

MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL

This Management's Discussion and Analysis ("**MD&A**") for Birchcliff Energy Ltd. ("**Birchcliff**" or the "**Corporation**") dated March 11, 2026 is with respect to the three and twelve months ended December 31, 2025 (the "**Reporting Periods**") as compared to the three and twelve months ended December 31, 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 audited annual financial statements of the Corporation and related notes for the years ended December 31, 2025 and 2024 (the "**financial statements**"), 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 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 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, 2025 (the "**AIF**"), is available on the SEDAR+ website at www.sedarplus.ca and on the Corporation's website at www.birchcliffenergy.com.

2025 HIGHLIGHTS

- Delivered average production of 83,028 boe/d (83% natural gas and 17% liquids) in the three month Reporting Period, a 7% increase from the Comparable Prior Period, and 80,086 boe/d (82% natural gas and 18% liquids) in the twelve month Reporting Period, a 4% increase from the Comparable Prior Period.
- Generated adjusted funds flow⁽¹⁾ of \$116.7 million (\$0.43 per basic common share⁽²⁾) in the three month Reporting Period, a 63% increase from the Comparable Prior Period, and \$422.8 million (\$1.55 per basic common share) in the twelve month Reporting Period, a 79% increase from the Comparable Prior Period.
- Cash flow from operating activities was \$93.5 million in the three month Reporting Period, a 105% increase from the Comparable Prior Period, and \$407.7 million in the twelve month Reporting Period, a 100% increase from the Comparable Prior Period.
- Generated free funds flow⁽¹⁾ of \$67.4 million (\$0.25 per basic common share⁽²⁾) in the three month Reporting Period, a 398% increase from the Comparable Prior Period, and \$116.9 million (\$0.43 per basic common share) in the twelve month Reporting Period, a 422% increase from the Comparable Prior Period.
- Reported net income to common shareholders of \$27.2 million (\$0.10 per basic common share) in the three month Reporting Period, a 23% decrease from the Comparable Prior Period, and \$64.9 million (\$0.24 per basic common share) in the twelve month Reporting Period, a 16% increase from the Comparable Prior Period.
- Reduced total debt⁽³⁾ during the year, exiting 2025 with total debt of \$459.9 million, a 14% decrease from year-end 2024. At December 31, 2025, Birchcliff's total debt to adjusted funds flow ratio⁽²⁾ was 1.1x as compared to 2.3x at December 31, 2024.
- Birchcliff continued to benefit from its natural gas market diversification, with approximately 72% and 75% of its natural gas production in the three and twelve month Reporting Periods, respectively, 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 \$4.34/Mcf and \$4.10/Mcf in the three and twelve month Reporting Periods, respectively, which represents an 80% and 125% premium to the average benchmark AECO 5A price in the Reporting Periods, adjusted for Birchcliff's heat premium.
- Brought 3 (3.0 net) and 29 (29.0 net) wells on production in the three and twelve month Reporting Periods, respectively, with F&D capital expenditures⁽⁴⁾ of \$49.3 million in the three month Reporting Period and \$305.9 million in the twelve month Reporting Period.

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

2026 GUIDANCE

The following tables set forth Birchcliff's guidance and assumptions for 2026 and its 2025 actual results and reported 2025 guidance and assumptions for comparative purposes, as well as its free funds flow sensitivity for 2026:

	2026 guidance and assumptions – January 20, 2026 ⁽¹⁾	2025 actual results	2025 guidance and assumptions – November 12, 2025
Production			
Annual average production (boe/d)	81,000 – 84,000	80,086	79,000 – 80,000
% Light oil	1%	2%	3%
% Condensate	6%	7%	6%
% NGLs	9%	9%	9%
% Natural gas	84%	82%	82%
Average Expenses (\$/boe)			
Royalty	\$1.85 – \$2.05	\$1.06	\$1.10 – \$1.30
Operating	\$2.80 – \$3.00	\$2.88	\$2.90 – \$3.10
Transportation and other ⁽²⁾	\$5.15 – \$5.35	\$5.68	\$5.55 – \$5.75
Adjusted Funds Flow (millions)⁽³⁾	\$430	\$422.8	\$415
F&D Capital Expenditures (millions)	\$325 – \$375	\$305.9	\$290 – \$300
Free Funds Flow (millions)⁽³⁾	\$55 – \$105	\$116.9	\$115 – \$125
Total Debt at Year End (millions)⁽⁴⁾	\$410 – \$460	\$459.9	\$455 – \$465
Natural Gas Market Exposure			
AECO exposure as a % of total natural gas production	46%	22%	23%
Dawn exposure as a % of total natural gas production	38%	41%	41%
NYMEX HH exposure as a % of total natural gas production	16%	35%	35%
Alliance exposure as a % of total natural gas production	-	2%	1%
Commodity Prices			
Average WTI price (US\$/bbl)	\$60.00 ⁽⁵⁾	\$64.80	\$65.15
Average WTI-MSW differential (CDN\$/bbl)	\$5.40 ⁽⁵⁾	\$5.01	\$5.00
Average AECO price (CDN\$/GJ)	\$2.60 ⁽⁵⁾	\$1.59	\$1.70
Average Dawn price (US\$/MMBtu)	\$3.40 ⁽⁵⁾	\$3.25	\$3.20
Average NYMEX HH price (US\$/MMBtu)	\$3.60 ⁽⁵⁾	\$3.43	\$3.40
Exchange rate (CDN\$ to US\$1)	1.37 ⁽⁵⁾	1.40	1.40
Forward twelve months' free funds flow sensitivity⁽⁵⁾⁽⁶⁾		Estimated change to 2026 free funds flow (millions)	
Change in WTI US\$1.00/bbl		\$3.7	
Change in NYMEX HH US\$0.10/MMBtu		\$3.3	
Change in Dawn US\$0.10/MMBtu		\$8.2	
Change in AECO CDN\$0.10/GJ		\$7.7	
Change in CDN/US exchange rate CDN\$0.01		\$4.2	

(1) Birchcliff's guidance for its production commodity mix, adjusted funds flow, free funds flow, total debt and natural gas market exposure in 2026 is based on an annual average production rate of 82,500 boe/d in 2026, which is the mid-point of Birchcliff's annual average production guidance range for 2026. 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 2026 could have an impact on Birchcliff's 2026 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 commodity price and exchange rate assumptions and free funds flow sensitivity for 2026 are based on anticipated full-year averages using the Corporation's anticipated forward benchmark commodity prices and the CDN/US exchange rate as of January 13, 2026.

(6) Illustrates the expected impact of changes in commodity prices and the CDN/US exchange rate on the Corporation's forecast of free funds flow for 2026, holding all other variables constant. The sensitivity is based on the commodity price and exchange rate assumptions set forth in the table above. The calculated impact on free funds flow is only applicable within the limited range of change indicated. Calculations are performed independently and may not be indicative of actual results. Actual results may vary materially when multiple variables change at the same time and/or when the magnitude of the change increases.

Comparison of 2025 Actual Results to 2025 Guidance

Birchcliff's 2025 actual results were generally in line with 2025 guidance. Birchcliff's annual average production for 2025 slightly exceeded its guidance range of 79,000 to 80,000 boe/d, primarily due to the outperformance of the Corporation's incremental production from new Montney wells brought on production in the three month Reporting Period.

Birchcliff's royalty expense per boe for 2025 was slightly below its guidance range, primarily due to a lower than anticipated average AECO benchmark price. Operating expense per boe was slightly below its guidance range primarily due to operating efficiencies achieved from the operatorship of the third-party natural gas processing facility in Gordondale and higher than anticipated production. Transportation and other expense per boe was within its guidance range for 2025.

Birchcliff's adjusted funds flow was slightly higher than its guidance of \$415 million, primarily due to higher than forecasted production volumes and average realized sales prices received for such production in 2025. F&D capital expenditures for 2025 slightly exceeded the high-end of Birchcliff's guidance range. F&D capital expenditures for 2025 included the capitalized portion of approved cash incentive payments and strategic mineral land acquisitions that were unbudgeted. Free funds flow and year-end total debt for 2025 were within guidance ranges.

SELECTED ANNUAL INFORMATION

The following table sets forth a summary of the Corporation's annual results for the three most recently completed financial years:

	2025	2024	2023
Average production			
Light oil (bbls/d)	1,551	2,017	1,849
Condensate (bbls/d)	5,372	4,425	5,202
NGLs (bbls/d)	7,162	7,080	6,306
Natural gas (Mcf/d)	396,010	379,040	374,052
Total (boe/d)	80,086	76,695	75,699
Average realized sales prices (\$)			
Light oil (per bbl)	86.25	98.90	99.07
Condensate (per bbl)	85.74	99.66	103.76
NGLs (per bbl)	22.71	26.37	26.92
Natural gas (per Mcf)	3.00	2.05	3.03
Total (per boe)	24.28	20.90	26.79
Cash flow from operating activities (\$000s)	407,705	203,710	320,529
Adjusted funds flow (\$000s) ⁽¹⁾	422,766	236,794	306,827
Per common share – basic (\$) ⁽²⁾	1.55	0.88	1.15
Free funds flow (\$000s) ⁽¹⁾	116,875	(36,290)	2,190
Per common share – basic (\$) ⁽²⁾	0.43	(0.13)	0.01
Net income to common shareholders (\$000s)	64,874	56,100	9,780
Per common share – basic (\$)	0.24	0.21	0.04
Per common share – diluted (\$)	0.24	0.21	0.04
P&NG revenue (\$000s)	709,863	586,856	740,359
F&D capital expenditures (\$000s) ⁽³⁾	305,891	273,084	304,637
Total capital expenditures (\$000s) ⁽¹⁾	307,777	282,745	307,916
Total assets (\$000s)	3,435,243	3,433,251	3,176,910
Revolving term credit facilities (\$000s)	508,340	566,857	372,097
Total debt (\$000s) ⁽⁴⁾	459,948	535,557	382,306
End of period basic common shares (000s)	274,797	271,304	267,156
Weighted average basic common shares (000s)	272,721	269,081	266,465
Dividends on common shares (\$000s)	32,764	107,833	213,344
Per common share (\$)	0.12	0.40	0.80

(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.

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

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

Annual average production in 2025 increased by 4% and 6% from 2024 and 2023, respectively, to record annual average production of 80,086 boe/d. Annual average production in each year was positively impacted by incremental production volumes from new Montney wells brought on production and negatively impacted by natural production declines.

In 2025, cash flow from operating activities increased by 100% and 27% from 2024 and 2023, respectively, and adjusted funds flow increased by 79% and 38% from 2024 and 2023, respectively. The increases were primarily due to higher production and a higher realized gain on financial instruments of \$76.5 million in 2025 as compared to \$9.3 million in 2024 and a realized loss on financial instruments of \$37.3 million in 2023.

Birchcliff's adjusted funds flow and cash flow from operating activities are directly impacted by production levels and the average realized sales price received for such production.

Free funds flow is influenced by movement in adjusted funds flow and F&D capital expenditures. In 2025 free funds flow increased significantly from 2024 and 2023, primarily due to higher adjusted funds flow.

Birchcliff's net income to common shareholders in each of the three years was primarily impacted by adjusted funds flow generated from its business and unrealized gains and losses recognized on its financial instruments. In 2025, net income to common shareholders increased by 16% and 563% from 2024 and 2023, respectively, primarily due to higher adjusted funds flow, partially offset by an unrealized loss on the Corporation's financial NYMEX HH/AECO 7A basis swap contracts. Birchcliff recorded an unrealized loss on financial instruments of \$65.0 million in 2025 as compared to an unrealized gain on financial instruments of \$98.6 million in 2024 and an unrealized loss on financial instruments of \$38.2 million in 2023.

The Corporation's F&D capital expenditures fluctuate each year based on the Corporation's outlook for commodity prices and market conditions and the level of drilling and completions operations and other capital projects and the timing and cost thereof. F&D capital expenditures in 2025 increased by 12% from 2024 and remained consistent with 2023.

Total debt at December 31, 2025 decreased by 14% from December 31, 2024, primarily due to free funds flow (after dividends) generated in 2025 being allocated to reduce the Corporation's indebtedness. Total debt increased by 20% from December 31, 2023, primarily due to the Corporation's aggregate F&D capital expenditures and dividends distributions in 2024 and 2025 being higher than the adjusted funds flow generated from its business in those years. See "Capital Resources and Liquidity" in this MD&A.

Birchcliff paid a common share dividend of \$0.03 per common share in each quarter of 2025 as compared to \$0.10 per common share in each quarter of 2024. In 2023, the common share dividend was \$0.20 per common share in each quarter. See "Dividends" in this MD&A.

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 December 31			Twelve months ended December 31		
	2025	2024	% Change	2025	2024	% Change
Cash flow from operating activities (\$000s)	93,485	45,641	105	407,705	203,710	100
Adjusted funds flow (\$000s)⁽¹⁾	116,737	71,838	63	422,766	236,794	79
Per basic common share (\$) ⁽²⁾	0.43	0.27	59	1.55	0.88	76
Per diluted common share (\$) ⁽²⁾	0.42	0.26	62	1.54	0.87	77
Adjusted funds flow per boe (\$) ⁽²⁾	15.28	10.06	52	14.46	8.44	71

(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 105% and 100% from the three and twelve month Comparable Prior Periods, respectively. Adjusted funds flow increased by 63% and 79% from the three and twelve month Comparable Prior Periods, respectively. The increases were primarily due to higher natural gas revenue, which was largely the result of higher production and a 50% and 46% increase in the average realized sales price Birchcliff received for its natural gas production in the three and twelve month Reporting Periods, respectively, as compared to the Comparable Prior Periods.

Adjusted funds flow and cash flow from operating activities were also positively impacted by higher realized gains on financial instruments of \$14.8 million and \$76.5 million in the three and twelve month Reporting Periods, respectively, as compared to \$12.0 million and \$9.3 million in the Comparable Prior Periods. See "Discussion of Operations" in this MD&A for further information.

NET INCOME TO COMMON SHAREHOLDERS

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

	Three months ended December 31			Twelve months ended December 31		
	2025	2024	% Change	2025	2024	% Change
Net income to common shareholders (\$000s)	27,167	35,216	(23)	64,874	56,100	16
Per basic common share (\$)	0.10	0.13	(23)	0.24	0.21	14
Per diluted common share (\$)	0.10	0.13	(23)	0.24	0.21	14
Net income to common shareholders per boe (\$)	3.56	4.93	(28)	2.22	2.00	11

Net income to common shareholders decreased by 23% from the three month Comparable Prior Period, primarily due to an unrealized loss on financial instruments of \$9.9 million in the Reporting Period as compared to an unrealized gain on financial instruments of \$42.5 million in the Comparable Prior Period, partially offset by higher adjusted funds flow in the Reporting Period.

Net income to common shareholders increased by 16% from the twelve month Comparable Prior Period, primarily due to higher adjusted funds flow in the Reporting Period, partially offset by an unrealized loss on financial instruments of \$65.0 million in the Reporting Period as compared to an unrealized gain on financial instruments of \$98.6 million in the Comparable Prior Period.

The Corporation's unrealized gains and losses on financial instruments resulted from changes in the net fair value of the Corporation's NYMEX HH/AECO 7A basis swap contracts.

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:

(\$000s)	Three months ended December 31			Twelve months ended December 31		
	2025	2024	% Change	2025	2024	% Change
Light oil	9,838	17,450	(44)	48,816	73,004	(33)
Condensate	41,153	37,985	8	168,102	161,405	4
NGLs	14,488	18,679	(22)	59,371	68,339	(13)
Natural gas	129,043	79,615	62	433,539	284,035	53
P&NG sales	194,522	153,729	27	709,828	586,783	21
Royalty income	7	12	(42)	35	73	(52)
P&NG revenue	194,529	153,741	27	709,863	586,856	21

P&NG revenue increased by 27% and 21% from the three and twelve month Comparable Prior Periods, respectively, primarily due to higher natural gas revenue in the Reporting Periods, which was largely the result of higher natural gas production and a higher average realized sales price received for such production.

P&NG revenue in the Reporting Periods was negatively impacted by a decrease in the average realized sales price the Corporation received for its liquids production.

Production

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

	Three months ended December 31			Twelve months ended December 31		
	2025	2024	% Change	2025	2024	% Change
Light oil (bbls/d)	1,375	1,993	(31)	1,551	2,017	(23)
Condensate (bbls/d)	5,795	4,310	34	5,372	4,425	21
NGLs (bbls/d)	7,197	7,748	(7)	7,162	7,080	1
Natural gas (Mcf/d)	411,966	381,433	8	396,010	379,040	4
Production (boe/d)	83,028	77,623	7	80,086	76,695	4
Liquids-to-gas ratio (bbls/MMcf)	34.9	36.8	(5)	35.6	35.7	-

Production increased by 7% and 4% from the three and twelve month Comparable Prior Periods, respectively, primarily due to the outperformance of the Corporation's existing base production and incremental production from new Montney wells brought on production since the Comparable Prior Periods, partially offset by natural production declines. Natural gas and condensate production increased from the Comparable Prior Periods, primarily due to the Corporation specifically targeting high-rate and condensate-rich natural gas wells in Pouce Coupe and Gordondale during the Reporting Periods. Light oil production decreased from the Comparable Prior Periods, 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.

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

	Three months ended December 31		Twelve months ended December 31	
	2025	2024	2025	2024
% Light oil production	2	2	2	3
% Condensate production	7	6	7	6
% NGLs production	8	10	9	9
% Natural gas production	83	82	82	82

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 December 31			Twelve months ended December 31		
	2025	2024	% Change	2025	2024	% Change
Light oil – WTI Cushing (US\$/bbl)	59.13	70.27	(16)	64.80	75.72	(14)
Light oil – MSW (Mixed Sweet) (CDN\$/bbl)	76.41	95.98	(20)	85.70	97.80	(12)
Natural gas – NYMEX HH (US\$/MMBtu)	3.55	2.79	27	3.43	2.27	51
Natural gas – AECO 5A Daily (CDN\$/GJ)	2.11	1.40	51	1.59	1.38	15
Natural gas – AECO 7A Month Ahead (US\$/MMBtu)	1.67	1.05	59	1.32	1.06	25
Natural gas – Dawn Day Ahead (US\$/MMBtu)	3.45	2.23	55	3.25	1.96	66
Natural gas – NYMEX HH/AECO 7A Basis (US\$/MMBtu)	1.88	1.74	8	2.11	1.21	74
Exchange rate (CDN\$ to US\$1)	1.39	1.41	(2)	1.40	1.37	2
Exchange rate (US\$ to CDN\$1)	0.72	0.71	2	0.71	0.73	(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, 2028, 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. 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 during the Reporting Periods and Comparable Prior Periods, with an average

contract price of NYMEX HH less US\$1.088/MMBtu during the Reporting Periods and NYMEX HH less US\$1.120/MMBtu during the Comparable Prior Periods.

AECO 5A natural gas benchmark prices increased by 51% and 15% from the three and twelve month Comparable Prior Periods, respectively; Dawn natural gas benchmark prices increased by 55% and 66% from the three and twelve month Comparable Prior Periods, respectively; and NYMEX HH benchmark prices increased by 27% and 51% from the three and twelve month Comparable Prior Periods, respectively. The increases in natural gas benchmark prices were primarily due to higher winter-induced domestic demand for heating and record levels of LNG exports from Canada and the U.S., which eased concerns related to high inventory levels and oversupply in North America. The NYMEX HH/AECO 7A basis increased by 8% and 74% from the three and twelve month Comparable Prior Periods, respectively, primarily due to a more balanced natural gas supply and demand in the U.S. as compared to Canada, which largely resulted from the higher incremental U.S. LNG export capacity additions in the Reporting Periods.

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. The MSW benchmark oil price decreased by 20% and 12% from the three and twelve month Comparable Prior Periods, respectively, primarily due to 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 December 31			Twelve months ended December 31		
	2025	2024	% Change	2025	2024	% Change
Light oil (\$/bbl)	77.80	95.18	(18)	86.25	98.90	(13)
Condensate (\$/bbl)	77.18	95.79	(19)	85.74	99.66	(14)
NGLs (\$/bbl)	21.88	26.20	(16)	22.71	26.37	(14)
Natural gas (\$/Mcf)	3.40	2.27	50	3.00	2.05	46
Average realized sales price (\$/boe)	25.47	21.53	18	24.28	20.90	16

The Corporation's average realized sales price increased by 18% and 16% from the three and twelve month Comparable Prior Periods, respectively. The increases were attributed to higher natural gas benchmark prices in markets where Birchcliff physically delivers its natural gas and has market diversification exposure. 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, which decreased by 16% and 14% from the three and twelve month Comparable Prior Periods, respectively.

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 egress.

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 December 31, 2025						Three months ended December 31, 2024					
Natural gas market	Natural gas sales		Natural gas production		Average realized sales price	Natural gas sales		Natural gas production		Average realized sales price	
	(\$000s)	(%)	(Mcf/d)	(%)	(\$/Mcf)	(\$000s)	(%)	(Mcf/d)	(%)	(\$/Mcf)	
AECO	54,737	42	245,698	60	2.44	31,027	39	216,321	57	1.57	
Dawn	73,232	57	162,049	39	4.91	48,281	60	162,555	42	3.23	
Alliance ⁽¹⁾	1,074	1	4,219	1	2.77	307	1	2,557	1	1.30	
Total	129,043	100	411,966	100	3.40	79,615	100	381,433	100	2.27	

Twelve months ended December 31, 2025						Twelve months ended December 31, 2024					
Natural gas market	Natural gas sales		Natural gas production		Average realized sales price	Natural gas sales		Natural gas production		Average realized sales price	
	(\$000s)	(%)	(Mcf/d)	(%)	(\$/Mcf)	(\$000s)	(%)	(Mcf/d)	(%)	(\$/Mcf)	
AECO	156,004	36	228,000	57	1.89	112,747	40	209,227	55	1.49	
Dawn	274,791	63	161,874	41	4.65	165,407	58	161,621	43	2.80	
Alliance ⁽¹⁾	2,744	1	6,136	2	1.23	5,881	2	8,192	2	1.96	
Total	433,539	100	396,010	100	3.00	284,035	100	379,040	100	2.05	

(1) Birchcliff had short-term physical sales agreements with third-party marketers to sell and deliver into the Alliance pipeline system in the Reporting Periods and Comparable Prior Periods. 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, foreign exchange and market interest rates. The Board has approved 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 but considers 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 December 31, 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⁾	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.

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.

Realized Gains on Financial Instruments

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

	Three months ended December 31			Twelve months ended December 31		
	2025	2024	% Change	2025	2024	% Change
Realized gain (\$000s)	14,817	12,022	23	76,535	9,336	720
Realized gain (\$/boe)	1.94	1.68	15	2.62	0.33	694

Birchcliff's realized gains and losses on financial instruments were primarily impacted by the settlement of its NYMEX HH/AECO 7A basis swap contracts during the Reporting Periods and Comparable Prior Periods. 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 fixed 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 twelve month Reporting Periods was US\$1.88/MMBtu and US\$2.11/MMBtu, respectively, as compared to US\$1.74/MMBtu and US\$1.21/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 December 31			Twelve months ended December 31		
	2025	2024	% Change	2025	2024	% Change
Unrealized gain (loss) (\$000s)	(9,914)	42,473	(123)	(65,043)	98,605	(166)
Unrealized gain (loss) (\$/boe)	(1.30)	5.95	(122)	(2.23)	3.51	(164)

Birchcliff's unrealized gains and losses on financial instruments are impacted by changes in the net fair value of its NYMEX HH/AECO 7A basis swap 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 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 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 of \$9.9 million and \$65.0 million in the three and twelve month Reporting Periods, respectively, resulted from decreases in the fair value net asset position to \$42.6 million at December 31, 2025 from \$52.5 million at September 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 December 31, 2025 as compared to the net fair value previously assessed at September 30, 2025 and December 31, 2024; and (ii) the settlement of the Corporation's financial NYMEX HH/AECO 7A basis swap contracts during the three and twelve month Reporting Periods.

Royalties

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

	Three months ended December 31			Twelve months ended December 31		
	2025	2024	% Change	2025	2024	% Change
Royalty expense (\$000s) ⁽¹⁾	5,366	9,033	(41)	31,107	39,608	(21)
Royalty expense (\$/boe)	0.70	1.26	(44)	1.06	1.41	(25)
Effective royalty rate (%)⁽²⁾	3	6	(50)	4	7	(43)

(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.

Royalty expense per boe decreased by 44% and 25% from the three and twelve month Comparable Prior Periods, respectively, primarily due to lower liquids royalties as a result of lower WTI benchmark oil prices, which reduced the liquids royalty rates in the Reporting Periods. Liquids royalties decreased by \$3.6 million and \$8.5 million in the three and twelve month Reporting Periods, respectively. Royalty expense per boe in the Reporting Periods was negatively impacted by higher natural gas royalties (before deductions), which resulted from an increase in the Alberta market reference price and higher natural gas production.

The effective royalty rate decreased in the Reporting Periods, primarily due to: (i) lower liquids royalty expense as a result of lower WTI benchmark oil price; and (ii) the Corporation's natural gas royalty expense being calculated based on the Alberta market reference price, which only takes into account the AECO benchmark natural gas price, while Birchcliff received higher U.S. pricing on a portion of its natural gas production at the Dawn market, which increased its P&NG revenue in the Reporting Periods.

Operating Expense

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

	Three months ended December 31			Twelve months ended December 31		
	2025	2024	% Change	2025	2024	% Change
(\$000s)						
Field operating expense	24,195	21,921	10	90,332	95,329	(5)
Recoveries	(1,810)	(1,163)	56	(6,050)	(4,439)	36
Operating expense	22,385	20,758	8	84,282	90,890	(7)
Operating expense (\$/boe)	2.93	2.91	1	2.88	3.24	(11)

Operating expense per boe remained relatively comparable with the three month Comparable Prior Period and decreased by 11% from the twelve 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 \$17.7 million (\$0.61 per boe), relating to the take-or-pay commitment with respect to the Gas Processing Lease being reclassified from operating expense to a lease in the twelve month Reporting Period, as compared to \$8.8 million (\$0.31 per boe) in the Comparable Prior Period.

Operating expense per boe in the twelve month Reporting Period was also positively impacted by higher production volumes and operating efficiencies achieved from the operatorship of the third-party natural gas processing facility in Gordondale and negatively impacted by higher property taxes, regulatory fees, maintenance fees and employee field labour costs as compared to the Comparable Prior Period.

Transportation and Other

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

(\$000s)	Three months ended December 31			Twelve months ended December 31		
	2025	2024	% Change	2025	2024	% Change
Natural gas transportation	31,375	28,749	9	127,053	115,171	10
Liquids transportation	6,690	6,585	2	24,583	28,194	(13)
Fractionation	1,621	1,388	17	6,234	6,169	1
Other fees	2	-	100	14	-	100
Transportation expense	39,688	36,722	8	157,884	149,534	6
Transportation expense (\$/boe)	5.20	5.14	1	5.40	5.33	1
Marketing purchases ⁽¹⁾	2,203	14,905	(85)	24,887	51,496	(52)
Marketing revenue ⁽¹⁾	1,116	(14,083)	(108)	(16,839)	(54,069)	(69)
Marketing loss (gain) ⁽²⁾	3,319	822	304	8,048	(2,573)	413
Marketing loss (gain) (\$/boe) ⁽³⁾	0.44	0.12	267	0.28	(0.09)	411
Transportation and other expense⁽²⁾	43,007	37,544	15	165,932	146,961	13
Transportation and other expense (\$/boe)⁽³⁾	5.64	5.26	7	5.68	5.24	8

(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.

Transportation and other expense per boe increased by 7% and 8% from the three and twelve month Comparable Prior Periods, respectively, primarily due to higher natural gas transportation expense and increased marketing losses recorded in the Reporting Periods. In the twelve month Reporting Period, transportation and other expense per boe was positively impacted by lower liquids transportation expense.

Natural gas transportation expense increased from the Comparable Prior Periods, primarily due to Birchcliff obtaining additional AECO firm service in November 2024 and higher natural gas tolling charges associated with the NGTL pipeline system in the Reporting Periods.

Marketing losses were recorded in the Reporting Periods, primarily due to increased 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 twelve month Reporting Period was positively impacted by a decrease in liquids transportation expense, which resulted from lower liquids trucking expense 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 Resource Play (the "Pouce Coupe assets") and the Gordondale operating assets geologically situated in the light oil and liquids-rich trends of the Montney Resource Play (the "Gordondale assets") and operating netback on a corporate basis for the periods indicated:

	Three months ended December 31			Twelve months ended December 31		
	2025	2024	% Change	2025	2024	% Change
Pouce Coupe assets						
<i>Average production</i>						
Light oil (bbls/d)	36	37	(3)	40	44	(9)
Condensate (bbls/d)	4,082	2,989	37	3,829	2,991	28
NGLs (bbls/d)	1,967	1,860	6	1,855	1,793	3
Natural gas (Mcf/d)	329,962	299,711	10	315,150	295,579	7
Production (boe/d)	61,079	54,838	11	58,249	54,091	8
Liquids-to-gas ratio (bbls/MMcf)	18.4	16.3	13	18.2	16.3	12
% of corporate production	74%	71%	4	73%	71%	3
<i>Netback and cost (\$/boe)</i>						
P&NG revenue	24.73	19.06	30	23.09	18.03	28
Royalty expense	(0.41)	(0.86)	(52)	(0.61)	(0.85)	(28)
Operating expense	(2.65)	(2.48)	7	(2.56)	(2.64)	(3)
Transportation and other expense ⁽¹⁾	(5.94)	(5.68)	5	(5.96)	(5.40)	10
Operating netback⁽¹⁾	15.73	10.04	57	13.96	9.14	53
Gordondale assets						
<i>Average production</i>						
Light oil (bbls/d)	1,338	1,956	(32)	1,510	1,972	(23)
Condensate (bbls/d)	1,713	1,317	30	1,538	1,429	8
NGLs (bbls/d)	5,230	5,886	(11)	5,306	5,284	-
Natural gas (Mcf/d)	82,003	81,350	1	80,781	83,074	(3)
Production (boe/d)	21,949	22,717	(3)	21,817	22,531	(3)
Liquids-to-gas ratio (bbls/MMcf)	101.0	112.6	(10)	103.4	104.6	(1)
% of corporate production	26%	29%	(10)	27%	29%	(7)
<i>Netback and cost (\$/boe)</i>						
P&NG revenue	27.51	27.48	-	27.44	27.80	(1)
Royalty expense	(1.52)	(2.25)	(32)	(2.26)	(2.75)	(18)
Operating expense	(3.70)	(3.91)	(5)	(3.72)	(4.63)	(20)
Transportation and other expense ⁽¹⁾	(4.75)	(4.22)	13	(4.90)	(4.84)	1
Operating netback⁽¹⁾	17.54	17.10	3	16.56	15.58	6
Corporate⁽²⁾						
<i>Netback and cost (\$/boe)</i>						
P&NG revenue ⁽¹⁾	25.47	21.53	18	24.28	20.91	16
Royalty expense	(0.70)	(1.26)	(44)	(1.06)	(1.41)	(25)
Operating expense	(2.93)	(2.91)	1	(2.88)	(3.24)	(11)
Transportation and other expense ⁽¹⁾	(5.64)	(5.26)	7	(5.68)	(5.24)	8
Operating netback⁽¹⁾	16.20	12.10	34	14.66	11.02	33

(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.

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

Administrative Expense

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

(\$000s)	Three months ended December 31			Twelve months ended December 31		
	2025	2024	% Change	2025	2024	% Change
<i>Cash:</i>						
Salaries and benefits ⁽¹⁾	17,145	17,092	-	38,484	39,844	(3)
Other ⁽²⁾	4,361	5,279	(17)	20,885	19,627	6
G&A expense, gross	21,506	22,371	(4)	59,369	59,471	-
Operating overhead recoveries	(25)	(24)	4	(124)	(112)	11
Capitalized overhead ⁽³⁾	(9,143)	(8,059)	13	(19,559)	(18,706)	5
G&A expense, net	12,338	14,288	(14)	39,686	40,653	(2)
G&A expense, net (\$/boe)	1.62	2.00	(19)	1.36	1.45	(6)
<i>Non-cash:</i>						
Other compensation	2,311	2,804	(18)	8,170	10,930	(25)
Capitalized compensation ⁽³⁾	(1,085)	(1,219)	(11)	(3,819)	(4,889)	(22)
Other compensation, net	1,226	1,585	(23)	4,351	6,041	(28)
Other compensation, net (\$/boe)	0.16	0.22	(27)	0.15	0.22	(32)
Administrative expense, net	13,564	15,873	(15)	44,037	46,694	(6)
Administrative expense, net (\$/boe)	1.78	2.22	(20)	1.51	1.67	(10)

(1) Includes salaries, benefits and incentives 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 expense and other compensation directly attributable to the exploration and development activities of the Corporation, which have been capitalized.

Aggregate net administrative expense decreased by 15% and 6% from the three and twelve month Comparable Prior Periods, respectively, due to lower net G&A expense and net other compensation expense as compared to the Comparable Prior Periods.

Net G&A expense decreased from the three month Comparable Prior Period, primarily due to lower advocacy costs and other general business expenditures, partially offset by an increase in employee incentive costs (net of capitalization).

Net G&A expense decreased from the twelve month Comparable Prior Period, primarily due to lower advocacy costs and employee incentive costs (net of capitalization), partially offset by higher other general business expenditures, including advertising and promotion, insurance, compliance and regulatory costs.

Net other compensation expense decreased in the Reporting Periods, primarily due to a lower Black-Scholes fair value expense associated with Birchcliff's annual stock option grants.

Depletion and Depreciation Expense

Depletion and depreciation ("D&D") expense is a function of the estimated proved and probable reserves additions, 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 December 31			Twelve months ended December 31		
	2025	2024	% Change	2025	2024	% Change
Depletion and depreciation expense (\$000s)	67,350	63,957	5	261,336	246,647	6
Depletion and depreciation expense (\$/boe)	8.82	8.96	(2)	8.94	8.79	2

Aggregate D&D expense increased by 5% and 6% from the three and twelve month Comparable Prior Periods, respectively, primarily due to a higher depletion rate on the Corporation's developed and proved assets and an increase in production. 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.

D&D expense was also negatively impacted by a \$12.2 million depreciation charge on the lease asset associated with the Gas Processing Lease recorded in the twelve month Reporting Period as compared to \$6.1 million in the Comparable Prior Period.

Included in the depletion assessment at December 31, 2025 was 946.0 MMboe (December 31, 2024 – 969.6 MMboe) of total proved plus probable reserves as estimated by the Corporation’s independent third-party reserves evaluator. FDC for proved plus probable reserves decreased to \$4.65 billion at December 31, 2025 from \$4.89 billion at December 31, 2024. See “Advisories – Reserves” in this MD&A.

Impairment Assessment

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

Finance Expense

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

	Three months ended			Twelve months ended		
	December 31			December 31		
(\$000s)	2025	2024	% Change	2025	2024	% Change
<i>Cash:</i>						
Interest expense ⁽¹⁾	7,396	9,971	(26)	33,863	36,827	(8)
Interest expense (\$/boe) ⁽¹⁾	0.97	1.40	(31)	1.16	1.31	(11)
Lease interest expense	2,134	2,344	(9)	8,835	4,582	93
Lease interest expense (\$/boe)	0.28	0.33	(15)	0.30	0.16	88
<i>Non-cash:</i>						
Accretion ⁽²⁾	1,415	1,155	23	5,631	4,389	28
Amortization of deferred financing fees	425	319	33	1,558	1,417	10
Other finance expenses	1,840	1,474	25	7,189	5,806	24
Other finance expenses (\$/boe)	0.25	0.20	25	0.24	0.21	14
Finance expense	11,370	13,789	(18)	49,887	47,215	6
Finance expense (\$/boe)	1.50	1.93	(22)	1.70	1.68	1

(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.

Aggregate finance expense decreased by 18% from the three month Comparable Prior Period, primarily due to a lower interest expense associated with the Corporation’s borrowings under its Credit Facilities.

Aggregate finance expense increased by 6% from the twelve month Comparable Prior Period, primarily due to an increase in the lease interest expense recognized with respect to the Gas Processing Lease, partially offset by a lower interest expense associated with the Corporation’s borrowings under its Credit Facilities.

Birchcliff’s interest expense decreased in the Reporting Periods, primarily due to lower average effective interest rates under the Corporation’s Syndicated Credit Facility (as defined herein). The average outstanding balance under the Syndicated Credit Facility was approximately \$517.9 million and \$524.2 million in the three and twelve month Reporting Periods, respectively, as compared to \$521.3 million and \$460.1 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		Twelve months ended	
	December 31		December 31	
	2025	2024	2025	2024
Working Capital Facility (%) ⁽¹⁾	6.3	7.8	6.9	8.0
Syndicated Credit Facility (%) ⁽²⁾	5.1	6.7	5.8	7.2

(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 Corporation's deferred income tax expense for the periods indicated:

	Three months ended December 31			Twelve months ended December 31		
	2025	2024	% Change	2025	2024	% Change
Deferred income tax expense (\$000s) ⁽¹⁾	8,356	9,812	(15)	18,441	18,070	2
Deferred income tax expense (\$/boe)	1.09	1.37	(20)	0.63	0.64	(2)

(1) Deferred income tax expense is directly impacted by net income earned in the period.

The Corporation's estimated income tax pools were \$1.3 billion at December 31, 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 December 31 (\$000s)	2025
Canadian oil and gas property expense	238,616
Canadian development expense	330,897
Canadian exploration expense ⁽¹⁾	303,297
Undepreciated capital costs	178,456
Non-capital losses ⁽¹⁾	186,959
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	1,286,843

(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:

(\$000s)	Three months ended December 31			Twelve months ended December 31		
	2025	2024	% Change	2025	2024	% Change
Land	4,975	3,333	49	5,817	12,028	(52)
Seismic	96	228	(58)	214	448	(52)
Workovers	1,078	2,574	(58)	9,731	5,935	64
Drilling and completions	32,987	40,226	(18)	219,073	213,646	3
Well equipment and facilities	10,178	11,949	(15)	71,056	41,027	73
F&D capital expenditures ⁽¹⁾	49,314	58,310	(15)	305,891	273,084	12
Acquisitions	31	8,076	(100)	281	8,169	(97)
Dispositions	-	(100)	100	-	(258)	100
FD&A capital expenditures ⁽²⁾	49,345	66,286	(26)	306,172	280,995	9
Administrative assets	351	387	(9)	1,605	1,750	(8)
Total capital expenditures⁽²⁾	49,696	66,673	(25)	307,777	282,745	9

(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.

F&D capital expenditures in the three month Reporting Period primarily included \$23.5 million (48%) for the drilling and completions of new wells in Pouce Coupe, \$10.0 million (20%) on well equipment and facilities in Pouce Coupe and Gordondale and \$7.4 million (15%) on the completions of new wells in Gordondale. During the three month Reporting Period, Birchcliff drilled 5 (5.0 net) wells and brought 3 (3.0 net) wells on production.

F&D capital expenditures in the twelve month Reporting Period primarily included \$169.9 million (56%) for the drilling and completions of new wells in Pouce Coupe, \$70.3 million (23%) on well equipment and facilities in Pouce Coupe and Gordondale and \$41.8 million (14%) for the drilling and completions of new wells in Gordondale. During the twelve month Reporting Period, Birchcliff drilled 32 (32.0 net) wells and brought 29 (29.0 net) wells on production.

The remaining capital during the Reporting Periods was primarily spent on strategic land purchases, seismic, workovers, well equipment and facilities, including minor gas gathering and optimization projects in the Montney Resource Play.

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 in 2026 and available Credit Facilities will be sufficient to fund its ongoing capital requirements in 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 December 31, 2025, the Corporation's Credit Facilities were comprised of an extendible revolving syndicated term credit facility (the "**Syndicated Credit Facility**") of \$750.0 million and an extendible revolving working capital facility (the "**Working Capital Facility**") of \$100.0 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 December 31, 2025, Birchcliff had a balance outstanding under its Credit Facilities of \$512.5 million from available Credit Facilities of \$850.0 million, leaving the Corporation with \$337.5 million (40%) 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 at December 31, 2025 was \$459.9 million, a 14% decrease from \$535.6 million at December 31, 2024. The decrease was primarily due to free funds flow (after dividends) generated in 2025 being allocated to reduce the Corporation's indebtedness. During the twelve month Reporting Period, Birchcliff incurred \$305.9 million in F&D capital expenditures, paid \$32.8 million in common share dividends and generated \$422.8 million of adjusted funds flow.

Birchcliff's capital allocation strategy prioritizes maintaining a strong balance sheet and targets a total debt to 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. At December 31, 2025, Birchcliff's total debt to adjusted funds flow ratio was 1.1x as compared to 2.3x at December 31, 2024.

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 discounted liabilities. 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 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⁽⁵⁾ was \$48.4 million at December 31, 2025 as compared to \$31.3 million at December 31, 2024, primarily due to an increase in accounts receivable.

At December 31, 2025, the major component of Birchcliff's current assets was cash to be received from its commodity marketers in respect of December 2025 production (59%), which was subsequently received in January 2026. 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 December 31, 2025 primarily consisted of accounts payables and accrued liabilities for capital and operating expenses incurred in the Reporting Periods.

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 December 31, 2025:

(\$000s)	2026	2027	2028-2030	Thereafter
Accounts payable and accrued liabilities	67,145	-	-	-
Drawn revolving term credit facilities ⁽¹⁾	-	-	512,307	-
Firm transportation and fractionation ⁽²⁾	176,880	149,512	221,718	207,310
Natural gas processing ⁽³⁾	19,143	17,155	51,512	34,357
Capital commitments ⁽⁴⁾	2,208	-	-	-
Other lease commitments ⁽⁵⁾	3,481	3,481	7,852	10,845
Operating commitments ⁽⁶⁾	2,174	2,174	6,523	8,879
Estimated contractual obligations and commitments⁽⁷⁾	271,031	172,322	799,912	261,391

(1) Excludes interest expense associated with the Credit Facilities.

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

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

(4) Includes drilling commitments.

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

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

(7) 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 December 31, 2025 to be approximately \$306.3 million and are estimated to be incurred as follows: 2026 – \$2.9 million, 2027 – \$2.7 million and \$300.7 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.

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 March 10, 2026, there were 274,881,040 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⁾	3,493,183
Balance at December 31, 2025	274,796,690
Issuance of common shares ⁽¹⁾	84,350
Balance at March 10, 2026	274,881,040

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

During the twelve month Reporting Period, Birchcliff issued 3,493,183 common shares pursuant to the stock option plan at an average exercise price of \$3.20 for aggregate proceeds of \$11.2 million. Subsequent to December 31, 2025,

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

Birchcliff issued 84,350 common shares pursuant to the stock option plan at an average exercise price of \$5.61 for aggregate proceeds of \$0.5 million. At March 10, 2026, the Corporation also had 25,120,718 stock options outstanding to purchase an equivalent number of common shares.

During the twelve month Reporting Period, Birchcliff purchased the remaining 404,967 performance warrants that were outstanding for a total cash cost of \$1.1 million.

Normal Course Issuer Bid

On November 20, 2025, Birchcliff announced that the TSX had accepted the Corporation’s notice of intention to make a normal course issuer bid (the “**2026 NCIB**”). Pursuant to the 2026 NCIB, Birchcliff may purchase up to 26,769,197 of its outstanding common shares over a period of twelve months commencing on November 27, 2025 and terminating no later than November 26, 2026. Under the 2026 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 or by such other means as may be permitted by the Canadian Securities Administrators and under applicable securities laws, including by private agreement pursuant to issuer bid exemption orders issued by applicable securities regulatory authorities. Any purchase made pursuant to a private agreement under an exemption order issued by a securities regulatory authority will be at a discount to the prevailing market price. 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 252,391 common shares. All common shares purchased under the 2026 NCIB will be cancelled. The 2026 NCIB effectively renewed the Corporation’s previous normal course issuer bid under which the Corporation was permitted to purchase 13,489,975 common shares over the period from November 27, 2024 to November 26, 2025 (the “**2025 NCIB**”). During 2025, Birchcliff did not purchase any common shares under the 2026 NCIB or 2025 NCIB. As of March 10, 2026, Birchcliff has not purchased any common shares under the 2026 NCIB.

A security holder may obtain, for no charge, a copy of the notice in respect of the 2026 NCIB filed with the TSX by contacting the Corporation at 403-261-6401.

DIVIDENDS

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

	Three months ended December 31			Twelve months ended December 31		
	2025	2024	% Change	2025	2024	% Change
Common share dividend (\$000s)	8,241	27,126	(70)	32,764	107,833	(70)
Per common share (\$)	0.03	0.10	(70)	0.12	0.40	(70)

During 2025, the Corporation paid a quarterly cash dividend of \$0.03 per common share for the quarters ended March 31, 2025, June 30, 2025, September 30, 2025 and December 31, 2025.

On January 20, 2026, the Board declared a quarterly cash dividend of \$0.03 per common share for the quarter ending March 31, 2026. The dividend will be payable on March 31, 2026 to shareholders of record at the close of business on March 13, 2026.

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	Dec. 31, 2025	Sep. 30, 2025	Jun. 30, 2025	Mar. 31, 2025	Dec. 31, 2024	Sep. 30, 2024	Jun. 30, 2024	Mar. 31, 2024
Average light oil production (bbls/d)	1,375	1,468	1,571	1,795	1,993	2,129	2,419	1,525
Average condensate production (bbls/d)	5,795	5,990	5,439	4,238	4,310	4,161	4,467	4,765
Average NGLs production (bbls/d)	7,197	6,933	6,898	7,626	7,748	6,541	6,634	7,397
Average natural gas production (Mcf/d)	411,966	396,088	393,435	382,224	381,433	375,428	389,026	370,288
Average production (boe/d)	83,028	80,406	79,480	77,363	77,623	75,403	78,358	75,402
Average realized light oil sales price (\$/bbl)	77.80	86.56	83.23	95.27	95.18	98.47	104.70	95.24
Average realized condensate sales price (\$/bbl)	77.18	84.91	86.44	97.98	95.79	95.66	106.56	100.26
Average realized NGLs sales price (\$/bbl)	21.88	19.86	20.76	27.95	26.20	25.02	26.56	27.59
Average realized natural gas sales price (\$/Mcf)	3.40	2.15	2.82	3.64	2.27	1.50	1.82	2.61
Average realized sales price (\$/boe)	25.47	20.23	23.30	28.32	21.53	17.71	20.61	23.80
P&NG revenue (\$000s)	194,529	149,628	168,518	197,188	153,741	122,835	146,976	163,304
F&D capital expenditures (\$000s) ⁽¹⁾	49,314	71,495	73,263	111,819	58,310	63,620	48,381	102,773
Total capital expenditures (\$000s) ⁽²⁾	49,696	71,893	73,715	112,473	66,673	63,886	48,702	103,484
Cash flow from operating activities (\$000s)	93,485	78,506	109,617	126,097	45,641	65,943	26,871	65,255
Adjusted funds flow (\$000s) ⁽²⁾	116,737	87,101	94,515	124,413	71,838	45,211	53,664	66,081
Per basic common share (\$) ⁽³⁾	0.43	0.32	0.35	0.46	0.27	0.17	0.20	0.25
Per diluted common share (\$) ⁽³⁾	0.42	0.32	0.35	0.46	0.26	0.17	0.20	0.25
Free funds flow (\$000s) ⁽²⁾	67,423	15,606	21,252	12,594	13,528	(18,409)	5,283	(36,692)
Per basic common share (\$) ⁽³⁾	0.25	0.06	0.08	0.05	0.05	(0.07)	0.02	(0.14)
Net income (loss) to common shareholders (\$000s)	27,167	(14,125)	(13,895)	65,727	35,216	(10,461)	46,380	(15,035)
Per basic common share (\$)	0.10	(0.05)	(0.05)	0.24	0.13	(0.04)	0.17	(0.06)
Per diluted common share (\$)	0.10	(0.05)	(0.05)	0.24	0.13	(0.04)	0.17	(0.06)
Total assets (\$ millions)	3,435	3,431	3,471	3,515	3,433	3,350	3,244	3,206
Total liabilities (\$ millions)	1,190	1,212	1,233	1,260	1,238	1,170	1,030	1,016
Revolving term credit facilities (\$000s)	508,340	522,712	528,660	518,581	566,857	489,413	481,163	428,566
Total debt (\$000s) ⁽⁴⁾	459,948	519,467	523,129	534,710	535,557	513,553	465,195	443,380
Dividends on common shares (\$000s)	8,241	8,194	8,178	8,151	27,126	26,943	26,907	26,857
Weighted average common shares outstanding								
Basic (000s)	273,802	273,095	272,347	271,614	270,185	269,342	268,878	267,905
Diluted (000s)	275,887	273,095	272,347	273,092	272,552	269,342	272,224	267,905

(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. Condensate production in the last three quarters of 2025 increased significantly from the prior five quarters, primarily due to the Corporation specifically targeting condensate-rich natural gas wells.

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, primarily due to fluctuations in benchmark oil and natural gas commodity prices.

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 cost 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 in the last four quarters has decreased, primarily due to free funds flow (after dividends) being allocated to reduce the Corporation's indebtedness.

The Corporation pays dividends on its common shares when declared and approved by the Board. The dividend payments on the Corporation's common shares for each quarter of 2025 were lower than the previous four quarters as a result of a lower quarterly base dividend of \$0.03 per common share in 2025 as compared to a quarterly base dividend of \$0.10 per common share in 2024.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Disclosure Controls and Procedures

The Corporation's Chief Executive Officer and Chief Financial Officer (the "**Certifying Officers**") have designed, or caused to be designed under their supervision, disclosure controls and procedures ("**DC&P**"), as defined in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* ("**NI 52-109**"), to provide reasonable assurance that: (i) material information relating to the Corporation is made known to the Certifying Officers by others, particularly during the period in which the annual filings are being prepared; and (ii) information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted by the Corporation under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. The Certifying Officers have evaluated, or caused to be evaluated under their supervision, the effectiveness of the Corporation's DC&P at December 31, 2025 and have concluded that the Corporation's DC&P were effective at December 31, 2025.

While the Certifying Officers believe that the Corporation's DC&P provide a reasonable level of assurance and are effective, they do not expect that the DC&P will prevent all errors and fraud. A control system, no matter how well conceived, maintained and operated, can provide only reasonable, but not absolute, assurance that the objectives of the control system will be met.

Internal Control over Financial Reporting

The Certifying Officers have designed, or caused to be designed under their supervision, internal control over financial reporting ("**ICFR**"), as defined in NI 52-109, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles applicable to the Corporation. The control framework the Certifying Officers used to design the Corporation's ICFR is *Internal Control – Integrated Framework (2013)* published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Certifying Officers have evaluated, or caused to be evaluated under their supervision, the effectiveness of the Corporation's ICFR at December 31, 2025 and have concluded that the Corporation's ICFR was effective at December 31, 2025. There were no changes in the Corporation's ICFR that occurred during the period beginning on October 1, 2025 and ended on December 31, 2025 that have materially affected, or are reasonably likely to materially affect, the Corporation's ICFR.

While the Certifying Officers believe that the Corporation's ICFR provides a reasonable level of assurance and is effective, they do not expect that the ICFR will prevent all errors and fraud. A control system, no matter how well conceived, maintained and operated, can provide only reasonable, but not absolute, assurance that the objective of the control system will be met.

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.

Benchmark oil and natural gas prices remained volatile during the Reporting Periods primarily driven by a confluence of factors, including (but not limited to) ongoing global economic uncertainty attributed to rising inflation and interest rates and tariffs imposed by the U.S., geopolitical tensions arising from the Russian invasion of Ukraine as well as ongoing conflict in the Middle East and global commodity supply surplus resulting from increased U.S. production and easing output restrictions by some members of OPEC. These factors remain evolving situations that have had, and may continue to have, a significant impact on Birchcliff's business, results of operations, financial position and the environment in which it operates. Management cannot reasonably estimate the length or severity of these events and economic conditions, or the extent to which they will impact the Corporation's go-forward financial position, profit or loss and cash flows. The potential direct and indirect impacts of these economic conditions and events have been considered in management's estimates and assumptions at December 31, 2025 and have been reflected in the Corporation's financial results.

Significant Judgments in Applying Accounting Policies

The following are the critical judgments that management has made in the process of applying the Corporation's accounting policies and that have the most significant effect on the amounts recognized in its financial statements:

Identification of Cash-Generating Units

Birchcliff's assets are required to be aggregated into cash-generating units ("CGUs") for the purpose of calculating impairment based on their ability to generate largely independent cash inflows. CGUs have been determined based on similar geological structure, shared infrastructure, geographical proximity, operating structure, commodity type and similar exposures to market risks. By their nature, these assumptions are subject to management's judgment and may impact the carrying value of the Corporation's assets in future periods.

Identification of Impairment Indicators

IFRS Accounting Standards require Birchcliff to assess, at each reporting date, whether there are any internal or external indicators that a CGU may be impaired. Birchcliff is required to consider information from both external sources (such as a negative downturn in forecasted oil and gas commodity prices or significant adverse changes in the technological, market, economic or legal environment in which the entity operates) and internal sources (such as downward revisions in the estimate of proved and probable oil and gas reserves and the related cash flows, a significant adverse effect on the financial and operational performance of a CGU or evidence of obsolescence or physical damage to the asset). By their nature, these assumptions are subject to management's judgment.

Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing adjustments to the carrying amounts of assets and liabilities within the next financial year:

Reserves

Reported recoverable quantities of proved and probable oil and gas reserves and the related cash flows require estimation and are subject to forecasted assumptions regarding production, oil and gas commodity prices, operating costs, royalty costs and future development costs required to recover those reserves. They also require interpretation of geological and geophysical models in order to make an assessment of the size, shape, depth and quality of reservoirs, and their anticipated recoveries. The economical, geological and technical factors used to estimate proved and probable oil and gas reserves may change from period to period. The Corporation uses estimated proved and probable oil and gas reserves to deplete petroleum and natural gas properties and equipment, to assess for indicators of impairment on the Corporation's CGU and, if any indicators exist, to perform an impairment test to estimate the recoverable amount of a CGU. The estimated recoverable quantities of proved and probable oil and gas reserves and the related cash flows from Birchcliff's petroleum and natural gas interests are evaluated by an independent third-party reserves evaluator at least annually.

The Corporation's proved and probable oil and gas reserves represent the estimated quantities of petroleum, natural gas and NGLs which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be economically recoverable in future years from known reservoirs and which are considered commercially producible. Such proved and probable oil and gas reserves may be considered commercially producible if management has the intention of developing and producing them and such intention is based upon: (i) a reasonable assessment of the future

economics of such production; (ii) a reasonable expectation that there is a market for all or substantially all the expected petroleum and natural gas production; and (iii) evidence that the necessary production, transmission and transportation facilities are available or can be made available. Reserves may only be considered proved and probable if producibility is supported by either production or conclusive formation tests. Birchcliff's proved and probable oil and gas reserves are determined in accordance with the standards contained in NI 51-101 and the *Canadian Oil and Gas Evaluation Handbook* (the "**COGE Handbook**").

Decommissioning Obligations

The Corporation estimates future remediation costs of production facilities, wells and pipelines at different stages of development and construction of assets or facilities. In most instances, removal of assets occurs many years into the future. This requires an estimate regarding the abandonment date, future environmental and regulatory legislation, the extent of reclamation activities, the engineering methodology and future removal technologies for estimating abandonment cost and liability-specific discount rates to determine the present value of these risk-free cash flows.

Impairment of Non-Financial Assets

For the purposes of determining the extent of any impairment or its reversal, if any, estimates must be made regarding proved and probable oil and gas reserves and the related cash flows considering significant forecasted assumptions including oil and gas commodity prices, production, operating costs, royalty costs and future development costs required to recover those reserves. These significant assumptions are subject to change as new information becomes available. Changes in economic conditions can also affect the discount rate estimate used to discount the cash flow estimates related to proved and probable oil and gas reserves. Changes in the aforementioned assumptions could affect the carrying amount of the Corporation's assets, and impairment charges and reversal, if any, will affect profit or loss.

Income Taxes

Birchcliff files corporate income tax, goods and services tax and other tax returns with various provincial and federal taxation authorities in Canada. There can be differing interpretations of applicable tax laws and regulations. The resolution of these tax positions through negotiations or litigation with tax authorities can take several years to complete. The Corporation does not anticipate that there will be any material impact upon the results of its operations, financial position or liquidity.

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in profit or loss both in the period of change, which would include any impact on cumulative provisions, and in future periods.

Deferred tax assets (if any) are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse and a judgment as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. Estimates of future taxable income are based on forecasted cash flows from operations. To the extent that any interpretation of tax law is challenged by the tax authorities or future cash flows and taxable income differ significantly from estimates, the ability of Birchcliff to realize the deferred tax assets recorded at the statement of financial position date could be impacted.

RISK FACTORS

The Corporation is subject to various risks and uncertainties that directly affect its business and operations, as well as indirect risks and uncertainties that impact third parties or the oil and natural gas industry generally. These risks and uncertainties include, but are not limited to, the following:

- volatility in the prices of oil, natural gas, condensate and NGLs;
- risks associated with the exploration, development and production of oil and natural gas, including drilling hazards, adverse field operation conditions, fire, explosion, blowouts, cratering, sour gas releases, spills and other environmental hazards;
- the ability of the Corporation to find, acquire, develop and commercially produce oil and natural gas reserves;
- international conflicts, geopolitical risks and political uncertainty;

- the continuation or implementation of any tariffs, surtaxes or other restrictive trade measures or countermeasures;
- the ability of the Corporation to secure adequate transportation for its products, which may be affected by a lack of capacity and regulatory constraints on gathering and processing facilities, pipeline systems and railway lines;
- the ability of the Corporation to access sufficient capital for its operations and activities;
- industry competition, including for land, acquisitions of reserves, access to drilling and service rigs and other equipment and access to skilled technical and operating personnel;
- restrictions on the availability and cost of equipment, materials and services;
- inflationary pressures and fluctuations in interest rates;
- stock market volatility;
- changes in government regulations and policies, including changes to tax laws, Crown royalty rates, environmental laws and climate change laws (including emissions and “greenwashing”);
- risks associated with climate change, including physical and transition risks;
- changing investor sentiment and public opposition to the oil and natural gas industry;
- alternatives to and changing demand for petroleum products;
- risks associated with the Credit Facilities, including the risk that the borrowing base may be redetermined and a failure by the Corporation to comply with covenants under the Credit Facilities;
- risks associated with the declaration and payment of future dividends and the variability of dividends based on the Corporation’s financial performance, market conditions and other factors;
- risks associated with hydraulic fracturing;
- uncertainty of reserves estimates;
- the effects of inclement and severe weather events and natural disasters, including fire, drought and flooding;
- variations in foreign exchange rates and interest rates;
- risks associated with information technology, cyber-security and artificial intelligence, including potential breakdown, invasion, virus, cyber-attack, cyber-fraud, security breach and destruction or interruption of the Corporation’s information technology systems;
- Indigenous land and rights claims and opposition by Indigenous groups to the conduct of the Corporation’s operations;
- third-party credit risks;
- natural disasters, terrorist acts, civil unrest and pandemics; and
- the other risks and uncertainties set forth in “*Advisories – Forward-Looking Statements*” in this MD&A.

If any of the risks and uncertainties set forth above materialize, the Corporation’s business, financial condition, results of operations, prospects, cash flow and reputation may be adversely affected, which may, in turn, reduce or restrict the Corporation’s ability to pay dividends and may materially affect the market price of the common shares. While some exposures may be reduced by the Corporation’s risk management strategies, many risks are driven by external factors beyond its control or are of a nature which cannot be eliminated. Additional risks and uncertainties not currently known to management or that may currently not be considered material by management, could nevertheless also have an adverse effect on the Corporation’s business.

In addition, the Corporation from time to time may enter into physical or financial agreements to receive fixed prices on its oil, natural gas and NGLs production to offset the risk of revenue losses if commodity prices decline. Similarly, the Corporation may enter into agreements to fix the differential or discount pricing gap which exists and may fluctuate

between different grades of oil, natural gas and NGLs and the various market prices received for such products. However, to the extent that the Corporation engages in price risk management activities to protect itself from commodity price declines, it may also be prevented from realizing the full benefits of price increases above the levels of the derivative instruments used to manage price risk. In addition, such risk management arrangements may expose the Corporation to the risk of financial loss in certain circumstances, including instances in which:

- production falls short of the contracted volumes or prices fall significantly lower than projected;
- there is a widening of price-basis differentials between delivery points for production and the delivery point assumed in the arrangement;
- the counterparties to the arrangements or other risk management contracts fail to perform under those arrangements; and/or
- a sudden unexpected event materially impacts oil or natural gas prices.

On the other hand, a failure to protect against a decline in commodity prices exposes the Corporation to reduced liquidity when prices decline. A sustained lower commodity price environment would result in lower realized prices for unprotected volumes and reduce the prices at which the Corporation would enter into derivative contracts on future volumes. This could make such transactions unattractive, and, as a result, some or all of the Corporation's production volumes forecasted for the current fiscal year and beyond may not be protected by derivative arrangements.

Similarly, the Corporation may enter into agreements to fix the exchange rate of Canadian dollars to U.S. dollars or other currencies in order to offset the risk of revenue losses if the Canadian dollar increases in value compared to the other currencies. However, if the Canadian dollar declines in value compared to such fixed currencies, the Corporation will not benefit from the fluctuating exchange rate. Further, the Corporation may enter into arrangements to fix interest rates applicable to the Corporation's debt. However, if interest rates decrease as compared to the interest rate fixed by the Corporation, the Corporation will not benefit from the lower interest rate.

For a detailed discussion of the risks, uncertainties and industry conditions associated with the Corporation's business, please see the AIF dated March 11, 2026, which is available under Birchcliff's SEDAR+ profile at www.sedarplus.ca and at www.birchcliffenergy.com.

ABBREVIATIONS

AECO	benchmark price for natural gas determined at the AECO 'C' hub in southeast Alberta
bbl	barrel
bbls	barrels
bbls/d	barrels per day
boe	barrel of oil equivalent
boe/d	barrel of oil equivalent per day
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
MMboe	million barrels of oil equivalent
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
NGLs	natural gas liquids consisting of ethane (C2), propane (C3) and butane (C4) and specifically excluding condensate
NYMEX	New York Mercantile Exchange
OPEC	Organization of the Petroleum Exporting Countries
OPEC+	Organization of the Petroleum Exporting Countries, with certain non-OPEC oil exporting 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 December 31		Twelve months ended December 31		
	2025	2024	2025	2024	2023
(\$000s)					
Cash flow from operating activities	93,485	45,641	407,705	203,710	320,529
Change in non-cash operating working capital	22,132	25,278	11,821	17,269	(19,477)
Decommissioning expenditures	1,120	919	3,240	1,964	3,775
Retirement benefit payments	-	-	-	13,851	2,000
Adjusted funds flow	116,737	71,838	422,766	236,794	306,827
F&D capital expenditures	(49,314)	(58,310)	(305,891)	(273,084)	(304,637)
Free funds flow	67,423	13,528	116,875	(36,290)	2,190

Birchcliff has disclosed in this MD&A forecasts of adjusted funds flow and free funds flow for 2026, which are forward-looking non-GAAP financial measures (see “2026 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, 2025. Birchcliff

anticipates the forward-looking non-GAAP financial measure for adjusted funds flow disclosed herein will be slightly higher than its respective historical amount, primarily due to higher anticipated benchmark natural gas prices, which are expected to increase the average realized sales prices the Corporation receives for its production. Birchcliff anticipates the forward-looking non-GAAP financial measure for free funds flow disclosed herein will be lower than its respective historical amount, primarily due to higher anticipated F&D capital expenditures. The commodity price assumptions on which the Corporation's guidance is based are set forth under the heading "2026 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 December 31		Twelve months ended December 31		
	2025	2024	2025	2024	2023
(\$000s)					
Exploration and development expenditures⁽¹⁾	49,314	58,310	305,891	273,084	304,637
Acquisitions	31	8,076	281	8,169	190
Dispositions	-	(100)	-	(258)	(87)
FD&A capital expenditures	49,345	66,286	306,172	280,995	304,740
Administrative assets	351	387	1,605	1,750	3,176
Total capital expenditures	49,696	66,673	307,777	282,745	307,916

(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 assists 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 December 31		Twelve months ended December 31	
	2025	2024	2025	2024
(\$000s)				
Transportation expense	39,688	36,722	157,884	149,534
Marketing purchases	2,203	14,905	24,887	51,496
Marketing revenue	1,116	(14,083)	(16,839)	(54,069)
Marketing (gain) loss	3,319	822	8,048	(2,573)
Transportation and other expense	43,007	37,544	165,932	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		Twelve months ended	
	December 31		December 31	
(\$000s)	2025	2024	2025	2024
Natural gas sales	129,043	79,615	433,539	284,035
Realized gain on financial instruments	14,817	12,022	76,535	9,336
Notional fixed basis costs ⁽¹⁾	20,561	21,490	82,205	81,207
Effective total natural gas sales	164,421	113,127	592,279	374,578

(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		Twelve months ended	
	December 31		December 31	
(\$000s)	2025	2024	2025	2024
P&NG revenue	138,981	96,177	491,000	357,012
Royalty expense	(2,304)	(4,331)	(13,059)	(36)
Operating expense	(14,868)	(12,524)	(54,389)	(52,257)
Transportation and other expense	(33,414)	(28,679)	(126,828)	(106,868)
Operating netback – Pouce Coupe assets	88,395	50,643	296,724	197,851
P&NG revenue	55,545	57,438	218,536	229,267
Royalty expense	(3,063)	(4,696)	(18,018)	(22,706)
Operating expense	(7,480)	(8,173)	(29,585)	(38,156)
Transportation and other expense	(9,592)	(8,829)	(39,051)	(39,928)
Operating netback – Gordondale assets	35,410	35,740	131,882	128,477
P&NG revenue	194,529	153,741	709,863	586,856
Royalty expense	(5,366)	(9,033)	(31,107)	(39,608)
Operating expense	(22,385)	(20,758)	(84,282)	(90,890)
Transportation and other expense	(43,007)	(37,544)	(165,932)	(146,961)
Operating netback – Corporate	123,771	86,406	428,542	309,397

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.

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 in each of the markets during the period. Management believes that disclosing the effective average realized natural gas sales price assists management and investors in comparing Birchcliff’s commodity price realizations in each natural gas market on a per unit basis.

Total Debt to Adjusted Funds Flow

Birchcliff calculates “total debt to adjusted funds flow” as total debt at the end of the year divided by adjusted funds flow in that year. Management believes that total debt to adjusted funds flow assists management and investors in assessing Birchcliff’s overall debt position in respect of its cash generated in the year and the strength of the Corporation’s balance sheet. Birchcliff uses this ratio in its capital allocation decisions, including capital spending levels, returns to shareholders and other financial considerations.

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.

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 fair value of the current liability portion of financial instruments and less the current portion of other discounted liabilities. The current portion of other discounted 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 Corporation's Credit Facilities and working capital (surplus) deficit, as determined in accordance with GAAP, to total debt and adjusted working capital (surplus) deficit, respectively, for the periods indicated:

As at December 31 (\$000s)	2025	2024	2023
Revolving term credit facilities	508,340	566,857	372,097
Working capital (surplus) deficit ⁽¹⁾	(60,775)	(88,953)	13,084
Fair value of financial instruments – asset ⁽²⁾	27,512	71,038	3,588
Fair value of financial instruments – liability ⁽²⁾	-	-	(1,394)
Other liabilities ⁽²⁾	(15,129)	(13,385)	(5,069)
Adjusted working capital (surplus) deficit	(48,392)	(31,300)	10,209
Total debt	459,948	535,557	382,306

(1) Current liabilities less current assets.

(2) Reflects the current portion only.

ADVISORIES

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 (which includes the capitalized portion of cash incentive payments that have been approved by the Board) and excludes any acquisitions, dispositions and administrative assets. Management believes that F&D capital expenditures assist 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.

Reserves

Birchcliff retained independent qualified reserves evaluator, Deloitte LLP (“**Deloitte**”), to evaluate and prepare reports

on 100% of Birchcliff's light crude oil and medium crude oil (combined), conventional natural gas, shale gas and NGLs reserves effective December 31, 2025 and December 31, 2024. Such evaluations were prepared in accordance with the standards contained in the COGE Handbook and NI 51-101. Further information regarding the Corporation's reserves can be found in the AIF.

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

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 "*2026 Guidance*" as it relates to Birchcliff's guidance for 2026, including: forecasts of annual average 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;
- Birchcliff's market diversification and risk management activities and any anticipated benefits to be derived therefrom;
- estimates of reserves and 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 in 2026 and available Credit Facilities will be sufficient to fund its ongoing capital requirements in 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 and targets a total debt to 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 2026 NCIB, including: potential purchases under the 2026 NCIB; and the cancellation of common shares under the 2026 NCIB; and
- Birchcliff anticipates the forward-looking non-GAAP financial measure for adjusted funds flow disclosed herein will be slightly higher than its respective historical amount, primarily due to higher anticipated benchmark natural gas prices, which are expected to increase the average realized sales prices the Corporation receives for its production. Birchcliff anticipates the forward looking non-GAAP financial measure for free funds flow disclosed herein will be lower than its respective historical amount, primarily due to higher anticipated F&D capital expenditures.

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 2026 guidance, such guidance is based on the commodity price, exchange rate and other assumptions set forth under the heading "2026 Guidance". In addition:
 - 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.

- Birchcliff's forecasts of adjusted funds flow and free funds flow assume that: the 2026 capital program will be carried out as currently contemplated and the level of capital spending for 2026 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 January 13, 2026 and excludes cash incentive payments that have not been approved by the Board.
- Birchcliff's forecasts of year-end total debt and total debt to annual adjusted funds flow ratio assume that: (i) the forecasts of adjusted funds flow and free funds flow are achieved, with the level of capital spending for 2026 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 significant acquisitions or dispositions completed by the Corporation, no equity issuances and no further proceeds received from the exercise of stock options during 2026. 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; and (ii) 70,000 MMBtu/d being contracted on a financial basis at an average fixed basis differential price between AECO 7A and NYMEX HH of US\$0.96/MMBtu. Birchcliff's natural gas market exposure takes into account its financial basis swap contracts outstanding as at January 13, 2026.
- With respect to estimates of reserves, the key assumption is the validity of the data used by Deloitte in its independent reserves evaluation.

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; risks that the proposed facilities may not be constructed, commissioned or utilized as currently contemplated or at all; 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; 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 2026).

The declaration and payment of any future dividends are subject to the discretion of the Board and may not be approved or may vary depending on a variety of factors and conditions existing from time to time, including commodity prices, free funds flow, current and forecast commodity prices, fluctuations in working capital, financial requirements of Birchcliff, applicable laws (including solvency tests under the ABCA for the declaration and payment of dividends) and other factors beyond Birchcliff's control. The payment of dividends to shareholders is not assured or guaranteed and dividends may be reduced or suspended entirely. In addition to the foregoing, the Corporation's ability to pay dividends now or in the future may be limited by covenants contained in the agreements governing any indebtedness that the Corporation has incurred or may incur in the future, including the terms of the Credit Facilities. The agreement governing the Credit Facilities provides that Birchcliff is not permitted to make any distribution (which includes dividends) at any time when an event of default exists or would reasonably be expected to exist upon making such distribution, unless such event of default arose subsequent to the ordinary course declaration of the applicable distribution.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Additional information on these and other risk factors that could affect Birchcliff's results of operations, financial performance or financial results are included in this MD&A and in the AIF 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 FOPI contained in this MD&A are expressly qualified by the foregoing cautionary statements. The forward-looking statements and FOPI 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 FOPI, whether as a result of new information, future events or otherwise.