amortization of deferred financing fees	425	319	33	1,133	1,098	3
Other finance expenses	1,885	1,433	32	5,350	4,332	23
Other finance expenses (*$/boe*)	0.26	0.21	24	0.25	0.20	25
Finance expense	**12,496**	**13,603**	**(8)**	**38,517**	**33,426**	**15**
Finance expense (*$/boe*)	**1.70**	**1.96**	**(13)**	**1.79**	**1.59**	**13**

(1) Birchcliff's interest expense consists of interest incurred on amounts drawn under the Corporation's Credit Facilities and standby charges. Standby charges reflect fees paid by Birchcliff on the undrawn portion of its Credit Facilities. For a description of the Credit Facilities, see *"Capital Resources and Liquidity"* in this MD&A.

(2) Includes accretion on decommissioning obligations, post-employment benefit obligations and lease obligations.

In the three month Reporting Period, aggregate finance expense decreased by 8% from the Comparable Prior Period, primarily due to a lower interest expense associated with the Corporation's borrowings under its Credit Facilities.

In the nine month Reporting Period, aggregate finance expense increased by 15% from the Comparable Prior Period, primarily due to the higher lease interest expense associated with the Gas Processing Lease and a higher accretion expense.

Birchcliff's interest expense decreased from the three and nine month Comparable Prior Periods, primarily due to lower average effective interest rates under its Credit Facilities, partially offset by a higher average outstanding balance under its Syndicated Credit Facility (as defined herein).

The average outstanding balance under the Syndicated Credit Facility was approximately $529.3 million and $526.7 million in the three and nine month Reporting Periods, respectively, as compared to $484.9 million and $437.9 million in the Comparable Prior Periods, calculated as the simple average of the month-end amounts.

The following table sets forth the Corporation's average effective interest rates under its Working Capital Facility (as defined herein) and Syndicated Credit Facility for the periods indicated:

	Three months ended September 30		Nine months ended September 30	
	2025	**2024**	**2025**	**2024**
Working Capital Facility *(%)*[(1)]	6.9	7.7	7.1	8.0
Syndicated Credit Facility *(%)*[(2)]	5.7	7.6	6.0	7.4

(1) The average effective interest rate under the Working Capital Facility is determined primarily based on the policy interest rate set by the Bank of Canada, which in turn affects the banks' prime lending rates.

(2) The average effective interest rate under the Syndicated Credit Facility was determined primarily based on: (i) the market interest rate applicable to SOFR loans; and (ii) the stamping pricing margin. Birchcliff's stamping pricing margin will change as a result of the ratio of outstanding indebtedness to the trailing four quarter EBITDA as calculated in accordance with the Corporation's agreement governing the Credit Facilities. EBITDA is defined as earnings before interest and non-cash items, including (if any) deferred income taxes, other compensation, gains and losses on sale of assets, unrealized gains and losses on financial instruments, gains and losses on investments, depletion, depreciation, accretion and amortization and impairment charges. The effective interest rate disclosed in the table excludes the impact of standby charges.

Income Taxes

The following table sets forth the components of the Corporation's deferred income tax expense (recovery) for the periods indicated:

	Three months ended September 30			Nine months ended September 30		
($000s)	2025	2024	% Change	2025	2024	% Change
Deferred income tax expense (recovery) *($000s)*	(3,540)	(2,435)	45	10,085	8,258	22
Deferred income tax expense (recovery) (*$/boe*)	(0.48)	(0.35)	37	0.47	0.39	21

Birchcliff reported a deferred income tax recovery of $3.5 million in the three month Reporting Period, as compared to $2.4 million in the Comparable Prior Period, primarily due to a higher before-tax net loss in the three month Reporting Period.

Birchcliff reported a deferred income tax expense of $10.1 million in the nine month Reporting Period, as compared to $8.3 million in the Comparable Prior Period, primarily due to higher before-tax net income in the nine month Reporting Period.

The Corporation's estimated income tax pools were $1.3 billion at September 30, 2025. Management expects that future taxable income will be available to utilize the accumulated tax pools. The components of the Corporation's estimated income tax pools are set forth in the table below:

As at *($000s)*	September 30, 2025
Canadian oil and gas property expense	240,477
Canadian development expense	363,468
Canadian exploration expense(1)	300,665
Undepreciated capital costs	186,364
Non-capital losses(1)	209,770
Scientific research and experimental development expenditures(1)	38,195
Investment tax credits(2)	5,323
Financing costs and other	5,100
Estimated income tax pools	**1,349,362**

(1) Immediately available in full to reduce any taxable income in future periods.

(2) Immediately available in full to reduce any cash taxes owing in future periods.

CAPITAL EXPENDITURES

The following table sets forth a summary of the Corporation's capital expenditures for the periods indicated:

	Three months ended September 30			Nine months ended September 30		
($000s)	2025	2024	% Change	2025	2024	% Change
Land	191	222	(14)	842	8,695	(90)
Seismic	54	132	(59)	118	221	(47)
Workovers	2,659	983	170	8,653	3,361	157
Drilling and completions	49,285	52,357	(6)	186,085	173,418	7
Well equipment and facilities	19,306	9,926	94	60,879	29,079	109
F&D capital expenditures(1)	71,495	63,620	12	256,577	214,774	19
Acquisitions	250	93	169	250	93	169
Dispositions	-	(49)	(100)	-	(158)	(100)
FD&A capital expenditures(2)	71,745	63,664	13	256,827	214,709	20
Administrative assets	148	222	(33)	1,254	1,363	(8)
Total capital expenditures(2)	**71,893**	**63,886**	**13**	**258,081**	**216,072**	**19**

(1) See "*Advisories – F&D Capital Expenditures*" in this MD&A.

(2) Non-GAAP financial measure. See *"Non-GAAP and Other Financial Measures"* in this MD&A.

During the three month Reporting Period, Birchcliff had F&D capital expenditures of $71.5 million, which primarily included $40.6 million (57%) for the drilling and completions of new wells in Pouce Coupe, $18.2 million (25%) on gas gathering and infrastructure projects in Pouce Coupe and $8.5 million (12%) for the drilling and completions of new wells in Gordondale. During the three month Reporting Period, Birchcliff drilled 9 (9.0 net) wells and brought 6 (6.0 net) wells on production.

During the nine month Reporting Period, Birchcliff had F&D capital expenditures of $256.6 million, which primarily included $146.4 million (57%) for the drilling and completions of new wells in Pouce Coupe, $60.3 million (23%) on gas gathering, infrastructure and turnaround projects in Pouce Coupe and Gordondale and $32.5 million (13%) for the drilling and completions of new wells in Gordondale. During the nine month Reporting Period, Birchcliff drilled 27 (27.0 net) wells and brought 26 (26.0 net) wells on production.

CAPITAL RESOURCES AND LIQUIDITY

The capital-intensive nature of Birchcliff's operations requires it to maintain adequate sources of liquidity to fund its short-term and long-term financial obligations. Birchcliff's capital resources primarily consist of its adjusted funds flow and available Credit Facilities, which are described in further detail below. The Corporation believes that its anticipated adjusted funds flow and available Credit Facilities will be sufficient to fund its ongoing capital requirements in 2025 and into 2026, which include its working capital, F&D capital expenditures and dividend payments approved by the Board. Should commodity prices deteriorate significantly, Birchcliff may adjust its capital requirements, seek additional debt/equity financing and/or consider the potential sale of non-core assets. See "*Advisories – Forward-Looking Statements*" in this MD&A.

Credit Facilities and Debt

At September 30, 2025, the Corporation's Credit Facilities were comprised of an extendible revolving syndicated term credit facility (the "**Syndicated Credit Facility**") of $750 million and an extendible revolving working capital facility (the "**Working Capital Facility**") of $100 million. The agreement governing the Credit Facilities allows for prime rate loans, U.S. base rate loans, SOFR loans, Canadian Overnight Repo Rate Average (CORRA) loans and, in the case of the Working Capital Facility only, letters of credit. The Credit Facilities are subject to a semi-annual review of the borrowing base limit, which is directly impacted by the value of Birchcliff's oil and gas reserves. The agreement governing the Credit Facilities also contains provisions that give the lenders the right to redetermine the borrowing base in certain circumstances. The Credit Facilities do not contain any financial maintenance covenants.

The maturity date of the Credit Facilities may, at the request of the Corporation and with consent of the lenders, be extended on an annual basis, for an additional period of up to three years from May 11 of the year in which the extension request is made. Effective May 7, 2025, the agreement governing the Credit Facilities was amended to extend the maturity dates of each of the Syndicated Credit Facility and the Working Capital Facility from May 11, 2027 to May 11, 2028. In addition, the lenders confirmed the borrowing base limit at $850.0 million.

At September 30, 2025, Birchcliff had a balance outstanding under its Credit Facilities of $527.3 million from available Credit Facilities of $850.0 million, leaving the Corporation with $322.7 million (38%) of unutilized credit capacity after adjusting for outstanding letters of credit and unamortized deferred financing fees. This unutilized credit capacity provides Birchcliff with significant financial flexibility and available capital resources.

Total debt[5] at September 30, 2025 was $519.5 million, a 3% decrease from $535.6 million at December 31, 2024. The decrease was primarily due to adjusted funds flow exceeding the aggregate of the Corporation's F&D capital expenditures and dividends paid to common shareholders in the nine month Reporting Period. During the nine month Reporting Period, Birchcliff generated $306.0 million in adjusted funds flow, incurred $256.6 million in F&D capital expenditures and paid approximately $24.5 million in common share dividends.

Birchcliff's capital allocation strategy prioritizes maintaining a strong balance sheet by targeting a total debt to annual adjusted funds flow ratio of less than 1.0 times. This target allows the Corporation to monitor its liquidity in light of operating and capital budgeting decisions, withstand price volatility and capitalize on opportunities throughout the commodity price cycle.

Adjusted Working Capital

Adjusted working capital consists of items from day-to-day operations, which includes cash, accounts receivables, prepaid expenses and deposits, accounts payables and accrued liabilities and the current portion of other liabilities which are due and payable and excludes the current portion of financial instruments and other liabilities discounted to the end of the period. The Corporation's adjusted working capital varies from quarter to quarter primarily due to the timing and size of items included from its normal operations and total capital expenditures, as well as volatility in commodity prices and changes in revenue, among other things. Birchcliff manages its adjusted working capital using

(5) Capital management measure. See "*Non-GAAP and Other Financial Measures*" in this MD&A.

adjusted funds flow and advances under its Credit Facilities. The Corporation's adjusted working capital position does not impact the borrowing base available under Birchcliff's Credit Facilities.

The Corporation's adjusted working capital surplus[6] was $3.2 million at September 30, 2025 as compared to $31.3 million at December 31, 2024. The decrease was primarily due to an increase in accounts payable and accrued liabilities associated with higher F&D capital expenditures in the three month Reporting Period and a decrease in accounts receivables.

At September 30, 2025, the major component of Birchcliff's current assets was cash to be received from its commodity marketers in respect of September 2025 production (42%), which was subsequently received in October 2025. Birchcliff continues to monitor the financial strength of its marketers. At this time, Birchcliff expects that such counterparties will be able to meet their financial obligations. Birchcliff's current liabilities at September 30, 2025 primarily consisted of accounts payables and accrued liabilities for capital and operating expenses incurred in the three month Reporting Period.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The Corporation enters into various contractual obligations and commitments in the normal course of operations. The following table lists Birchcliff's estimated undiscounted material contractual obligations and commitments at September 30, 2025:

($000s)	**2025**	**2026**	**2027-2029**	**Thereafter**
Accounts payable and accrued liabilities	81,272	-	-	-
Drawn revolving term credit facilities	-	-	527,104	-
Firm transportation and fractionation[1]	46,664	177,810	326,653	254,154
Natural gas processing[2]	4,871	19,143	51,512	51,512
Capital commitments[3]	1,176	2,232	-	-
Other lease commitments[4]	870	3,481	9,287	12,656
Operating commitments[5]	544	2,174	6,523	11,053
Estimated contractual obligations and commitments[6]	**135,397**	**204,840**	**921,079**	**329,375**

(1) Includes firm transportation service arrangements and fractionation commitments with third parties.

(2) Comprised of natural gas processing commitments at third-party facilities, which includes the undiscounted take-or-pay commitment associated with the Gas Processing Lease.

(3) Includes drilling commitments.

(4) Includes the Corporation's head office lease and other minor lease arrangements.

(5) Includes variable operating components associated with Birchcliff's head office premises.

(6) Contractual obligations and commitments that are not material to Birchcliff are excluded from the above table. The Corporation's decommissioning obligations are excluded from the table as these obligations arose from a regulatory requirement rather than from a contractual arrangement. Birchcliff estimates the total undiscounted cash flow to settle its decommissioning obligations on its wells and facilities at September 30, 2025 to be approximately $289.8 million and are estimated to be incurred as follows: 2025 – $0.8 million, 2026 – $2.7 million and $286.3 million thereafter. The estimate for determining the undiscounted decommissioning obligations requires significant assumptions on both the abandonment cost and timing of the decommissioning and therefore the actual obligation may differ materially.

OFF-BALANCE SHEET TRANSACTIONS

The Corporation does not believe it has any material off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the Corporation's financial position, operational results, liquidity or capital expenditures.

(6) Capital management measure. See "*Non-GAAP and Other Financial Measures*" in this MD&A.

SHARE INFORMATION

The authorized share capital of the Corporation consists of an unlimited number of common shares and an unlimited number of preferred shares, each without par value. At November 11, 2025, there were 273,379,956 common shares and no preferred shares outstanding.

The following table sets forth the common shares issued by the Corporation for the periods indicated:

	Common Shares
Balance at December 31, 2024	271,303,507
Issuance of common shares(1)	1,829,251
Balance at September 30, 2025	**273,132,758**
Issuance of common shares(1)	247,198
Balance at November 11, 2025	**273,379,956**

(1) Represents common shares that have been issued pursuant to the Corporation's stock option plan.

At November 11, 2025, the Corporation also had 20,877,452 stock options outstanding to purchase an equivalent number of common shares.

Normal Course Issuer Bid

On November 21, 2024, Birchcliff announced that the TSX had accepted the Corporation's notice of intention to make a normal course issuer bid (the "**NCIB**"). Pursuant to the NCIB, Birchcliff may purchase up to 13,489,975 of its outstanding common shares over a period of twelve months commencing on November 27, 2024 and terminating no later than November 26, 2025. Under the NCIB, common shares may be purchased in open market transactions on the TSX and/or alternative Canadian trading systems at the prevailing market price at the time of such transaction. Subject to exceptions for block purchases, the total number of common shares that Birchcliff is permitted to purchase on the TSX during a trading day is subject to a daily purchase limit of 276,992 common shares. All common shares purchased under the NCIB will be cancelled. During the nine month Reporting Period, Birchcliff did not purchase any common shares pursuant to the NCIB.

DIVIDENDS

The following table sets forth the common share dividend distributions by the Corporation for the periods indicated:

	Three months ended September 30			Nine months ended September 30		
	2025	2024	% Change	2025	2024	% Change
Common share dividend *($000s)*	8,194	26,943	(70)	24,523	80,707	(70)
Per common share *($)*	0.03	0.10	(70)	0.09	0.30	(70)

On January 22, 2025, the Board declared a quarterly cash dividend of $0.03 per common share for the quarter ended March 31, 2025. The dividend was paid on March 31, 2025 to shareholders of record at the close of business on March 14, 2025.

On May 14, 2025, the Board declared a quarterly cash dividend of $0.03 per common share for the quarter ended June 30, 2025. The dividend was paid on June 30, 2025 to shareholders of record at the close of business on June 13, 2025.

On August 13, 2025, the Board declared a quarterly cash dividend of $0.03 per common share for the quarter ended September 30, 2025. The dividend was paid on September 29, 2025 to shareholders of record at the close of business on September 15, 2025.

On November 12, 2025, the Board declared a quarterly cash dividend of $0.03 per common share for the quarter ending December 31, 2025. The dividend will be payable on December 31, 2025 to shareholders of record at the close of business on December 15, 2025.

All dividends have been designated as "eligible dividends" for the purposes of the *Income Tax Act* (Canada).

SUMMARY OF QUARTERLY RESULTS

The following table sets forth a summary of the Corporation's quarterly results for the eight most recently completed quarters:

Quarter ending,	Sep. 30, 2025	Jun. 30, 2025	Mar. 31, 2025	Dec. 31, 2024	Sep. 30, 2024	Jun. 30, 2024	Mar. 31, 2024	Dec. 31, 2023
Average light oil production *(bbls/d)*	1,468	1,571	1,795	1,993	2,129	2,419	1,525	1,649
Average condensate production *(bbls/d)*	5,990	5,439	4,238	4,310	4,161	4,467	4,765	5,145
Average NGLs production *(bbls/d)*	6,933	6,898	7,626	7,748	6,541	6,634	7,397	7,653
Average natural gas production *(Mcf/d)*	396,088	393,435	382,224	381,433	375,428	389,026	370,288	372,594
Average production *(boe/d)*	80,406	79,480	77,363	77,623	75,403	78,358	75,402	76,546
Average realized light oil sales price *($/bbl)*	86.56	83.23	95.27	95.18	98.47	104.70	95.24	100.07
Average realized condensate sales price *($/bbl)*	84.91	86.44	97.98	95.79	95.66	106.56	100.26	103.80
Average realized NGLs sales price *($/bbl)*	19.86	20.76	27.95	26.20	25.02	26.56	27.59	26.95
Average realized natural gas sales price *($/Mcf)*	2.15	2.82	3.64	2.27	1.50	1.82	2.61	2.92
Average realized sales price *($/boe)*	20.23	23.30	28.32	21.53	17.71	20.61	23.80	26.02
P&NG revenue *($000s)*	149,628	168,518	197,188	153,741	122,835	146,976	163,304	183,295
F&D capital expenditures *($000s)*(1)	71,495	73,263	111,819	58,310	63,620	48,381	102,773	58,166
Total capital expenditures *($000s)*(2)	71,893	73,715	112,473	66,673	63,886	48,702	103,484	59,541
Cash flow from operating activities *($000s)*	78,506	109,617	126,097	45,641	65,943	26,871	65,255	79,006
Adjusted funds flow *($000s)*(2)	87,101	94,515	124,413	71,838	45,211	53,664	66,081	76,215
Per basic common share *($)*(3)	0.32	0.35	0.46	0.27	0.17	0.20	0.25	0.29
Per diluted common share *($)*(3)	0.32	0.35	0.46	0.26	0.17	0.20	0.25	0.29
Free funds flow *($000s)*(2)	15,606	21,252	12,594	13,528	(18,409)	5,283	(36,692)	18,049
Per basic common share *($)*(3)	0.06	0.08	0.05	0.05	(0.07)	0.02	(0.14)	0.07
Net income (loss) to common shareholders	(14,125)	(13,895)	65,727	35,216	(10,461)	46,380	(15,035)	(5,533)
Per basic common share *($)*	(0.05)	(0.05)	0.24	0.13	(0.04)	0.17	(0.06)	(0.02)
Per diluted common share *($)*	(0.05)	(0.05)	0.24	0.13	(0.04)	0.17	(0.06)	(0.02)
Total assets *($ millions)*	3,431	3,471	3,515	3,433	3,350	3,244	3,206	3,177
Total liabilities *($ millions)*	1,212	1,233	1,260	1,238	1,170	1,030	1,016	951
Revolving term credit facilities *($000s)*	522,712	528,660	518,581	566,857	489,413	481,163	428,566	372,097
Total debt *($000s)*(4)	519,467	523,129	534,710	535,557	513,553	465,195	443,380	382,306
Dividends on common shares *($000s)*	8,194	8,178	8,151	27,126	26,943	26,907	26,857	53,390
Weighted average common shares outstanding								
Basic *(000s)*	273,095	272,347	271,614	270,185	269,342	268,878	267,905	266,667
Diluted *(000s)*	273,095	272,347	273,092	272,552	269,342	272,224	267,905	266,667

(1) See "*Advisories – F&D Capital Expenditures*" in this MD&A.

(2) Non-GAAP financial measure. See *"Non-GAAP and Other Financial Measures"* in this MD&A.

(3) Non-GAAP ratio. See *"Non-GAAP and Other Financial Measures"* in this MD&A.

(4) Capital management measure. See *"Non-GAAP and Other Financial Measures"* in this MD&A.

Production in the last eight quarters was primarily impacted by Birchcliff's successful drilling of new horizontal natural gas and light oil wells in Pouce Coupe and Gordondale and the timing thereof, as well as natural production declines during those periods.

P&NG revenue, adjusted funds flow and cash flow from operating activities in the last eight quarters were largely impacted by the average realized sales price received for Birchcliff's production. Birchcliff's average realized sales price has experienced significant volatility over the last eight quarters.

Birchcliff's net income and loss to common shareholders in the last eight quarters were largely impacted by fluctuations in adjusted funds flow and unrealized gains and losses on financial instruments, which resulted from changes in the fair value of the Corporation's NYMEX HH/AECO 7A basis swap contracts, and certain other adjustments, including D&D expense and deferred income tax expense and recoveries.

The Corporation's F&D capital expenditures fluctuate from quarter to quarter based on the Corporation's outlook for commodity prices and market conditions, the level of drilling and completions operations and other capital projects and the timing and costs thereof.

The Corporation's free funds flow is impacted by the amount and timing of F&D capital expenditures and fluctuations in adjusted funds flow quarter to quarter.

The amount outstanding under the Credit Facilities and the Corporation's total debt in the last eight quarters have fluctuated primarily due to the aggregate of F&D capital expenditures, dividends paid to common shareholders and adjusted funds flow. The Corporation's total debt and amount outstanding under its Credit Facilities decreased slightly in the current quarter, primarily due to adjusted funds flow exceeding the aggregate of F&D capital expenditures and dividends paid to common shareholders.

The Corporation pays dividends on its common shares when declared and approved by the Board. The dividend payments on the Corporation's common shares decreased substantially in the three most recent quarters as a result of a lower quarterly base dividend of $0.03 per common share. The Corporation paid a quarterly base dividend of $0.10 per common share in each quarter of 2024 and a quarterly base dividend of $0.20 per common share in the fourth quarter of 2023.

POTENTIAL TRANSACTIONS

Within its focus area, the Corporation is continually reviewing potential asset acquisitions and dispositions and corporate mergers and acquisitions for the purpose of determining whether any such potential transaction is of interest to the Corporation, as well as the terms on which such a potential transaction would be available. As a result, the Corporation may from time to time be involved in discussions or negotiations with other parties or their agents in respect of potential asset acquisitions and dispositions and corporate merger and acquisition opportunities.

INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes in the Corporation's internal controls over financial reporting ("**ICFR**") that occurred during the period beginning on July 1, 2025 and ended on September 30, 2025 that have materially affected, or are reasonably likely to materially affect, the Corporation's ICFR.

CRITICAL ACCOUNTING ESTIMATES

The timely preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities and income and expenses. Accordingly, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The Corporation's use of judgments, estimates and assumptions in preparing the unaudited interim condensed financial statements are discussed in Note 3 of the audited annual financial statements for the year ended December 31, 2024.

FUTURE ACCOUNTING POLICIES

A description of the new IFRS Accounting Standards that will be adopted by the Corporation in future periods can be found in Note 3 of the audited annual financial statements for the year ended December 31, 2024.

RISK FACTORS

Birchcliff's financial and operational performance is potentially affected by a number of factors, including, but not limited to, financial risks, risks relating to economic conditions, business and operational risks, environmental and regulatory risks and other risks. A detailed discussion of the risk factors affecting the Corporation is presented under the heading "*Risk Factors*" in the AIF and MD&A for the year ended December 31, 2024.

ABBREVIATIONS

AECO	benchmark price for natural gas determined at the AECO 'C' hub in southeast Alberta
ATP	Alliance Trading Pool
bbl	barrel
bbls	barrels
bbls/d	barrels per day
boe	barrel of oil equivalent
boe/d	barrel of oil equivalent per day
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 Accounting Standards
GJ	gigajoule
GJ/d	gigajoules per day
HH	Henry Hub
IFRS	International Financial Reporting Standards as issued by the International Accounting Standards Board
LNG	liquefied natural gas
Mcf	thousand cubic feet
Mcf/d	thousand cubic feet per day
MMBtu	million British thermal units
MMBtu/d	million British thermal units per day
MMcf	million cubic feet
MSW	price for mixed sweet crude oil at Edmonton, Alberta
nm	not meaningful, generally with reference to a percentage change
NGLs	natural gas liquids consisting of ethane (C2), propane (C3) and butane (C4) and specifically excluding condensate
NGTL	NOVA Gas Transmission Ltd.
NYMEX	New York Mercantile Exchange
OPEC	Organization of the Petroleum Exporting Countries
OPEC+	OPEC plus certain other oil-producing countries
P&NG	petroleum and natural gas
SOFR	Secured Overnight Financing Rate
TCPL	TransCanada PipeLines Limited
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma, for crude oil of standard grade
000s	thousands
$000s	thousands of dollars

NON-GAAP AND OTHER FINANCIAL MEASURES

This MD&A 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 MD&A 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 MD&A.

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 executives under the Corporation's post-employment benefit plan, which are not indicative of the current period. 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 value and 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 September 30		Nine months ended September 30		Twelve months ended December 31
($000s)	**2025**	**2024**	**2025**	**2024**	**2024**
Cash flow from operating activities	**78,506**	**65,943**	**314,220**	**158,069**	**203,710**
Change in non-cash operating working capital	7,441	(21,424)	(10,311)	(8,009)	17,269
Decommissioning expenditures	1,154	692	2,120	1,045	1,964
Retirement benefit payments	-	-	-	13,851	13,851
Adjusted funds flow	**87,101**	**45,211**	**306,029**	**164,956**	**236,794**
F&D capital expenditures	(71,495)	(63,620)	(256,577)	(214,774)	(273,084)
Free funds flow	**15,606**	**(18,409)**	**49,452**	**(49,818)**	**(36,290)**

Birchcliff has disclosed in this MD&A forecasts of adjusted funds flow and free funds flow for 2025, which are forward-looking non-GAAP financial measures. See *"2025 Guidance"* in this MD&A. The equivalent historical non-GAAP financial measures are adjusted funds flow and free funds flow for the twelve months ended December 31, 2024. Birchcliff anticipates the forward-looking non-GAAP financial measures for adjusted funds flow and free funds flow disclosed herein will be higher than their respective historical amounts, primarily due to higher forecast production and higher anticipated benchmark natural gas prices in 2025 as compared to 2024. The commodity price assumptions on which the Corporation's guidance is based are set forth under the heading *"2025 Guidance"* in this MD&A.

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 P&NG 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:

	Three months ended September 30		Nine months ended September 30	
($000s)	**2025**	**2024**	**2025**	**2024**
Exploration and development expenditures(1)	**71,495**	**63,620**	**256,577**	**214,774**
Acquisitions	250	93	250	93
Dispositions	-	(49)	-	(158)
FD&A capital expenditures	**71,745**	**63,664**	**256,827**	**214,709**
Administrative assets	148	222	1,254	1,363
Total capital expenditures	**71,893**	**63,886**	**258,081**	**216,072**

(1) Disclosed as F&D capital expenditures elsewhere in this MD&A. See "*Advisories – F&D Capital Expenditures*" in this MD&A.

Transportation and Other Expense and Marketing Gains and Losses

Birchcliff defines "transportation and other expense" as transportation expense plus marketing loss (less marketing gain), which denotes 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. Management believes that marketing gains and losses assist management and investors in assessing the success of Birchcliff's marketing arrangements. 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 marketing gains and losses and transportation and other expense for the periods indicated:

	Three months ended September 30		Nine months ended September 30		Twelve months ended December 31
($000s)	**2025**	**2024**	**2025**	**2024**	**2024**
Transportation expense	**40,567**	**36,259**	**118,196**	**112,812**	**149,534**
Marketing purchases	3,116	14,530	22,684	36,591	51,496
Marketing revenue	(519)	(14,472)	(17,955)	(39,986)	(54,069)
Marketing (gain) loss	**2,597**	**58**	**4,729**	**(3,395)**	**(2,573)**
Transportation and other expense	**43,164**	**36,317**	**122,925**	**109,417**	**146,961**

Effective Total Natural Gas Sales

Birchcliff defines "effective total natural gas sales" as the aggregate of the effective sales amount received in each natural gas market. Management believes that disclosing the effective total natural gas sales assists management and investors in assessing Birchcliff's natural gas diversification and commodity price exposure. The most directly comparable GAAP financial measure to effective total natural gas sales is natural gas sales. The following table provides a reconciliation of natural gas sales to effective total natural gas sales for the periods indicated:

Three months ended *($000s)*	**September 30, 2025**	**September 30, 2024**
Natural gas sales	**78,471**	**51,853**
Realized gain (loss) on financial instruments	23,503	8,112
Notional fixed basis costs[1]	20,471	20,711
Effective total natural gas sales	**122,445**	**80,676**

(1) Reflects the aggregate notional fixed basis costs associated with Birchcliff's financial NYMEX HH/AECO 7A basis swap contracts in the period.

Operating Netback

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

The following table provides a breakdown of Birchcliff's operating netback for its Pouce Coupe assets, Gordondale assets and on a corporate basis for the periods indicated:

	Three months ended September 30		Nine months ended September 30	
($000s)	**2025**	**2024**	**2025**	**2024**
P&NG revenue	101,084	70,367	352,019	260,835
Royalty expense	(777)	(3,662)	(10,755)	(12,541)
Operating expense	(13,212)	(12,873)	(39,522)	(39,734)
Transportation and other expense	(33,059)	(25,966)	(93,414)	(78,188)
Operating netback – Pouce Coupe assets	**54,036**	**27,866**	**208,328**	**130,372**
P&NG revenue	48,542	52,348	162,992	171,830
Royalty expense	(3,157)	(5,614)	(14,955)	(18,009)
Operating expense	(6,757)	(6,298)	(22,105)	(29,983)
Transportation and other expense	(10,104)	(10,303)	(29,459)	(31,100)
Operating netback – Gordondale assets	**28,524**	**30,133**	**96,473**	**92,738**
P&NG revenue	149,628	122,835	515,334	433,115
Royalty expense	(3,934)	(9,284)	(25,741)	(30,575)
Operating expense	(20,018)	(19,283)	(61,897)	(70,132)
Transportation and other expense	(43,164)	(36,317)	(122,925)	(109,417)
Operating netback – Corporate	**82,512**	**57,951**	**304,771**	**222,991**

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 MD&A 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 MD&A.

Adjusted Funds Flow Per Boe and Adjusted Funds Flow Per Basic and Diluted 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" and "adjusted funds flow per diluted common share" as aggregate adjusted funds flow in the period divided by the weighted average basic or diluted common shares outstanding, as the case may be, at the end of the period. Management believes that adjusted funds flow per basic and diluted common share assist 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.

Marketing Gains and Losses Per Boe

Birchcliff calculates "marketing gain per boe" and "marketing loss per boe" as aggregate marketing gain or loss (as the case may be) in the period divided by the production (boe) in the period. Management believes that marketing gains and losses per boe assists management and investors in assessing the success of Birchcliff's marketing arrangements by isolating the impact of production volumes to better analyze its performance against prior periods on a comparable basis.

Effective Average Realized Natural Gas Sales Price

Birchcliff calculates "effective average realized natural gas sales price" as effective total natural gas sales divided by the effective natural gas production during the period. Management believes that disclosing the effective average realized natural gas sales price assists management and investors in comparing Birchcliff's natural gas price realizations on a per unit 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.

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 measures used in this MD&A.

Total Debt and Adjusted Working Capital

Birchcliff calculates "total debt" at the end of the period as the amount outstanding under the Corporation's Credit Facilities plus adjusted working capital deficit (less adjusted working capital surplus) at the end of the period. "Adjusted working capital deficit (surplus)" is calculated as working capital deficit (surplus) plus the fair value of the current asset portion of financial instruments less the current portion of other liabilities discounted to the end of the period. The current portion of other liabilities has been excluded from adjusted working capital and total debt as these amounts have not been incurred and reflect future commitments in the normal course of operations. Management believes that total debt assists management and investors in assessing Birchcliff's overall liquidity and financial position at the end of the period. Management believes that adjusted working capital deficit (surplus) assists management and investors in assessing Birchcliff's short-term liquidity. The following table provides a reconciliation of the amount outstanding under the Credit Facilities and working capital surplus, as determined in accordance with GAAP, to total debt and adjusted working capital surplus for the periods indicated:

As at *($000s)*	**September 30, 2025**	**December 31, 2024**	**September 30, 2024**
Revolving term credit facilities	**522,712**	**566,857**	**489,413**
Working capital surplus(1)	(21,689)	(88,953)	(847)
Fair value of financial instruments – asset(2)	32,604	71,038	38,543
Other liabilities(2)	(14,160)	(13,385)	(13,556)
Adjusted working capital (surplus) deficit	**(3,245)**	**(31,300)**	**24,140**
Total debt	**519,467**	**535,557**	**513,553**

(1) Current liabilities less current assets.

(2) Reflects the current portion only.

ADVISORIES

Unaudited Information

All financial and operational information contained in this MD&A for the Reporting Periods and Comparable Prior Periods is unaudited.

Currency

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

F&D Capital Expenditures

References in this MD&A 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 MD&A constitute forward-looking statements within the meaning of applicable Canadian securities laws. The forward-looking statements contained in this MD&A 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 MD&A 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;
- the information set forth under the heading *"2025 Guidance"* and elsewhere in this MD&A as it relates to Birchcliff's guidance and capital program for 2025, including: forecasts of annual average and Q4 production, production commodity mix, average expenses, adjusted funds flow, F&D capital expenditures, free funds flow, total debt at year end, natural gas market exposure and the expected impact of changes in commodity prices and the CDN/US exchange rate on Birchcliff's forecast of free funds flow; that Birchcliff is increasing its 2025 annual average production guidance to 79,000 to 80,000 boe/d as a result of its asset outperformance and strong operational execution; that Birchcliff's 2025 capital program is progressing ahead of schedule and the Corporation is tightening its 2025 F&D capital expenditures guidance range to $290 million to $300 million to reflect actual spending and cost savings achieved year-to-date and the anticipated costs for activities to be completed prior to year end; that the efficiencies and cost savings achieved by Birchcliff in 2025 have enabled it to drill three additional wells, which will be brought on production in Q4 2025, and advance other activities in preparation for its 2026 capital program, all within its 2025 capital expenditures guidance; that the Corporation has reduced its average commodity price forecast for 2025 to reflect actual prices year-to-date and lower forecast prices for the remainder of the year; that as a result, the Corporation is lowering its guidance for adjusted funds flow, which is expected to result in lower free funds flow and higher total debt at year-end 2025 than previously forecast; that Birchcliff now expects to exit 2025 with total debt of $455 million to $465 million, which represents a reduction of approximately 14% from its total debt at year end 2024 of $535.6 million; and that the Corporation is also reducing its royalty expense guidance for 2025 to reflect actual prices year-to-date and lower forecast AECO and benchmark oil prices for the remainder of the year;
- Birchcliff's market diversification and risk management activities and any anticipated benefits to be derived therefrom;
- estimates of future development costs;
- the Corporation's estimated income tax pools and management's expectation that future taxable income will be available to utilize the accumulated tax pools;
- the information set forth under the heading *"Capital Resources and Liquidity"* and elsewhere in this MD&A as it relates to the Corporation's liquidity and capital resources, including: that the capital-intensive nature of Birchcliff's operations requires it to maintain adequate sources of liquidity to fund its short-term and long-term financial obligations; that the Corporation believes that its anticipated adjusted funds flow and available Credit Facilities will be sufficient to fund its ongoing capital requirements in 2025 and into 2026, which include its working capital, F&D capital expenditures and dividend payments approved by the Board; that should commodity prices deteriorate significantly, Birchcliff may adjust its capital requirements, seek additional debt/equity financing and/or consider the potential sale of non-core assets; that the unutilized credit capacity under the Credit Facilities provides Birchcliff with significant financial flexibility and available capital resources; that Birchcliff's capital allocation strategy prioritizes maintaining a strong balance sheet by targeting a total debt to annual adjusted funds flow ratio of less than 1.0 times; that this target allows the Corporation to monitor its liquidity in light of operating and capital budgeting decisions, withstand price volatility and capitalize on opportunities throughout the commodity price cycle; and the Corporation's expectation that counterparties will be able to meet their financial obligations;
- estimates of Birchcliff's material contractual obligations and commitments and decommissioning obligations;
- the Corporation's belief that it does not have any material off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the Corporation's financial position, operational results, liquidity or capital expenditures;
- statements relating to the NCIB, including: potential purchases under the NCIB; and the cancellation of common shares under the NCIB;
- statements regarding potential transactions;

- future accounting policies that will be adopted by the Corporation; and
- that Birchcliff anticipates the forward-looking non-GAAP financial measures for adjusted funds flow and free funds flow disclosed herein will be higher than their respective historical amounts, primarily due to higher forecast production and higher anticipated benchmark natural gas prices in 2025 as compared to 2024.

Statements relating to reserves are forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions, that the reserves exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future.

With respect to the forward-looking statements contained in this MD&A, 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; tariffs and trade policies; 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 MD&A:

- With respect to Birchcliff's 2025 guidance (as updated on November 12, 2025), such guidance is based on the commodity price, exchange rate and other assumptions set forth under the heading *"2025 Guidance".* In addition:
  - Birchcliff's production guidance assumes that: the 2025 capital program will be carried out as currently contemplated; no unexpected outages occur in the infrastructure that Birchcliff relies on to produce its wells and that any transportation service curtailments or unplanned outages that occur will be short in duration or otherwise insignificant; the construction of new infrastructure meets timing and operational expectations; existing wells continue to meet production expectations; and future wells scheduled to come on production meet timing, production and capital expenditure expectations.
  - Birchcliff's forecast of F&D capital expenditures assumes that the 2025 capital program will be carried out as currently contemplated and excludes any potential acquisitions, dispositions and the capitalized portion of cash incentive payments that have not been approved by the Board. The amount and allocation of capital expenditures for exploration and development activities by area and the number and types of wells to be drilled and brought on production is dependent upon results achieved and is subject to review and modification by management on an ongoing basis throughout the year. Actual spending may vary due to a variety of factors, including commodity prices, economic conditions, results of operations and costs of labour, services and materials.
  - Birchcliff's forecasts of adjusted funds flow and free funds flow assume that: the 2025 capital program will be carried out as currently contemplated and the level of capital spending for 2025 set forth herein is met; and the forecasts of production, production commodity mix, expenses and natural gas market exposure and the commodity price and exchange rate assumptions set forth herein are met. Birchcliff's forecast of adjusted funds flow takes into account its financial basis swap contracts outstanding as at November 5, 2025 and excludes cash incentive payments that have not been approved by the Board.
  - Birchcliff's forecast of year end total debt assumes that: (i) the forecasts of adjusted funds flow and free funds flow are achieved, with the level of capital spending for 2025 met and the payment of an annual base dividend of approximately $33 million; (ii) any free funds flow remaining after the payment of dividends, asset

retirement obligations and other amounts for administrative assets, financing fees and capital lease obligations is allocated towards debt reduction; and (iii) there are no buybacks of common shares, no equity issuances, no further exercises of stock options and no significant acquisitions or dispositions completed by the Corporation during 2025. The forecast of total debt excludes cash incentive payments that have not been approved by the Board.

  - Birchcliff's forecast of its natural gas market exposure assumes: (i) 175,000 GJ/d being sold on a physical basis at the Dawn price; (ii) 147,500 MMBtu/d being contracted on a financial basis at an average fixed basis differential price between AECO 7A and NYMEX HH of US$1.088/MMBtu; and (iii) 1,200 GJ/d being sold at Alliance on a physical basis at the AECO 5A price plus a premium. Birchcliff's natural gas market exposure takes into account its financial basis swap contracts outstanding as at November 5, 2025.

- With respect to statements regarding future wells to be drilled or brought on production, such statements assume: the continuing validity of the geological and other technical interpretations performed by Birchcliff's technical staff, which indicate that commercially economic volumes can be recovered from Birchcliff's lands as a result of drilling future wells; and that commodity prices and general economic conditions will warrant proceeding with the drilling of such wells.

Birchcliff's actual results, performance or achievements could differ materially from those anticipated in the forward-looking statements as a result of both known and unknown risks and uncertainties including, but not limited to: general economic, market and business conditions which will, among other things, impact the demand for and market prices of Birchcliff's products and Birchcliff's access to capital; volatility of crude oil and natural gas prices; fluctuations in commodity prices and exchange, interest and inflation rates; risks associated with increasing costs, whether due to high inflation rates, supply chain disruptions or other factors; an inability of Birchcliff to generate sufficient cash flow from operations to meet its current and future obligations; 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 risk that weather events such as wildfires, flooding, droughts or extreme hot or cold temperatures forces the Corporation to shut-in production or otherwise adversely affects the Corporation's operations; the occurrence of unexpected events such as fires, explosions, blow-outs, equipment failures, transportation incidents and other similar events; an inability to access sufficient water or other fluids needed for operations; the risks associated with supply chain disruptions; 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; 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 uncertainty of estimates and projections relating to production, revenue, costs and reserves; 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; the risks posed by pandemics, epidemics, geopolitical events and global conflict and their impacts on supply and demand and commodity prices; actions taken by OPEC and other major oil producers and the impact such actions may have on supply and demand and commodity prices; stock market volatility; loss of market demand; changes to the regulatory framework in the locations where the Corporation operates, including changes to tax laws, Crown royalty rates, environmental and climate change laws (including emissions and "greenwashing"), 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; risks associated with tariffs, export taxes, trade policies, export restrictions and trade barriers and trade disputes or wars (including new tariffs or changes to existing international trade arrangements); 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; 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 artificial intelligence; risks associated with the ownership of the Corporation's securities; the accuracy of the Corporation's accounting estimates and judgments; and the risk that any of the Corporation's material assumptions prove to be materially inaccurate (including the Corporation's commodity price and exchange rate assumptions for 2025).

Readers are cautioned that the foregoing lists of factors are not exhaustive. Additional information on these and other risk factors that could affect Birchcliff's results of operations, financial performance or financial results are included in the AIF and MD&A for the financial year ended December 31, 2024 under the heading *"Risk Factors"* and in other reports filed with Canadian securities regulatory authorities.

This MD&A 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 MD&A 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 MD&A are expressly qualified by the foregoing cautionary statements. The forward-looking statements and FOFI contained herein are made as of the date of this MD&A. 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.

BIRCHCLIFF ENERGY LTD.
CONDENSED STATEMENTS OF FINANCIAL POSITION

Unaudited (Expressed in thousands of Canadian dollars)

As at	September 30, 2025	December 31, 2024
ASSETS		
Current assets:		
Cash	66	50
Accounts receivable	62,442	78,915
Prepaid expenses and deposits	22,009	19,242
Financial instruments *(Note 13)*	32,604	71,038
	117,121	169,245
Non-current assets:		
Investments	8,682	8,869
Property, plant and equipment *(Note 3)*	3,284,860	3,218,506
Financial instruments *(Note 13)*	19,936	36,631
	3,313,478	3,264,006
Total assets	**3,430,599**	**3,433,251**
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	81,272	66,907
Other liabilities *(Note 9)*	14,160	13,385
	95,432	80,292
Non-current liabilities:		
Revolving term credit facilities *(Note 4)*	522,712	566,857
Decommissioning obligations *(Note 5)*	102,129	101,946
Deferred income taxes	389,441	379,355
Other liabilities *(Note 9)*	102,361	109,786
	1,116,643	1,157,944
Total liabilities	1,212,075	1,238,236
SHAREHOLDERS' EQUITY		
Common share capital *(Note 6)*	1,452,357	1,443,587
Contributed surplus	113,131	111,576
Retained earnings	653,036	639,852
Total shareholders' equity	2,218,524	2,195,015
Total shareholders' equity and liabilities	**3,430,599**	**3,433,251**

The accompanying notes are an integral part of these interim condensed financial statements.

BIRCHCLIFF ENERGY LTD.
CONDENSED STATEMENTS OF NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

Unaudited (Expressed in thousands of Canadian dollars, except per share information)

	Three months ended September 30		Nine months ended September 30	
	2025	**2024**	**2025**	**2024**
Petroleum and natural gas revenue *(Note 8)*	149,628	122,835	515,334	433,115
Marketing revenue *(Note 8)*	519	14,472	17,955	39,986
Royalties	(3,934)	(9,284)	(25,741)	(30,575)
Realized gain (loss) on financial instruments	23,503	8,112	61,718	(2,686)
Unrealized gain (loss) on financial instruments	(34,588)	7,909	(55,129)	56,132
Other income	16	16	56	111
	135,144	144,060	514,193	496,083
EXPENSES				
Operating	20,018	19,283	61,897	70,132
Transportation	40,567	36,259	118,196	112,812
Marketing purchases *(Note 8)*	3,116	14,530	22,684	36,591
Administrative, net	9,378	10,285	30,473	30,821
Depletion and depreciation *(Note 3)*	67,234	63,178	193,986	182,690
Finance (*Note 10*)	12,496	13,603	38,517	33,426
Other (gains) losses	-	(182)	648	469
	152,809	156,956	466,401	466,941
Net income (loss) before taxes	(17,665)	(12,896)	47,792	29,142
Deferred income tax (expense) recovery	3,540	2,435	(10,085)	(8,258)
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)	**(14,125)**	**(10,461)**	**37,707**	**20,884**
Net income (loss) per common share *(Note 7)*				
Basic	**($0.05)**	**($0.04)**	**$0.14**	**$0.08**
Diluted	**($0.05)**	**($0.04)**	**$0.14**	**$0.08**

The accompanying notes are an integral part of these interim condensed financial statements.

BIRCHCLIFF ENERGY LTD.
CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Unaudited (Expressed in thousands of Canadian dollars)

	Common Share Capital	**Contributed Surplus**	**Retained Earnings**	**Total**
As at December 31, 2023	1,429,198	104,662	691,585	2,225,445
Issuance of common shares	9,193	(2,346)	-	6,847
Dividends on common shares	-	-	(80,707)	(80,707)
Stock-based compensation	-	7,823	-	7,823
Net income and comprehensive income	-	-	20,884	20,884
As at September 30, 2024	**1,438,391**	**110,139**	**631,762**	**2,180,292**
As at December 31, 2024	1,443,587	111,576	639,852	2,195,015
Issuance of common shares *(Notes 6 & 11)*	8,434	(2,515)	-	5,919
Dividends on common shares *(Note 6)*	-	-	(24,523)	(24,523)
Purchase of performance warrants (*Note 11*)	336	(1,478)	-	(1,142)
Stock-based compensation *(Note 11)*	-	5,548	-	5,548
Net income and comprehensive income	-	-	37,707	37,707
As at September 30, 2025	**1,452,357**	**113,131**	**653,036**	**2,218,524**

The accompanying notes are an integral part of these interim condensed financial statements.

BIRCHCLIFF ENERGY LTD.
CONDENSED STATEMENTS OF CASH FLOWS

Unaudited (Expressed in thousands of Canadian dollars)

	Three months ended September 30		Nine months ended September 30	
	2025	**2024**	**2025**	**2024**
Cash provided by (used in):				
OPERATING				
Net income (loss)	(14,125)	(10,461)	37,707	20,884
Adjustments for items not affecting operating cash:				
Unrealized (gain) loss on financial instruments *(Note 13)*	34,588	(7,909)	55,129	(56,132)
Depletion and depreciation *(Note 3)*	67,234	63,178	193,986	182,690
Other compensation	1,059	1,587	3,124	4,455
Accretion *(Note 10)*	1,460	1,114	4,217	3,234
Amortization of deferred financing fees *(Note 10)*	425	319	1,133	1,098
Other (gains) losses	-	(182)	648	469
Deferred income tax expense (recovery)	(3,540)	(2,435)	10,085	8,258
Retirement benefit payments	-	-	-	(13,851)
Decommissioning expenditures *(Note 5)*	(1,154)	(692)	(2,120)	(1,045)
Changes in non-cash working capital	(7,441)	21,424	10,311	8,009
	78,506	65,943	314,220	158,069
FINANCING				
Issuance of common shares *(Note 6)*	1,501	936	5,919	6,847
Purchase of performance warrants (*Note 11*)	-	-	(1,142)	-
Financing fees paid	-	-	(1,700)	(3,400)
Payment on lease liabilities *(Note 9)*	(2,901)	(2,683)	(8,398)	(3,912)
Dividends on common shares *(Note 6)*	(8,194)	(26,943)	(24,523)	(80,707)
Net change in revolving term credit facilities *(Note 4)*	(6,373)	7,931	(43,578)	119,618
	(15,967)	(20,759)	(73,422)	38,446
INVESTING				
Exploration and development *(Note 3)*	(71,495)	(63,620)	(256,577)	(214,774)
Acquisitions *(Note 3)*	(250)	(93)	(250)	(93)
Dispositions *(Note 3)*	-	49	-	158
Administrative assets *(Note 3)*	(148)	(222)	(1,254)	(1,363)
Investments	(373)	18	(461)	(216)
Changes in non-cash working capital	9,762	18,654	17,760	19,800
	(62,504)	(45,214)	(240,782)	(196,488)
Net change in cash	35	(30)	16	27
Cash, beginning of period	31	112	50	55
CASH, END OF PERIOD	**66**	**82**	**66**	**82**

The accompanying notes are an integral part of these interim condensed financial statements

BIRCHCLIFF ENERGY LTD.
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2025

Unaudited (Expressed in Canadian dollars, unless otherwise stated)

1. NATURE OF OPERATIONS

Birchcliff Energy Ltd. ("**Birchcliff**" or the "**Corporation**") is domiciled and incorporated in Alberta, Canada. Birchcliff is engaged in the exploration for and the development, production and acquisition of oil and gas reserves in Western Canada. The Corporation's financial year end is December 31. The address of the Corporation's registered office is Suite 1000, 600 – 3rd Avenue S.W., Calgary, Alberta, Canada T2P 0G5. Birchcliff's common shares are listed for trading on the Toronto Stock Exchange (the "**TSX**") under the symbol "BIR".

These unaudited interim condensed financial statements were approved and authorized for issuance by Birchcliff's board of directors (the "**Board**") on November 12, 2025.

2. BASIS OF PREPARATION

These unaudited interim condensed financial statements present Birchcliff's financial results of operations and financial position under IFRS Accounting Standards ("**IFRS**") as at September 30, 2025, and for the three and nine months ended September 30, 2025, including the 2024 comparative periods. The financial statements have been prepared in accordance with International Accounting Standard ("**IAS**") 34: *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("**IASB**").

These unaudited interim condensed financial statements have been prepared following the same IFRS accounting policies and methods of computation as disclosed in the audited annual financial statements for the year ended December 31, 2024. Certain information and disclosures normally required to be included in the notes to the audited annual financial statements have been condensed, omitted or have been disclosed on an annual basis only. Accordingly, these unaudited interim condensed financial statements should be read in conjunction with the audited annual financial statements and the notes thereto for the year ended December 31, 2024.

Birchcliff's unaudited interim condensed financial statements are prepared on a historical cost basis, except for certain financial and non-financial assets and liabilities which have been measured at fair value. The Corporation's unaudited interim condensed financial statements include the accounts of Birchcliff only and are expressed in Canadian dollars, unless otherwise stated. All references to "US$" are to United States dollars. Birchcliff does not have any subsidiaries.

3. PROPERTY, PLANT AND EQUIPMENT

The continuity for property, plant and equipment ("**PP&E**") is as follows:

($000s)	Exploration & Evaluation Assets	Developed & Producing Assets	Lease Assets	Corporate Assets	Total
Cost:					
As at December 31, 2023	406	5,015,833	21,029	28,400	5,065,668
Additions	-	283,421	113,541	1,731	398,693
Acquisitions	-	10,760	-	-	10,760
Dispositions	-	(258)	-	-	(258)
As at December 31, 2024	406	5,309,756	134,570	30,131	5,474,863
Additions	-	258,304	532	1,254	260,090
Acquisitions	-	250	-	-	250
As at September 30, 2025[(1)]	406	5,568,310	135,102	31,385	5,735,203
Accumulated depletion and depreciation:					
As at December 31, 2023	-	(1,976,930)	(10,051)	(22,729)	(2,009,710)
Depletion and depreciation expense[(2)]	-	(236,939)	(7,932)	(1,776)	(246,647)
As at December 31, 2024	-	(2,213,869)	(17,983)	(24,505)	(2,256,357)
Depletion and depreciation expense[(2)]	-	(182,888)	(9,714)	(1,384)	(193,986)
As at September 30, 2025	-	(2,396,757)	(27,697)	(25,889)	(2,450,343)
Net book value:					
As at December 31, 2024	**406**	**3,095,887**	**116,587**	**5,626**	**3,218,506**
As at September 30, 2025	**406**	**3,171,553**	**107,405**	**5,496**	**3,284,860**

(1) The Corporation's PP&E were pledged as security for its revolving term credit facilities. Although the Corporation believes that it has title to its PP&E, it cannot control or completely protect itself against the risk of title disputes and challenges.

(2) Future development costs required to develop and produce proved and probable oil and gas reserves totalled approximately $4.7 billion at September 30, 2025 (December 31, 2024 – $4.9 billion) and are included in the depletion expense calculation.

Impairment Assessment

In accordance with IFRS, an impairment test is performed if Birchcliff identifies indicators of impairment at the end of a reporting period. At September 30, 2025, and December 31, 2024, Birchcliff determined that there were no asset impairment indicators present and therefore an impairment test was not required.

4. REVOLVING TERM CREDIT FACILITIES

The components of the Corporation's revolving term credit facilities include:

As at *($000s)*	**September 30, 2025**	**December 31, 2024**
Syndicated credit facility	523,995	537,183
Working capital facility	3,109	33,499
Drawn revolving term credit facilities	527,104	570,682
Unamortized deferred financing fees	(4,392)	(3,825)
Revolving term credit facilities[(1)]	**522,712**	**566,857**

(1) The Credit Facilities (as defined herein) are subject to a semi-annual review of the borrowing base limit, which is directly impacted by the value of Birchcliff's oil and gas reserves. The agreement governing the Credit Facilities also contains provisions that give the lenders the right to redetermine the borrowing base in certain circumstances. The maturity date of the Credit Facilities may, at the request of the Corporation and with consent of the lenders, be extended on an annual basis, for an additional period of up to three years from May 11 of the year in which the extension request is made.

At September 30, 2025, the aggregate principal amount of the Corporation's revolving term credit facilities was $850 million which were comprised of: (i) a syndicated extendible revolving term credit facility (the "**Syndicated Credit Facility**") of $750 million; and (ii) an extendible revolving working capital facility (the "**Working Capital Facility**") of $100 million (collectively, the "**Credit Facilities**"). The Credit Facilities do not contain any financial maintenance covenants.

5. DECOMMISSIONING OBLIGATIONS

The Corporation estimates the total undiscounted (inflated) amount of cash flow required to settle its decommissioning obligations to be approximately $289.8 million at September 30, 2025 (December 31, 2024 – $273.4 million). A reconciliation of the decommissioning obligations is set forth below:

As at *($000s)*	September 30, 2025	December 31, 2024
Balance, beginning	101,946	91,324
Obligations incurred	2,657	2,454
Obligations acquired	-	2,591
Changes in estimated future cash flows(1)	(3,666)	3,793
Accretion	3,312	3,748
Decommissioning expenditures	(2,120)	(1,964)
Balance, ending	**102,129**	**101,946**

(1) Primarily relates to changes in the inflation rate and discount nominal risk-free rate used to calculate the present value of the decommissioning obligations. Birchcliff applied an inflation rate of 1.95% and a discount nominal risk-free rate of 3.61% to calculate the present value of the decommissioning obligations at September 30, 2025, and an inflation rate of 1.82% and a discount nominal risk-free rate of 3.33% at December 31, 2024.

6. CAPITAL STOCK

Share Capital

Authorized

The authorized share capital of the Corporation consists of an unlimited number of common shares and an unlimited number of preferred shares, each without par value.

Number of Common Shares Issued and Outstanding

The following table sets forth the number of common shares issued and outstanding:

As at *(000s)*	September 30, 2025	December 31, 2024
Outstanding at beginning of period	271,304	267,156
Issuance of common shares(1)	1,829	4,148
Outstanding at end of period(2)	**273,133**	**271,304**

(1) Relates to the exercise of stock options during the period.

(2) On November 21, 2024, Birchcliff announced that the TSX had accepted the Corporation's notice of intention to make a normal course issuer bid (the "**NCIB**"). Pursuant to the NCIB, Birchcliff may purchase up to 13,489,975 of its outstanding common shares over a period of twelve months commencing on November 27, 2024 and terminating no later than November 26, 2025. Under the NCIB, common shares may be purchased in open market transactions on the TSX and/or alternative Canadian trading systems at the prevailing market price at the time of such transaction. The total number of common shares that Birchcliff is permitted to purchase on the TSX during a trading day is subject to a daily purchase limit of 276,992 common shares. However, Birchcliff may make one block purchase per calendar week which exceeds the daily purchase restriction. All common shares purchased under the NCIB will be cancelled. During the nine months ended September 30, 2025, the Corporation did not purchase any common shares pursuant to the NCIB.

Dividends

The following table sets forth the dividend distributions by the Corporation:

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Dividends on common shares *($000s)*	8,194	26,943	24,523	80,707
Per common share *($)*	0.03	0.10	0.09	0.30

On August 13, 2025, the Board declared a quarterly cash dividend of $0.03 per common share for the quarter ended September 30, 2025. The dividend was paid on September 29, 2025 to shareholders of record at the close of business on September 15, 2025. The dividend has been designated as an eligible dividend for the purposes of the *Income Tax Act* (Canada).

7. EARNINGS PER SHARE

The following table sets forth the computation of net income (loss) per common share:

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Net income (loss) to common shareholders (*$000s*)	(14,125)	(10,461)	37,707	20,884
Weighted average basic common shares outstanding *(000s)*	273,095	269,342	272,357	268,711
Dilutive securities *(000s)*	-	-	1,430	3,365
Weighted average diluted common shares outstanding *(000s)*(1)	273,095	269,342	273,787	272,076
Per basic common share	**($0.05)**	**($0.04)**	**$0.14**	**$0.08**
Per diluted common share	**($0.05)**	**($0.04)**	**$0.14**	**$0.08**

(1) As the Corporation reported a net loss for the three months ended September 30, 2025 and September 30, 2024, all dilutive securities were considered anti-dilutive and therefore basic and diluted weighted average common shares outstanding were the same at the end of the period. For the nine months ended September 30, 2025, the weighted average diluted common shares outstanding excludes 14,414,365 stock options that were anti-dilutive (September 30, 2024 - 15,609,884).

8. REVENUE

The following table sets forth Birchcliff's petroleum and natural gas ("**P&NG**") sales and revenue by source:

	Three months ended September 30		Nine months ended September 30	
($000s)	2025	2024	2025	2024
Light oil	11,691	19,289	38,978	55,554
Condensate(1)	46,793	36,625	126,949	123,421
NGLs(2)	12,667	15,055	44,883	49,660
Natural gas	78,471	51,853	304,496	204,420
P&NG sales(3)	149,622	122,822	515,306	433,055
Royalty income	6	13	28	60
P&NG revenue	149,628	122,835	515,334	433,115
Marketing revenue(4)	519	14,472	17,955	39,986
Revenue from contracts with customers	**150,147**	**137,307**	**533,289**	**473,101**

(1) Consists of pentanes plus.

(2) Consists of ethane, propane and butane.

(3) Included in accounts receivable at September 30, 2025, was $49.7 million (September 30, 2024 – $41.6 million) in P&NG sales to be received from its marketers in respect of September 2025 production, which was subsequently received in October 2025.

(4) Marketing revenue primarily represents the sale of commodities purchased from third parties less applicable fees. Birchcliff enters into certain commodity purchase and sales arrangements to reduce its take-or-pay fractionation fees associated with third-party commitments. The value of commodities purchased and sold during the periods is primarily driven by prevailing commodity prices, the availability of sellers and buyers for fractionated production and fractionation capacity available in the market. The value of commodities purchased and sold to third parties are recorded on a gross basis for financial statement presentation purposes. Marketing revenue also includes a propane supply arrangement with a third-party polypropylene producer, which is recorded net of processing costs and other charges. For the three and nine months ended September 30, 2025, the Corporation had marketing purchases from third parties of $3.1 million and $22.7 million, respectively (September 30, 2024 – $14.5 million and $36.6 million).

9. OTHER LIABILITIES

Post-Employment Benefit Obligations

The Corporation estimates the total undiscounted (inflated) amount of cash flow required to settle its obligations for all participants meeting the eligibility requirements under the post-employment benefit plan was approximately $9.3 million at September 30, 2025 (December 31, 2024 – $9.3 million).

A reconciliation of the discounted post-employment benefit obligations is set forth below:

As at *($000s)*	September 30, 2025	December 31, 2024
Balance, beginning	3,095	16,465
Obligations incurred[1]	311	403
Accretion	68	78
Retirement benefit payments	-	(13,851)
Balance, ending[2]	**3,474**	**3,095**
Current portion	2,630	2,630
Long-term portion	844	465

(1) Represents the current service costs associated with post-employment benefits.

(2) Birchcliff applied a discount rate of 2.8% and an inflation rate of 3.0% to calculate the present value of the post-employment benefit obligations at September 30, 2025 and December 31, 2024.

Lease Obligations

The Corporation's total undiscounted (inflated) amount of cash flow required to settle its lease obligations was approximately $154.7 million at September 30, 2025 (December 31, 2024 – $169.2 million) and is expected to be settled no later than 2035.

A reconciliation of the discounted lease obligations is set forth below:

As at *($000s)*	September 30, 2025	December 31, 2024
Balance, beginning	120,076	12,615
Additions	532	113,878[1][2]
Lease interest expense	6,702	4,582
Lease payments	(15,100)	(11,225)
Change in estimate	-	(337)
Accretion	837	563
Balance, ending	**113,047**	**120,076**
Current portion	11,530	10,755
Long-term portion	101,517	109,321

(1) Effective July 1, 2024, Birchcliff assumed operatorship of a third-party natural gas processing facility that resulted in the take-or-pay commitment associated with the underlying processing arrangement (the "**Gas Processing Lease**") to be classified as a lease obligation under IFRS Accounting Standards. Birchcliff recognized a lease liability of $104.0 million as a result of the addition of the Gas Processing Lease. The variable lease payments (if any) related to the Gas Processing Lease are recognized as operating expenses in profit or loss.

(2) Effective November 8, 2024, Birchcliff recognized a lease liability of $9.9 million as a result of extending its head office lease term from 2028 to 2035.

10. FINANCE EXPENSE

The components of finance expenses are set forth below:

	Three months ended September 30		Nine months ended September 30	
($000s)	**2025**	**2024**	**2025**	**2024**
Cash:				
Interest on Credit Facilities	8,415	9,932	26,465	26,856
Lease interest expense	2,196	2,238	6,702	2,238
Non-cash:				
Accretion[1]	1,460	1,114	4,217	3,234
Amortization of deferred financing fees	425	319	1,133	1,098
Finance expense	**12,496**	**13,603**	**38,517**	**33,426**

(1) Includes accretion on decommissioning obligations, post-employment benefit obligations and lease obligations.

11. SHARE-BASED PAYMENT

Stock Options

At September 30, 2025, the Corporation's stock option plan (the "**Option Plan**") permitted the grant of options in respect of a maximum of 27,313,276 (September 30, 2024 – 26,956,921) common shares. At September 30, 2025, there remained 6,184,326 (September 30, 2024 – 7,140,458) stock options available for issuance. For the stock options exercised during the nine months ended September 30, 2025, the weighted average common share trading price on the TSX was $6.16 (September 30, 2024 – $5.65) per common share.

A summary of the outstanding stock options is set forth below:

	Three months ended September 30				Nine months ended September 30			
	2025		2024		2025		2024	
	Number	Price (\$)[1]	Number	Price (\$)[1]	Number	Price (\$)[1]	Number	Price (\$)[1]
Outstanding, beginning	21,603,134	6.49	20,411,381	6.18	23,656,768	6.25	22,779,950	5.95
Granted[2]	79,800	6.76	239,550	5.96	191,200	6.71	514,750	5.82
Exercised	(248,317)	(6.04)	(437,768)	(2.14)	(1,829,251)	(3.24)	(2,413,537)	(2.84)
Forfeited	(184,201)	(5.98)	(185,400)	(7.26)	(552,436)	(6.12)	(609,167)	(7.26)
Expired	(121,466)	(8.19)	(211,300)	(7.48)	(337,331)	(8.00)	(455,533)	(7.78)
Outstanding, ending	**21,128,950**	**6.49**	**19,816,463**	**6.24**	**21,128,950**	**6.49**	**19,816,463**	**6.24**

(1) Calculated on a weighted average basis.

(2) Each stock option granted entitles the holder to purchase one common share at the exercise price.

The weighted average fair value per option granted during the three months ended September 30, 2025 was \$2.15 (September 30, 2024 – \$1.51). In determining the stock-based compensation expense for options issued during the three months ended September 30, 2025, the Corporation applied a weighted average estimated forfeiture rate of 7.0% (September 30, 2024 – 7.0%).

The weighted average assumptions used in calculating the Black-Scholes fair values are set forth below:

Three months ended	September 30, 2025	September 30, 2024
Risk-free interest rate	2.9%	3.4%
Expected life *(years)*	4.0	4.0
Expected volatility	42.1%	49.1%
Dividend yield	1.8%	6.8%

A summary of the stock options outstanding and exercisable under the Option Plan at September 30, 2025 is set forth below:

Grant Price *(\$)*		Awards Outstanding			Awards Exercisable		
Low	High	Quantity	Weighted Average Remaining Contractual Life *(years)*	Weighted Average Exercise Price *(\$)*	Quantity	Weighted Average Remaining Contractual Life *(years)*	Weighted Average Exercise Price *(\$)*
1.73	3.00	1,142,981	0.19	1.81	1,142,981	0.19	1.81
3.01	6.00	5,676,951	4.17	5.11	76,984	2.99	5.16
6.01	9.00	9,269,418	2.31	6.35	5,870,574	1.74	6.45
9.01	11.65	5,039,600	2.18	9.37	3,597,593	2.18	9.38
		21,128,950	**2.66**	**6.49**	**10,688,132**	**1.73**	**6.93**

Performance Warrants

In January 2025, the Corporation repurchased the 404,967 performance warrants outstanding for a total cash cost of \$1.1 million. As at September 30, 2025, there were no performance warrants outstanding (December 31, 2024 – 404,967).

12. CAPITAL MANAGEMENT

The Corporation's policy is to maintain a sufficient capital base to manage its business in the most effective manner with the goal of increasing the value of its assets and thus its underlying share value. The Corporation's objectives when managing capital are to maintain financial flexibility to preserve its ability to meet financial obligations, to maintain a capital structure that allows Birchcliff to finance its business strategy using primarily internally-generated cash flow and its available Credit Facilities and to optimize the use of its capital to provide an appropriate investment return to its shareholders. There were no changes in the Corporation's approach to capital management during the nine months ended September 30, 2025.

The following table sets forth the Corporation's total available credit:

As at *($000s)*	**September 30, 2025**	**December 31, 2024**
Maximum borrowing base limit:		
Revolving term credit facilities *(Note 4)*	850,000	850,000
Principal amount utilized:		
Revolving term credit facilities	(522,712)	(566,857)
Unamortized deferred financing fees	(4,392)	(3,825)
Outstanding letters of credit	(185)	(185)
	(527,289)	(570,867)
Unused credit	**322,711**	**279,133**

The capital structure of the Corporation is as follows:

As at *($000s)*	**September 30, 2025**	**December 31, 2024**	**% Change**
Total shareholders' equity	**2,218,524**	**2,195,015**	**1%**
Total shareholders' equity as a % of total capital	81%	80%	
Revolving term credit facilities	522,712	566,857	
Working capital surplus[(1)]	(21,689)	(88,953)	
Fair value of financial instruments - asset[(2)]	32,604	71,038	
Other liabilities[(2)]	(14,160)	(13,385)	
Adjusted working capital surplus[(3)]	(3,245)	(31,300)	
Total debt	**519,467**	**535,557**	**(3%)**
Total debt as a % of total capital	19%	20%	
Total capital	**2,737,991**	**2,730,572**	**0%**

(1) Current liabilities less current assets.

(2) Reflects the current portion only.

(3) Represents items related to the day-to-day operations of Birchcliff and excludes the current portion of financial instruments and other liabilities discounted to the end of the period where the benefit or obligation has not been realized by the Corporation.

13. RISK MANAGEMENT

Birchcliff is exposed to credit risk, liquidity risk and market risk as part of its normal course of business. The Board has overall responsibility for the establishment and oversight of the Corporation's financial risk management framework and periodically reviews the results of all risk management activities and all outstanding positions.

Commodity Price Risk

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. Significant changes in commodity prices can materially impact the corporation's financial performance, operating results and financial position. Commodity prices for P&NG are not only influenced by Canadian and the United States supply and demand, but also by world events that dictate the levels of supply and demand globally.

Financial Derivative Contracts

At September 30, 2025, Birchcliff had certain financial derivative contracts outstanding in order to manage commodity price risk. These instruments are not used for trading or speculative purposes. Birchcliff has not designated its financial instruments as effective accounting hedges, even though the Corporation considers all commodity contracts to be effective economic hedges. As a result, all such financial instruments are recorded on the statements of financial position at fair value, with the changes in fair value being recognized as an unrealized gain or loss in profit or loss and realized upon settlement.

At September 30, 2025, Birchcliff had the following financial derivative contracts in place to manage commodity price risk:

Product	Type of Contract	Notional Quantity	Remaining Term[1]	Contract Price	Asset *($000s)*
Natural gas	AECO 7A basis swap[2]	12,500 MMBtu/d	Oct. 1, 2025 – Dec. 31, 2025	NYMEX HH less US$1.108/MMBtu	1,016
Natural gas	AECO 7A basis swap[2]	10,000 MMBtu/d	Oct. 1, 2025 – Dec. 31, 2025	NYMEX HH less US$1.115/MMBtu	806
Natural gas	AECO 7A basis swap[2]	10,000 MMBtu/d	Oct. 1, 2025 – Dec. 31, 2025	NYMEX HH less US$1.050/MMBtu	936
Natural gas	AECO 7A basis swap[2]	5,000 MMBtu/d	Oct. 1, 2025 – Dec. 31, 2025	NYMEX HH less US$1.178/MMBtu	387
Natural gas	AECO 7A basis swap[2]	10,000 MMBtu/d	Oct. 1, 2025 – Dec. 31, 2025	NYMEX HH less US$1.175/MMBtu	728
Natural gas	AECO 7A basis swap[2]	5,000 MMBtu/d	Oct. 1, 2025 – Dec. 31, 2025	NYMEX HH less US$1.190/MMBtu	355
Natural gas	AECO 7A basis swap[2]	30,000 MMBtu/d	Oct. 1, 2025 – Dec. 31, 2025	NYMEX HH less US$1.114/MMBtu	2,420
Natural gas	AECO 7A basis swap[2]	35,000 MMBtu/d	Oct. 1, 2025 – Dec. 31, 2025	NYMEX HH less US$1.081/MMBtu	2,965
Natural gas	AECO 7A basis swap[2]	5,000 MMBtu/d	Oct. 1, 2025 – Dec. 31, 2025	NYMEX HH less US$1.013/MMBtu	464
Natural gas	AECO 7A basis swap[2]	20,000 MMBtu/d	Oct. 1, 2025 – Dec. 31, 2025	NYMEX HH less US$1.005/MMBtu	1,892
Natural gas	AECO 7A basis swap[2]	5,000 MMBtu/d	Oct. 1, 2025 – Dec. 31, 2025	NYMEX HH less US$0.990/MMBtu	481
Natural gas	AECO 7A basis swap[2]	10,000 MMBtu/d	Jan. 1, 2026 – Dec. 31, 2026	NYMEX HH less US$0.895/MMBtu	4,063
Natural gas	AECO 7A basis swap[2]	40,000 MMBtu/d	Jan. 1, 2026 – Dec. 31, 2026	NYMEX HH less US$0.979/MMBtu	14,764
Natural gas	AECO 7A basis swap[2]	20,000 MMBtu/d	Jan. 1, 2026 – Dec. 31, 2026	NYMEX HH less US$0.960/MMBtu	7,730
Natural gas	AECO 7A basis swap[2]	25,000 MMBtu/d	Jan. 1, 2027 – Dec. 31, 2027	NYMEX HH less US$0.788/MMBtu	9,408
Natural gas	AECO 7A basis swap[2]	20,000 MMBtu/d	Jan. 1, 2030 – Dec. 31, 2031	NYMEX HH less US$1.090/MMBtu	3,291
Natural gas	AECO 7A basis swap[2]	5,000 MMBtu/d	Jan. 1, 2030 – Dec. 31, 2031	NYMEX HH less US$1.090/MMBtu	834
				Fair value	**52,540**

(1) Transactions with common terms and the same counterparty have been aggregated and presented at the weighted average price.

(2) Birchcliff sold AECO basis swap.

At September 30, 2025, if the future NYMEX HH/AECO 7A basis changed by US$0.10/MMBtu, with all other variables held constant, after-tax net income in the nine months ended September 30, 2025 would have changed by approximately $6.7 million.

There were no financial derivative contracts entered into subsequent to September 30, 2025 to manage commodity price risk.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Corporation's Credit Facilities are exposed to interest rate risk. The remainder of Birchcliff's financial assets and liabilities are not directly exposed to interest rate risk. The Corporation had no financial derivative contracts in place to manage interest rate risk as at September 30, 2025.

Foreign Currency Risk

Foreign currency risk is the risk that future cash flows will fluctuate as a result of changes in foreign currency exchange rates. The exchange rate effect cannot be quantified but generally an increase in the value of the CDN dollar as compared to the US dollar will reduce the CDN dollar prices received by Birchcliff for its P&NG sales. The Corporation had no long-term forward exchange rate contracts in place as at September 30, 2025.

CORPORATE INFORMATION

EXECUTIVE OFFICERS

Chris Carlsen
President and Chief Executive Officer

Bruno Geremia
Executive Vice President and
Chief Financial Officer

Theo van der Werken
Chief Operating Officer

Robyn Bourgeois
Vice President, Legal, General Counsel and
Corporate Secretary

Duane Thompson
Vice President, Operations

Hue Tran
Vice President, Business Development and
Marketing

DIRECTORS

Jeff Tonken
Chairman of the Board
Calgary, Alberta

Dennis Dawson
Independent Lead Director
Calgary, Alberta

Debra Gerlach
Independent Director
Calgary, Alberta

Stacey McDonald
Independent Director
Calgary, Alberta

Cameron Proctor
Independent Director
Calgary, Alberta

James Surbey
Non-Independent Director
Calgary, Alberta

MANAGEMENT

Gates Aurigemma
Manager, General Accounting

Jordon Cheung
Drilling Manager

Jesse Doenz
Controller

Andrew Fulford
Surface Land Manager

Lee Grant
Manager of Engineering

Dan Lundstrom
Health and Safety Manager

Kevin Matiasz
Completions Manager

Paul Messer
Manager of Information Technology

Tyler Murray
Mineral Land, Acquisitions and Dispositions
Manager

Tam Nguyen
Manager of Marketing

Landon Poffenroth
Montney Asset Manager

Michelle Rodgerson
Manager, Human Resources and
Corporate Services

Jeff Rogers
Facilities Manager

Victor Sandhawalia
Manager of Finance

Daniel Sharp
Manager of Geology

Greg Vreim
Manager of Production

BANKERS

The Bank of Nova Scotia

Royal Bank of Canada

National Bank of Canada

Canadian Imperial Bank of Commerce

Bank of Montreal

ATB Financial

Business Development Bank of Canada

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