

BIRCHCLIFF ENERGY LTD. ANNOUNCES STRONG Q1 2026 RESULTS AND DECLARES Q2 2026 DIVIDEND

Calgary, Alberta (May 13, 2026) – Birchcliff Energy Ltd. (“Birchcliff” or the “Corporation”) (TSX: BIR) is pleased to announce its Q1 2026 financial and operational results. Birchcliff is also pleased to announce that its board of directors (the “Board”) has declared a quarterly cash dividend of \$0.03 per common share for the quarter ending June 30, 2026.

Chris Carlsen, Birchcliff’s President and Chief Executive Officer, commented: “We are pleased to report strong operational and financial results for the first quarter of 2026. Birchcliff delivered average production of 81,675 boe/d, a 6% increase year-over-year, driven by our continued focus on operational excellence and the robust performance from our assets. We generated adjusted funds flow⁽¹⁾ of \$152.7 million (a 23% increase from Q1 2025) and free funds flow⁽¹⁾ of \$45.3 million (a 260% increase from Q1 2025), driven by higher production volumes and strong realized prices. In the quarter, we continued to benefit from our natural gas market diversification, with approximately 56% of our natural gas production realizing higher U.S. pricing at the Dawn and NYMEX HH markets as compared to AECO. This contributed to an effective average realized natural gas sales price⁽²⁾ of \$4.60/Mcf in Q1 2026, which represents a 112% premium to the average benchmark AECO 5A price.⁽³⁾ We utilized our free funds flow to reduce our total debt⁽⁴⁾ by \$36.5 million from December 31, 2025, to \$423.5 million, and pay our quarterly base dividend.

Looking forward, our 2026 annual production guidance of 81,000 to 84,000 boe/d and F&D capital expenditures guidance of \$325 million to \$375 million are unchanged, with production expected to reach ~87,500 boe/d in Q4 2026 at the high end of capital spending. As a result of our full exposure to forecasted liquids prices, which have significantly strengthened since the beginning of the year, we have increased our adjusted funds flow and free funds flow guidance for 2026.

We look forward to reporting on our progress throughout the year as we continue to execute on our strategy of investing in and profitably growing our business, strengthening our balance sheet and paying a sustainable base dividend.”

Q1 2026 FINANCIAL AND OPERATIONAL HIGHLIGHTS

- Average production of 81,675 boe/d (83% natural gas and 17% liquids), a 6% increase from Q1 2025.
- Adjusted funds flow of \$152.7 million, or \$0.56 per basic common share,⁽²⁾ a 23% and 22% increase, respectively, from Q1 2025. Cash flow from operating activities of \$152.8 million, a 21% increase from Q1 2025.
- Free funds flow of \$45.3 million, or \$0.16 per basic common share,⁽²⁾ a 260% and 220% increase, respectively, from Q1 2025.
- Net income to common shareholders of \$70.0 million, or \$0.25 per basic common share, a 6% and 4% increase, respectively, from Q1 2025.
- Operating netback⁽²⁾ of \$20.83/boe, an 18% increase from Q1 2025.
- Drilled 9 (9.0 net) wells and brought 10 (10.0 net) wells on production, with F&D capital expenditures totalling \$107.4 million in Q1 2026. At March 31, 2026, Birchcliff had invested approximately 31%⁽⁵⁾ of its 2026 F&D capital budget.
- Total debt of \$423.5 million at March 31, 2026, a 21% decrease from March 31, 2025.

(1) Non-GAAP financial measure. See “Non-GAAP and Other Financial Measures”.
 (2) Non-GAAP ratio. See “Non-GAAP and Other Financial Measures”.
 (3) Adjusted for Birchcliff’s heat premium.
 (4) Capital management measure. See “Non-GAAP and Other Financial Measures”.
 (5) Based on the mid-point of Birchcliff’s 2026 F&D capital budget of \$325 million to \$375 million.

- Subsequent to the end of Q1 2026, Birchcliff opportunistically purchased an aggregate of 1,156,655 common shares under its normal course issuer bid at an average price of \$5.93 per share, before fees.

Birchcliff's unaudited interim condensed financial statements for the three months ended March 31, 2026 and related management's discussion and analysis will be available on its website at www.birchcliffenergy.com and on SEDAR+ at www.sedarplus.ca.

DECLARATION OF Q2 2026 QUARTERLY DIVIDEND

- The Board has declared a quarterly cash dividend of \$0.03 per common share for the quarter ending June 30, 2026.
- The dividend will be payable on June 30, 2026 to shareholders of record at the close of business on June 15, 2026. The dividend has been designated as an eligible dividend for the purposes of the *Income Tax Act* (Canada).

EXTENSION OF CREDIT FACILITIES

- Subsequent to the end of Q1 2026, Birchcliff's syndicate of lenders completed its regular semi-annual review of the borrowing base limit under the Corporation's extendible revolving credit facilities (the "**Credit Facilities**").
- In connection therewith, the agreement governing the Credit Facilities was amended effective May 6, 2026 to extend the maturity dates of each of the syndicated extendible revolving term credit facility and the extendible revolving working capital facility from May 11, 2028 to May 11, 2029. In addition, the lenders confirmed the borrowing base limit at \$850 million.

ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

- Birchcliff's annual and special meeting of shareholders is scheduled to take place tomorrow, Thursday, May 14, 2026, at 3:00 p.m. (Mountain Daylight Time) in the McMurray Room at the Calgary Petroleum Club, 319 – 5th Avenue S.W., Calgary, Alberta.

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

Q1 2026 UNAUDITED FINANCIAL AND OPERATIONAL SUMMARY

	Three months ended March 31, 2026	Three months ended March 31, 2025
OPERATING		
Average production		
Light oil (bbls/d)	1,256	1,795
Condensate (bbls/d)	5,357	4,238
NGLs (bbls/d)	7,276	7,626
Natural gas (Mcf/d)	406,714	382,224
Total (boe/d)	81,675	77,363
Average realized sales prices (CDN\$)		
Light oil (per bbl)	94.69	95.27
Condensate (per bbl)	100.56	97.98
NGLs (per bbl)	30.85	27.95
Natural gas (per Mcf)	3.86	3.64
Total (per boe)	30.03	28.32
NETBACK AND COST (\$/boe)		
Petroleum and natural gas revenue	30.03	28.32
Royalty expense	(1.03)	(2.16)
Operating expense	(2.91)	(3.04)
Transportation and other expense ⁽¹⁾	(5.26)	(5.41)
Operating netback⁽¹⁾	20.83	17.71
G&A expense, net	(1.39)	(1.42)
Interest expense	(0.92)	(1.27)
Lease interest expense	(0.28)	(0.33)
Realized gain on financial instruments ⁽²⁾	2.54	3.18
Adjusted funds flow⁽¹⁾	20.78	17.87
Depletion and depreciation expense	(9.15)	(8.99)
Unrealized gain on financial instruments ⁽²⁾	1.06	3.53
Other expenses ⁽³⁾	(0.30)	(0.48)
Deferred income tax expense	(2.87)	(2.49)
Net income to common shareholders	9.52	9.44
FINANCIAL		
Petroleum and natural gas revenue (\$000s)	220,726	197,188
Cash flow from operating activities (\$000s)	152,783	126,097
Adjusted funds flow (\$000s) ⁽⁴⁾	152,725	124,413
Per basic common share (\$) ⁽¹⁾	0.56	0.46
Free funds flow (\$000s) ⁽⁴⁾	45,337	12,594
Per basic common share (\$) ⁽¹⁾	0.16	0.05
Net income to common shareholders (\$000s)	69,965	65,727
Per basic common share (\$)	0.25	0.24
End of period basic common shares (000s)	275,486	272,071
Weighted average basic common shares (000s)	274,895	271,614
Dividends on common shares (\$000s)	8,247	8,151
F&D capital expenditures (\$000s) ⁽⁵⁾	107,388	111,819
Total capital expenditures (\$000s) ⁽⁴⁾	108,230	112,473
Revolving term credit facilities (\$000s)	426,494	518,581
Total debt (\$000s) ⁽⁶⁾	423,494	534,710

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

(2) Birchcliff's financial instruments consist of its NYMEX HH/AECO 7A basis swap contracts.

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

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

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

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

2026 GUIDANCE

- Birchcliff is reaffirming its 2026 annual average production guidance of 81,000 to 84,000 boe/d and F&D capital expenditures guidance of \$325 million to \$375 million.
- The ongoing conflict in the Middle East has introduced significant commodity price volatility, with benchmark oil prices trading significantly higher as compared to the beginning of the year. Conversely, there has been relative weakness in the AECO natural gas sales market, where prices have been challenged due to regional oversupply and lower export demand from the U.S. pacific west coast that has resulted in elevated inventory storage levels in Western Canada.
- As a result, Birchcliff has updated its commodity price assumptions for 2026 and revised its guidance for adjusted funds flow, free funds flow and total debt accordingly. Birchcliff has also updated its guidance for royalty, operating and transportation and other expenses and its natural gas market exposure to reflect its updated commodity price assumptions and Q1 2026 results.
- Birchcliff now expects to exit 2026 with total debt of \$385 million to \$435 million, which equates to a total debt to adjusted funds flow ratio⁽⁶⁾ of approximately 0.9x at the mid-point of the total debt guidance range.
- The following tables set forth Birchcliff's updated and previous guidance and commodity price assumptions for 2026, as well as its free funds flow sensitivity:

	Updated 2026 guidance and assumptions – May 13, 2026 ⁽¹⁾	Previous 2026 guidance and assumptions – January 20, 2026
Production		
Annual average production (boe/d)	81,000 – 84,000	81,000 – 84,000
% Light oil	1%	1%
% Condensate	6%	6%
% NGLs	9%	9%
% Natural gas	84%	84%
Average Expenses (\$/boe)		
Royalty	\$2.15 – \$2.35	\$1.85 – \$2.05
Operating	\$2.75 – \$2.95	\$2.80 – \$3.00
Transportation and other ⁽²⁾	\$5.20 – \$5.40	\$5.15 – \$5.35
Adjusted Funds Flow (millions)⁽³⁾	\$455	\$430
F&D Capital Expenditures (millions)	\$325 – \$375	\$325 – \$375
Free Funds Flow (millions)⁽³⁾	\$80 – \$130	\$55 – \$105
Total Debt at Year End (millions)⁽⁴⁾	\$385 – \$435	\$410 – \$460
Natural Gas Market Exposure		
AECO exposure as a % of total natural gas production	44%	46%
Dawn exposure as a % of total natural gas production	38%	38%
NYMEX HH exposure as a % of total natural gas production	16%	16%
Alliance exposure as a % of total natural gas production	2%	-
Commodity Prices		
Average WTI price (US\$/bbl)	\$83.00 ⁽⁵⁾	\$60.00
Average WTI-MSW differential (CDN\$/bbl)	\$2.20 ⁽⁵⁾	\$5.40
Average AECO price (CDN\$/GJ)	\$1.80 ⁽⁵⁾	\$2.60
Average Dawn price (US\$/MMBtu)	\$3.35 ⁽⁵⁾	\$3.40
Average NYMEX HH price (US\$/MMBtu)	\$3.70 ⁽⁵⁾	\$3.60
Exchange rate (CDN\$ to US\$1)	1.36 ⁽⁵⁾	1.37

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

Forward eight months' free funds flow sensitivity ⁽⁵⁾⁽⁶⁾	Estimated change to 2026 free funds flow (millions)
Change in WTI US\$1.00/bbl	\$2.2
Change in NYMEX HH US\$0.10/MMBtu	\$2.1
Change in Dawn US\$0.10/MMBtu	\$5.3
Change in AECO CDN\$0.10/GJ	\$4.9
Change in CDN/US exchange rate CDN\$0.01	\$3.0

- (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".
- (2) Non-GAAP ratio. See "Non-GAAP and Other Financial Measures".
- (3) Non-GAAP financial measure. See "Non-GAAP and Other Financial Measures".
- (4) Capital management measure. See "Non-GAAP and Other Financial Measures".
- (5) Birchcliff's updated commodity price and exchange rate assumptions and free funds flow sensitivity for 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 May 7, 2026, which include settled benchmark commodity prices and the CDN/US exchange rate for the period from January 1, 2026 to April 30, 2026.
- (6) Illustrates the expected impact of changes in commodity prices and the CDN/US exchange rate on the Corporation's updated forecast of free funds flow for 2026, holding all other variables constant. The sensitivity is based on the updated commodity price and exchange rate assumptions set forth in the table above. The calculated impact on free funds flow is only applicable within the limited range of change indicated. Calculations are performed independently and may not be indicative of actual results. Actual results may vary materially when multiple variables change at the same time and/or when the magnitude of the change increases.

Q1 2026 FINANCIAL AND OPERATIONAL RESULTS

Production

- Production averaged 81,675 boe/d in Q1 2026, a 6% increase from Q1 2025. The increase was primarily due to incremental production from new Montney wells brought on production since Q1 2025, specifically high-rate and condensate-rich natural gas wells in Pouce Coupe and Gordondale, partially offset by natural production declines.
- Liquids accounted for 17% of Birchcliff's total production in Q1 2026 as compared to 18% in Q1 2025.

Adjusted Funds Flow and Cash Flow From Operating Activities

- Adjusted funds flow was \$152.7 million in Q1 2026, or \$0.56 per basic common share, a 23% and 22% increase, respectively, from Q1 2025.
- Cash flow from operating activities was \$152.8 million in Q1 2026, a 21% increase from Q1 2025.
- The increases were primarily due to higher natural gas revenue in Q1 2026, driven by a 6% increase in both natural gas production and the average realized natural gas sales price from Q1 2025. Cash flow from operating activities and adjusted funds flow were also positively impacted by a 49% decrease in royalty expense from Q1 2025.

Net Income to Common Shareholders

- Net income to common shareholders was \$70.0 million in Q1 2026, or \$0.25 per basic common share, a 6% and 4% increase, respectively, from Q1 2025.
- The increases were primarily due to higher adjusted funds flow in Q1 2026, partially offset by a lower unrealized gain on financial instruments of \$7.8 million in Q1 2026 as compared to \$24.6 million in Q1 2025.

Capital Activities and Investment

- Birchcliff drilled 9 (9.0 net) wells and brought 10 (10.0 net) wells on production in Q1 2026, with F&D capital expenditures totalling \$107.4 million in the quarter.

Debt and Credit Facilities

- Total debt was \$423.5 million at March 31, 2026, a 21% decrease from March 31, 2025.
- At March 31, 2026, Birchcliff had a balance outstanding under its Credit Facilities of \$430.2 million (March 31, 2025: \$522.3 million) from available Credit Facilities of \$850.0 million (March 31, 2025: \$850.0 million), leaving the Corporation with \$419.8 million (49%) of unutilized credit capacity after adjusting for outstanding letters of credit and unamortized deferred financing fees.

Natural Gas Market Diversification

- In Q1 2026, Birchcliff's physical natural gas sales exposure consisted of the AECO, Dawn and Alliance markets. In addition, the Corporation has various financial instruments outstanding that provided it with exposure to NYMEX HH pricing in the quarter.
- The following table sets forth Birchcliff's effective sales, production and average realized sales price for its natural gas and liquids for Q1 2026, after taking into account the Corporation's financial instruments:

Three months ended March 31, 2026						
	Effective sales (CDN\$000s)	Percentage of total sales (%)	Effective production (per day)	Percentage of total natural gas production (%)	Percentage of total corporate production (%)	Effective average realized sales price (CDN\$/)
Market						
AECO ⁽¹⁾⁽²⁾	37,151	15	180,330 Mcf	44	37	2.29/Mcf
Dawn ⁽³⁾	91,254	37	161,851 Mcf	40	33	6.26/Mcf
NYMEX HH ⁽¹⁾⁽⁴⁾	39,935	16	64,533 Mcf	16	13	6.88/Mcf
Total natural gas⁽¹⁾	168,340	68	406,714 Mcf	100	83	4.60/Mcf
Light oil	10,703	4	1,256 bbls		1	94.69/bbl
Condensate	48,480	20	5,357 bbls		7	100.56/bbl
NGLs	20,203	8	7,276 bbls		9	30.85/bbl
Total liquids	79,386	32	13,889 bbls		17	63.51/bbl
Total corporate⁽¹⁾	247,726	100	81,675 boe		100	33.70/boe

(1) Effective sales and effective average realized sales price on a total natural gas and total corporate basis and for the AECO and NYMEX HH markets are non-GAAP financial measures and non-GAAP ratios, respectively. See "Non-GAAP and Other Financial Measures".

(2) Birchcliff had short-term physical sales agreements with third-party marketers to sell and deliver into the Alliance pipeline system in Q1 2026. All of Birchcliff's short-term physical Alliance sales and production during Q1 2026 received AECO adjusted pricing and have therefore been included as effective sales and production in the AECO market.

(3) Birchcliff has agreements for the firm service transportation of an aggregate of 175,000 GJ/d of natural gas on TransCanada PipeLines' Canadian Mainline, whereby natural gas is transported to the Dawn trading hub in Southern Ontario.

(4) NYMEX HH effective sales and production include financial NYMEX HH/AECO 7A basis swap contracts for an aggregate of 70,000 MMBtu/d at an average contract price of NYMEX HH less US\$0.96/MMBtu during Q1 2026.

Birchcliff's effective average realized sales price for NYMEX HH of CDN\$6.88/Mcf (US\$4.61/MMBtu) was determined on a gross basis before giving effect to the average NYMEX HH/AECO 7A fixed contract basis differential price of CDN\$1.43/Mcf (US\$0.96/MMBtu) and includes any realized gains and losses on financial NYMEX HH/AECO 7A basis swap contracts during Q1 2026.

After giving effect to the NYMEX HH/AECO 7A fixed contract basis differential price and including any realized gains and losses on financial NYMEX HH/AECO 7A basis swap contracts during Q1 2026, Birchcliff's effective average realized net sales price for NYMEX HH was CDN\$5.45/Mcf (US\$3.65/MMBtu) in Q1 2026.

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

Three months ended March 31, 2026							
Natural gas market	Natural gas sales (CDN\$000s)	Percentage of natural gas sales (%)	Natural gas production (Mcf/d)	Percentage of natural gas production (%)	Average realized natural gas sales price (CDN\$/Mcf)	Natural gas transportation costs ⁽¹⁾ (CDN\$/Mcf)	Natural gas sales netback ⁽²⁾ (CDN\$/Mcf)
AECO	46,294	33	225,033	55	2.31	0.43	1.88
Dawn	91,254	64	161,851	40	6.26	1.51	4.75
Alliance ⁽³⁾	3,777	3	19,830	5	2.12	-	2.12
Total	141,325	100	406,714	100	3.86	0.85	3.01
Three months ended March 31, 2025							
Natural gas market	Natural gas sales (CDN\$000s)	Percentage of natural gas sales (%)	Natural gas production (Mcf/d)	Percentage of natural gas production (%)	Average realized natural gas sales price (CDN\$/Mcf)	Natural gas transportation costs ⁽¹⁾ (CDN\$/Mcf)	Natural gas sales netback ⁽²⁾ (CDN\$/Mcf)
AECO	42,368	34	215,026	56	2.19	0.46	1.73
Dawn	82,094	65	162,982	43	5.60	1.55	4.05
Alliance ⁽³⁾	769	1	4,216	1	2.03	-	2.03
Total	125,231	100	382,224	100	3.64	0.92	2.72

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

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

- (3) Birchcliff had short-term physical sales agreements with third-party marketers to sell and deliver into the Alliance pipeline system in Q1 2026 and Q1 2025. Alliance sales are indexed to the AECO 5A benchmark index price and are recorded net of transportation tolls.

OPERATIONAL UPDATE

Birchcliff's 2026 capital program is underway and progressing as planned. Drilling activity has increasingly focused on the more liquids-rich areas of the Corporation's portfolio, which is well aligned with the current commodity price environment.

Birchcliff remains on track to fully utilize its existing infrastructure by Q4 2026. The Corporation maintains flexibility with respect to the timing of its completions and tie-in activities, providing it with the ability to adjust capital spending in response to weakness in commodity prices.

Greater Pouce

- Birchcliff completed its 6-well 02-09 pad in January 2026, with all wells brought onstream through Birchcliff's permanent facilities in February 2026. This pad targeted high-rate natural gas wells in the Lower Montney. The following table summarizes the aggregate and average production rates for the wells from the pad:

6-Well 02-09 Pad IP Rates

	Wells: IP 30 ⁽¹⁾	Wells: IP 60 ⁽¹⁾
Aggregate production rate (boe/d)	7,262	6,533
Aggregate natural gas production rate (Mcf/d)	42,015	38,013
Aggregate condensate production rate (bbls/d)	259	197
Average per well production rate (boe/d)	1,210	1,089
Average per well natural gas production rate (Mcf/d)	7,003	6,335
Average per well condensate production rate (bbls/d)	43	33
Condensate-to-gas ratio (bbls/MMcf)	6	5

- (1) Represents the cumulative volumes for each well measured at the wellhead separator for the 30 or 60 days (as applicable) of production immediately after each well was considered stabilized after producing fracture treatment fluid back to surface in an amount such that flow rates of hydrocarbons became reliable. The natural gas volumes represent raw natural gas volumes as opposed to sales gas volumes. See "Advisories – Initial Production Rates".

- The Corporation's 4-well 13-21 pad in Pouce Coupe was brought on production in late March 2026 and includes Birchcliff's longest horizontal wells drilled to-date, with one of the laterals extending to just under three miles in the Lower Montney. The Upper Montney wells are demonstrating strong hydrocarbon liquids content. Initial flow and early production results across the pad are encouraging and meeting management's expectations.
- In April 2026, Birchcliff successfully completed its 6-well 04-05 pad in Pouce Coupe. The wells are expected to be turned over to production in late May 2026. This pad targeted high-rate natural gas wells in the Lower Montney.
- The Corporation is currently drilling its 4-well 12-10 pad in Pouce Coupe, with completions operations scheduled to begin in June 2026. This pad is targeting high-rate natural gas wells in the Lower Montney and the wells are anticipated to be brought on production at the end of Q2 2026.
- The Corporation is currently drilling its 6-well 07-24 pad in Pouce Coupe, with completions operations scheduled to begin in August 2026. This pad is targeting high-rate natural gas wells in the Lower Montney and the wells are anticipated to be brought on production at the end of Q3 2026.
- At the Corporation's Pouce Coupe natural gas processing plant, a planned turnaround and various optimization projects are currently underway and progressing as expected, with work advancing on schedule and within budget. As maintenance activities are completed, Birchcliff expects to begin ramping up production volumes throughout Q2 2026.
- In Gordondale, the Corporation is currently preparing for completion operations on its 3-well 05-34 pad. This pad is targeting condensate-rich natural gas in the Lower Montney and the wells are anticipated to be brought on production at the end of Q2 2026.

Elmworth

- In Elmworth, the Corporation completed a horizontal Montney land retention well in February 2026, the results of which were disclosed in March 2026. The well is not currently planned to be tied in. Birchcliff is also planning an additional Montney land retention well in the area that is not expected to be completed as part of the 2026 capital program.
- The formal planning continues for the construction of the first phase of Birchcliff's proposed 100% owned and operated natural gas processing plant in Elmworth (the "**Goodfare Gas Plant**"). Birchcliff is currently targeting a final investment decision on the construction of the Goodfare Gas Plant in late 2026 or early 2027.

ABBREVIATIONS

~	approximately
AECO	benchmark price for natural gas determined at the AECO 'C' hub in southeast Alberta
bbl	barrel
bbls	barrels
bbls/d	barrels per day
bbls/MMcf	barrels per million cubic feet
boe	barrel of oil equivalent
boe/d	barrel of oil equivalent per day
condensate	pentanes plus (C5+)
F&D	finding and development
G&A	general and administrative
GAAP	generally accepted accounting principles for Canadian public companies, which are currently IFRS Accounting Standards
GJ	gigajoule
GJ/d	gigajoules per day
HH	Henry Hub
IFRS	International Financial Reporting Standards as issued by the International Accounting Standards Board
IP	initial production
Mcf	thousand cubic feet
Mcf/d	thousand cubic feet per day
MMBtu	million British thermal units
MMBtu/d	million British thermal units per day
MSW	price for mixed sweet crude oil at Edmonton, Alberta
NGLs	natural gas liquids consisting of ethane (C2), propane (C3) and butane (C4) and specifically excluding condensate
NYMEX	New York Mercantile Exchange
OPEC	Organization of the Petroleum Exporting Countries
Q	quarter
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma, for crude oil of standard grade
000s	thousands
\$000s	thousands of dollars

NON-GAAP AND OTHER FINANCIAL MEASURES

This press release uses various "non-GAAP financial measures", "non-GAAP ratios" and "capital management measures" (as such terms are defined in NI 52-112), which are described in further detail below.

Non-GAAP Financial Measures

NI 52-112 defines a non-GAAP financial measure as a financial measure that: (i) depicts the historical or expected future financial performance, financial position or cash flow of an entity; (ii) with respect to its composition, excludes an amount that is included in, or includes an amount that is excluded from, the composition of the most directly comparable financial measure disclosed in the primary financial statements of the entity; (iii) is not disclosed in the financial statements of the entity; and (iv) is not a ratio, fraction, percentage or similar representation. The non-GAAP financial measures used in this press release are not standardized financial measures under GAAP and might not be comparable to similar measures presented by other companies. Investors are cautioned that non-GAAP financial measures should not be construed as alternatives to or more meaningful than the most directly comparable GAAP financial measures as indicators of Birchcliff's performance. Set forth below is a description of the non-GAAP financial measures used in this press release.

Adjusted Funds Flow and Free Funds Flow

Birchcliff defines “adjusted funds flow” as cash flow from operating activities before the effects of decommissioning expenditures and changes in non-cash operating working capital. Birchcliff eliminates settlements of decommissioning expenditures from cash flow from operating activities as the amounts can be discretionary and may vary from period to period depending on its capital programs and the maturity of its operating areas. The settlement of decommissioning expenditures is managed with Birchcliff’s capital budgeting process which considers available adjusted funds flow. Changes in non-cash operating working capital are eliminated in the determination of adjusted funds flow as the timing of collection and payment are variable and by excluding them from the calculation, the Corporation believes that it is able to provide a more meaningful measure of its operations and ability to generate cash on a continuing basis. 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		Twelve months ended
	March 31		December 31
(\$000s)	2026	2025	2025
Cash flow from operating activities	152,783	126,097	407,705
Change in non-cash operating working capital	(385)	(2,194)	11,821
Decommissioning expenditures	327	510	3,240
Adjusted funds flow	152,725	124,413	422,766
F&D capital expenditures	(107,388)	(111,819)	(305,891)
Free funds flow	45,337	12,594	116,875

Birchcliff has disclosed in this press release forecasts of adjusted funds flow and free funds flow for 2026, which are forward-looking non-GAAP financial measures (see “2026 Guidance”). 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 higher than its respective historical amount, primarily due to higher anticipated production and benchmark oil and 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 comparable to its respective historical amount, primarily due to higher anticipated F&D capital expenditures offsetting the expected increase in adjusted funds flow. The commodity price assumptions on which the Corporation’s guidance is based are set forth under the heading “2026 Guidance”.

Transportation and Other Expense

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

	Three months ended		Twelve months ended
	March 31		December 31
(\$000s)	2026	2025	2025
Transportation expense	36,737	37,519	157,884
Marketing purchases	6,580	14,910	24,887
Marketing revenue	(4,644)	(14,748)	(16,839)
Transportation and other expense	38,673	37,681	165,932

Operating Netback

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

Three months ended (\$000s)	March 31, 2026	March 31, 2025
P&NG revenue	220,726	197,188
Royalty expense	(7,607)	(15,039)
Operating expense	(21,366)	(21,133)
Transportation and other expense	(38,673)	(37,681)
Operating netback	153,080	123,335

Total Capital Expenditures

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

Three months ended (\$000s)	March 31, 2026	March 31, 2025
Exploration and development expenditures⁽¹⁾	107,388	111,819
Administrative assets	842	654
Total capital expenditures	108,230	112,473

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

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

Birchcliff defines “effective sales” in the AECO market and NYMEX HH market as the sales amount received from the production of natural gas that is effectively attributed to the AECO and NYMEX HH market pricing, respectively, and does not consider the physical sales delivery point in each case. Effective sales in the NYMEX HH market includes realized gains and losses on financial instruments and excludes the notional fixed basis costs associated with the underlying financial contract in the period. Birchcliff defines “effective total natural gas sales” as the aggregate of the effective sales amount received in each natural gas market. Birchcliff defines “effective total corporate sales” as the aggregate of the effective total natural gas sales and the sales amount received from the production of light oil, condensate and NGLs. Management believes that disclosing the effective sales for each natural gas market assists management and investors in assessing Birchcliff’s natural gas diversification and commodity price exposure to each market. The most directly comparable GAAP financial measure to effective total natural gas sales and effective total corporate sales is natural gas sales. The following table provides a reconciliation of natural gas sales to effective total natural gas sales and effective total corporate sales for the periods indicated:

Three months ended (\$000s)	March 31, 2026	March 31, 2025
Natural gas sales	141,325	125,231
Realized gain on financial instruments	18,688	22,167
Notional fixed basis costs ⁽¹⁾	8,327	20,894
Effective total natural gas sales	168,340	168,292
Light oil sales	10,703	15,391
Condensate sales	48,480	37,371
NGLs sales	20,203	19,183
Effective total corporate sales	247,726	240,237

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

Non-GAAP Ratios

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

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

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

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

Free Funds Flow Per Basic Common Share

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

Transportation and Other Expense Per Boe

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

Operating Netback Per Boe

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

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

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

Total Debt to Adjusted Funds Flow Ratio

Birchcliff calculates “total debt to adjusted funds flow ratio” as total debt at the end of the period divided by adjusted funds flow at the end of the period (as determined on a trailing twelve-month basis). Management believes that total debt to adjusted funds flow ratio assists management and investors in assessing Birchcliff’s overall debt position in respect of cash generated in the preceding twelve-month period 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.

Capital Management Measures

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

Total Debt

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

As at (\$000s)	March 31, 2026	December 31, 2025	March 31, 2025
Revolving term credit facilities	426,494	508,340	518,581
Working capital surplus ⁽¹⁾	(20,461)	(60,775)	(67,109)
Fair value of financial instruments – asset ⁽²⁾	32,590	27,512	96,623
Other liabilities ⁽²⁾	(15,129)	(15,129)	(13,385)
Total debt	423,494	459,948	534,710

(1) Current liabilities less current assets.

(2) Reflects the current portion only.

ADVISORIES

Unaudited Information

All financial and operational information contained in this press release for the three months ended March 31, 2026 and 2025 is unaudited.

Currency

Unless otherwise indicated, all dollar amounts are expressed in Canadian dollars, all references to “\$” and “CDN\$” are to Canadian dollars and all references to “US\$” are to United States dollars.

Boe Conversions

Boe amounts have been calculated by using the conversion ratio of 6 Mcf of natural gas to 1 bbl of oil. Boe amounts may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

MMBtu Pricing Conversions

\$1.00 per MMBtu equals \$1.00 per Mcf based on a standard heat value Mcf.

Oil and Gas Metrics

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

Production

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

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

Initial Production Rates

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

With respect to the production rates for the Corporation's 6-well 02-09 pad disclosed herein, such rates represent the cumulative volumes for each well on the pad measured at the wellhead separator for the 30 and 60 days (as applicable) of production immediately after each well was considered stabilized after producing fracture treatment fluid back to surface in an amount such that flow rates of hydrocarbons became reliable, divided by 30 or 60 (as applicable). The wells on the pad were then added together to determine the aggregate production rates for the pad and then divided by 6 to determine the per well average production rates. The production rates excluded the hours and days when the wells did not produce. To-date, no pressure transient or well-test interpretation has been carried out on any of the wells. The natural gas volumes represent raw natural gas volumes as opposed to sales gas volumes.

F&D Capital Expenditures

“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 any 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 assists management and investors in assessing Birchcliff’s capital cost outlay associated with its exploration and development activities for the purposes of finding and developing its reserves.

Forward-Looking Statements

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

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

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

- Birchcliff’s plans and other aspects of its anticipated future financial performance, results, operations, focus, objectives, strategies, opportunities, priorities and goals, including statements regarding its strategy of investing in and profitably growing its business, strengthening its balance sheet and paying a sustainable base dividend;
- the information set forth under the heading “*2026 Guidance*” and elsewhere in this press release regarding Birchcliff’s guidance for 2026, including: that production is expected to reach ~87,500 boe/d in Q4 2026 at the high end of capital spending; that Birchcliff is fully exposed to forecasted liquids prices; and forecasts of annual average production, production commodity mix, average expenses, adjusted funds flow, F&D capital expenditures, free funds flow, total debt and total debt to adjusted funds flow ratio 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;
- the information set forth under the heading “*Operational Update*” and elsewhere in this press release regarding Birchcliff’s 2026 capital program and its exploration, production and development activities and plans and the timing thereof, including: that Birchcliff remains on track to fully utilize its existing infrastructure by Q4 2026; that the Corporation maintains flexibility with respect to the timing of its completions and tie-in activities, providing it with the ability to adjust capital spending in response to weakness in commodity prices; that as maintenance activities are completed, Birchcliff expects to begin ramping up production volumes throughout Q2 2026; that the horizontal Montney land retention well completed in February 2026 is not currently planned to be tied in; that Birchcliff is also planning an additional Montney land retention well in the Elsworth area that is not expected to be completed as part of the 2026 capital program; that the formal planning continues for the construction of the first phase of the Goodfare Gas Plant; that Birchcliff is currently targeting a final investment decision on the construction of the Goodfare Gas Plant in late 2026 or early 2027; and targeted product types and the timing for wells to be completed or brought on production; and

- that Birchcliff anticipates the forward-looking non-GAAP financial measure for adjusted funds flow disclosed herein will be higher than its respective historical amount, primarily due to higher anticipated production and benchmark oil and natural gas prices, which are expected to increase the average realized sales prices the Corporation receives for its production; and that Birchcliff anticipates the forward-looking non-GAAP financial measure for free funds flow disclosed herein will be comparable to its respective historical amount, primarily due to higher anticipated F&D capital expenditures offsetting the expected increase in adjusted funds flow.

With respect to the forward-looking statements contained in this press release, assumptions have been made regarding, among other things: prevailing and future commodity prices and differentials, exchange rates, interest rates, inflation rates, royalty rates and tax rates; the state of the economy, financial markets and the exploration, development and production business; the political environment in which Birchcliff operates; tariffs and trade policies; the regulatory framework regarding royalties, taxes, environmental, climate change and other laws; the Corporation's ability to comply with existing and future laws; future cash flow, debt and dividend levels; future operating, transportation, G&A and other expenses; Birchcliff's ability to access capital and obtain financing on acceptable terms; the timing and amount of capital expenditures and the sources of funding for capital expenditures and other activities; the sufficiency of budgeted capital expenditures to carry out planned operations; the successful and timely implementation of capital projects and the timing, location and extent of future drilling and other operations; results of operations; Birchcliff's ability to continue to develop its assets and obtain the anticipated benefits therefrom; the performance of existing and future wells; reserves volumes and Birchcliff's ability to replace and expand reserves through acquisition, development or exploration; the impact of competition on Birchcliff; the availability of, demand for and cost of labour, services and materials; the approval of the Board of future dividends; the ability to obtain any necessary regulatory or other approvals in a timely manner; the satisfaction by third parties of their obligations to Birchcliff; the ability of Birchcliff to secure adequate processing and transportation for its products; Birchcliff's ability to successfully market natural gas and liquids; the results of the Corporation's risk management and market diversification activities; and Birchcliff's natural gas market exposure. In addition to the foregoing assumptions, Birchcliff has made the following assumptions with respect to certain forward-looking statements contained in this press release:

- With respect to Birchcliff's 2026 guidance (as updated on May 13, 2026), 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 May 7, 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 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 May 7, 2026.
- With respect to statements regarding future wells to be drilled, completed or brought on production and the construction of the proposed Goodfare Gas Plant, such statements assume: the continuing validity of the geological and other technical interpretations performed by Birchcliff's technical staff, which indicate that commercially economic volumes can be recovered from Birchcliff's lands as a result of drilling future wells; and that commodity prices and general economic conditions will warrant proceeding with the drilling of such wells and the construction of the plant.

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; 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 Goodfare Gas Plant 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 disputes, 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 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).

Readers are cautioned that the foregoing lists of factors are not exhaustive. Additional information on these and other risk factors that could affect Birchcliff's results of operations, financial performance or financial results are included in the Corporation's annual information form and annual management's discussion and analysis for the financial year ended December 31, 2025 under the heading "Risk Factors" and in other reports filed with Canadian securities regulatory authorities.

This press release contains information that may constitute future-oriented financial information or financial outlook information (collectively, "FOFI") about Birchcliff's prospective financial performance, financial position or cash flows, all of which is subject to the same assumptions, risk factors, limitations and qualifications as set forth above. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise or inaccurate and, as such, undue reliance should not be placed on FOFI. Birchcliff's actual results, performance and achievements could differ materially from those expressed in, or implied by, FOFI. Birchcliff has included FOFI in order to provide readers with a more complete perspective on Birchcliff's future operations and management's current expectations relating to Birchcliff's future performance. Readers are cautioned that such information may not be appropriate for other purposes.

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

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

ABOUT BIRCHCLIFF:

Birchcliff is an intermediate oil and natural gas company based in Calgary, Alberta with operations focused on the exploration and development of the Montney Resource Play in Alberta. Birchcliff's common shares are listed for trading on the Toronto Stock Exchange under the symbol "BIR".

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Chris Carlsen – President and Chief Executive Officer

Bruno Geremia – Executive Vice President and Chief Financial Officer

MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL

This Management's Discussion and Analysis ("MD&A") for Birchcliff Energy Ltd. ("Birchcliff" or the "Corporation") dated May 13, 2026 is with respect to the three months ended March 31, 2026 (the "Reporting Period") as compared to the three months ended March 31, 2025 (the "Comparable Prior Period"). This MD&A has been prepared by management and approved by the Corporation's audit committee and board of directors (the "Board") and should be read in conjunction with the unaudited interim condensed financial statements and related notes for the Reporting Period (the "financial statements") and the audited annual financial statements of the Corporation and related notes for the year ended December 31, 2025, which have been prepared in accordance with IFRS Accounting Standards. All dollar amounts are expressed in Canadian currency, unless otherwise stated.

This MD&A uses various "non-GAAP financial measures", "non-GAAP ratios" and "capital management measures" as such terms are defined in National Instrument 52-112 – *Non-GAAP and Other Financial Measures Disclosure* ("NI 52-112"). Non-GAAP financial measures and non-GAAP ratios are not standardized financial measures under GAAP and might not be comparable to similar financial measures disclosed by other issuers. For further information, including reconciliations to the most directly comparable GAAP financial measures where applicable, see "*Non-GAAP and Other Financial Measures*" in this MD&A.

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

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

ABOUT BIRCHCLIFF

Birchcliff is an intermediate oil and natural gas company based in Calgary, Alberta with operations focused on the exploration and development of the Montney 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.

Q1 2026 FINANCIAL AND OPERATIONAL HIGHLIGHTS

- Average production of 81,675 boe/d (83% natural gas and 17% liquids), a 6% increase from the Comparable Prior Period.
- Adjusted funds flow⁽¹⁾ of \$152.7 million, or \$0.56 per basic common share,⁽²⁾ a 23% and 22% increase, respectively, from the Comparable Prior Period. Cash flow from operating activities of \$152.8 million, a 21% increase from the Comparable Prior Period.
- Free funds flow⁽¹⁾ of \$45.3 million, or \$0.16 per basic common share,⁽²⁾ a 260% and 220% increase, respectively, from the Comparable Prior Period.
- Net income to common shareholders of \$70.0 million, or \$0.25 per basic common share, a 6% and 4% increase, respectively, from the Comparable Prior Period.
- Operating netback⁽²⁾ of \$20.83/boe, an 18% increase from the Comparable Prior Period.
- Birchcliff continued to benefit from its natural gas market diversification in the quarter, with approximately 56% of its natural gas production in the Reporting Period realizing higher U.S. pricing at the Dawn and NYMEX HH markets as compared to AECO. This market diversification contributed to an effective average realized natural gas sales price⁽²⁾ of \$4.60/Mcf in the Reporting Period, which represents a 112% premium to the average benchmark AECO 5A price, adjusted for Birchcliff's heat premium.
- Drilled 9 (9.0 net) wells and brought 10 (10.0 net) wells on production, with F&D capital expenditures totalling \$107.4 million in the Reporting Period. At March 31, 2026, Birchcliff had invested approximately 31%⁽³⁾ of its 2026 F&D capital budget.
- Total debt⁽⁴⁾ of \$423.5 million at March 31, 2026, a 21% decrease from March 31, 2025.
- Subsequent to the end of the Reporting Period, Birchcliff opportunistically purchased an aggregate of 1,156,655 common shares under its normal course issuer bid at an average price of \$5.93 per share, before fees.

2026 GUIDANCE

Birchcliff is reaffirming its 2026 annual average production guidance of 81,000 to 84,000 boe/d and F&D capital expenditures guidance of \$325 million to \$375 million.

The ongoing conflict in the Middle East has introduced significant commodity price volatility, with benchmark oil prices trading significantly higher as compared to the beginning of the year. Conversely, there has been relative weakness in the AECO natural gas sales market, where prices have been challenged due to regional oversupply and lower export demand from the U.S. pacific west coast that has resulted in elevated inventory storage levels in Western Canada.

As a result, Birchcliff has updated its commodity price assumptions for 2026 and revised its guidance for adjusted funds flow, free funds flow and total debt accordingly. Birchcliff has also updated its guidance for royalty, operating and transportation and other expenses and its natural gas market exposure to reflect its updated commodity price assumptions and Q1 2026 results.

Birchcliff now expects to exit 2026 with total debt of \$385 million to \$435 million, which equates to a total debt to adjusted funds flow ratio⁽²⁾ of approximately 0.9x at the mid-point of the total debt guidance range.

(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) Based on the mid-point of Birchcliff's 2026 F&D capital budget of \$325 million to \$375 million.

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

The following tables set forth Birchcliff's updated and previous guidance and commodity price assumptions for 2026, as well as its free funds flow sensitivity:

	Updated 2026 guidance and assumptions – May 13, 2026 ⁽¹⁾	Previous 2026 guidance and assumptions – January 20, 2026
Production		
Annual average production (boe/d)	81,000 – 84,000	81,000 – 84,000
% Light oil	1%	1%
% Condensate	6%	6%
% NGLs	9%	9%
% Natural gas	84%	84%
Average Expenses (\$/boe)		
Royalty	\$2.15 – \$2.35	\$1.85 – \$2.05
Operating	\$2.75 – \$2.95	\$2.80 – \$3.00
Transportation and other ⁽²⁾	\$5.20 – \$5.40	\$5.15 – \$5.35
Adjusted Funds Flow (millions)⁽³⁾	\$455	\$430
F&D Capital Expenditures (millions)	\$325 – \$375	\$325 – \$375
Free Funds Flow (millions)⁽³⁾	\$80 – \$130	\$55 – \$105
Total Debt at Year End (millions)⁽⁴⁾	\$385 – \$435	\$410 – \$460
Natural Gas Market Exposure		
AECO exposure as a % of total natural gas production	44%	46%
Dawn exposure as a % of total natural gas production	38%	38%
NYMEX HH exposure as a % of total natural gas production	16%	16%
Alliance exposure as a % of total natural gas production	2%	-
Commodity Prices		
Average WTI price (US\$/bbl)	\$83.00 ⁽⁵⁾	\$60.00
Average WTI-MSW differential (CDN\$/bbl)	\$2.20 ⁽⁵⁾	\$5.40
Average AECO price (CDN\$/GJ)	\$1.80 ⁽⁵⁾	\$2.60
Average Dawn price (US\$/MMBtu)	\$3.35 ⁽⁵⁾	\$3.40
Average NYMEX HH price (US\$/MMBtu)	\$3.70 ⁽⁵⁾	\$3.60
Exchange rate (CDN\$ to US\$1)	1.36 ⁽⁵⁾	1.37

Forward eight months' free funds flow sensitivity ⁽⁵⁾⁽⁶⁾	Estimated change to 2026 free funds flow (millions)
Change in WTI US\$1.00/bbl	\$2.2
Change in NYMEX HH US\$0.10/MMBtu	\$2.1
Change in Dawn US\$0.10/MMBtu	\$5.3
Change in AECO CDN\$0.10/GJ	\$4.9
Change in CDN/US exchange rate CDN\$0.01	\$3.0

- (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 updated 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 May 7, 2026, which include settled benchmark commodity prices and the CDN/US exchange rate for the period from January 1, 2026 to April 30, 2026.
- (6) Illustrates the expected impact of changes in commodity prices and the CDN/US exchange rate on the Corporation's updated forecast of free funds flow for 2026, holding all other variables constant. The sensitivity is based on the updated commodity price and exchange rate assumptions set forth in the table above. The calculated impact on free funds flow is only applicable within the limited range of change indicated. Calculations are performed independently and may not be indicative of actual results. Actual results may vary materially when multiple variables change at the same time and/or when the magnitude of the change increases.

CASH FLOW FROM OPERATING ACTIVITIES AND ADJUSTED FUNDS FLOW

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

Three months ended	March 31, 2026	March 31, 2025	% Change
Cash flow from operating activities (\$000s)	152,783	126,097	21
Adjusted funds flow (\$000s)⁽¹⁾	152,725	124,413	23
Per basic common share (\$) ⁽²⁾	0.56	0.46	22
Per diluted common share (\$) ⁽²⁾	0.55	0.46	20
Per boe (\$) ⁽²⁾	20.78	17.87	16

(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 and adjusted funds flow increased by 21% and 23% from the Comparable Prior Period, respectively. The increases were primarily due to higher natural gas revenue in the Reporting Period, driven by a 6% increase in both natural gas production and the average realized natural gas sales price from the Comparable Prior Period. Cash flow from operating activities and adjusted funds flow were also positively impacted by a 49% decrease in royalty expense from the Comparable Prior Period.

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	March 31, 2026	March 31, 2025	% Change
Net income to common shareholders (\$000s)	69,965	65,727	6
Per basic common share (\$)	0.25	0.24	4
Per diluted common share (\$)	0.25	0.24	4
Per boe (\$)	9.52	9.44	1

Net income to common shareholders increased by 6% from the Comparable Prior Period, primarily due to higher adjusted funds flow in the Reporting Period, partially offset by a lower unrealized gain on financial instruments of \$7.8 million in the Reporting Period as compared to \$24.6 million in the Comparable Prior Period.

The Corporation's unrealized gains 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:

Three months ended (\$000s)	March 31, 2026	March 31, 2025	% Change
Light oil	10,703	15,391	(30)
Condensate	48,480	37,371	30
NGLs	20,203	19,183	5
Natural gas	141,325	125,231	13
P&NG sales	220,711	197,176	12
Royalty income	15	12	25
P&NG revenue	220,726	197,188	12

P&NG revenue increased by 12% from the Comparable Prior Period, primarily due to a 13% and 30% increase in natural gas and condensate revenue, respectively, partially offset by a 30% decrease in light oil revenue in the Reporting Period.

Birchcliff's P&NG revenue is directly impacted by changes in production and the average realized sales price received for such production.

Production

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

Three months ended	March 31, 2026	March 31, 2025	% Change
Light oil (bbls/d)	1,256	1,795	(30)
Condensate (bbls/d)	5,357	4,238	26
NGLs (bbls/d)	7,276	7,626	(5)
Natural gas (Mcf/d)	406,714	382,224	6
Production (boe/d)	81,675	77,363	6
Liquids-to-gas ratio (bbls/MMcf)	34.2	35.7	(4)

Birchcliff's production increased by 6% from the Comparable Prior Period, primarily due to incremental production from new Montney wells brought on production since the Comparable Prior Period, partially offset by natural production declines. Natural gas and condensate production increased by 6% and 26%, respectively, primarily due to the Corporation targeting high-rate and condensate-rich natural gas wells in Pouce Coupe and Gordondale since the Comparable Prior Period. Light oil production decreased by 30% from the Comparable Prior Period primarily due to natural production declines.

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

Three months ended	March 31, 2026	March 31, 2025
% Light oil production	1	2
% Condensate production	7	6
% NGLs production	9	10
% Natural gas production	83	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	March 31, 2026	March 31, 2025	% Change
Light oil – WTI Cushing (US\$/bbl)	71.93	71.42	1
Light oil – MSW (Mixed Sweet) (CDN\$/bbl)	94.04	95.94	(2)
Natural gas – NYMEX HH (US\$/MMBtu)	5.04	3.65	38
Natural gas – AECO 5A Daily (CDN\$/GJ)	1.90	2.05	(7)
Natural gas – AECO 7A Month Ahead (US\$/MMBtu)	1.82	1.40	30
Natural gas – Dawn Day Ahead (US\$/MMBtu)	4.40	3.87	14
Natural gas – NYMEX HH/AECO 7A Basis (US\$/MMBtu)	3.22	2.25	43
Exchange rate (CDN\$ to US\$1)	1.38	1.44	(4)
Exchange rate (US\$ to CDN\$1)	0.72	0.69	4

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. During the Reporting Period, Birchcliff had financial NYMEX HH/AECO 7A basis swap contracts for 70,000 MMBtu/d at an average contract price of NYMEX HH less US\$0.961/MMBtu and during the Comparable Prior Period, Birchcliff had financial NYMEX HH/AECO 7A basis swap contracts for 147,500 MMBtu/d with an average contract price of NYMEX HH less US\$1.088/MMBtu.

The AECO 5A natural gas benchmark price decreased by 7% from the Comparable Prior Period, primarily due to an oversupply of natural gas that has resulted in elevated inventory storage levels in Western Canada. The supply/demand imbalance can be attributed to high regional production levels, slower than anticipated ramp-up of LNG Canada exports and lower export demand from the U.S. pacific west coast during the Reporting Period.

The NYMEX HH and Dawn natural gas benchmark prices increased by 38% and 14%, respectively, from the Comparable Prior Period. These increases were primarily due to higher winter-induced domestic demand for heating and record levels of LNG exports from Canada and the U.S. The NYMEX HH/AECO 7A basis increased by 43% from the Comparable Prior Period, 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 Period.

Birchcliff physically sells substantially all of its liquids production based on the MSW oil benchmark price, which generally trades at a discount to the WTI oil benchmark price. The WTI oil benchmark price increased by 1% from the Comparable Prior Period, primarily due to the Middle East conflict that impacted the global supply of oil commencing in March 2026. The MSW oil benchmark price decreased by 2% from the Comparable Prior Period, primarily due to the strengthening of the Canadian dollar against the U.S. dollar.

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	March 31, 2026	March 31, 2025	% Change
Light oil (\$/bbl)	94.69	95.27	(1)
Condensate (\$/bbl)	100.56	97.98	3
NGLs (\$/bbl)	30.85	27.95	10
Natural gas (\$/Mcf)	3.86	3.64	6
Average realized sales price (\$/boe)	30.03	28.32	6

The Corporation's average realized sales price increased by 6% from the Comparable Prior Period, primarily due to a higher average natural gas sales price, which was largely driven by a higher Dawn natural gas benchmark price in the Reporting Period, where Birchcliff physically delivers a significant portion of its natural gas production.

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

The average realized sales prices that the Corporation receives from physical natural gas deliveries in each natural gas market depend 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:

Natural gas market	Three months ended March 31, 2026					Three months ended March 31, 2025				
	Natural gas sales (\$000s) (%)		Natural gas production (Mcf/d) (%)		Average realized sales price (\$/Mcf)	Natural gas sales (\$000s) (%)		Natural gas production (Mcf/d) (%)		Average realized sales price (\$/Mcf)
AECO	46,294	33	225,033	55	2.31	42,368	34	215,026	56	2.19
Dawn	91,254	64	161,851	40	6.26	82,094	65	162,982	43	5.60
Alliance ⁽¹⁾	3,777	3	19,830	5	2.12	769	1	4,216	1	2.03
Total	141,325	100	406,714	100	3.86	125,231	100	382,224	100	3.64

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

Market Diversification and Risk Management

Birchcliff engages in market diversification and risk management activities to diversify its sales points or fix commodity prices and market interest rates. The Board has approved 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 March 31, 2026, 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	Apr. 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.

Realized Gains on Financial Instruments

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

Three months ended	March 31, 2026	March 31, 2025	% Change
Realized gain (\$000s)	18,688	22,167	(16)
Realized gain (\$/boe)	2.54	3.18	(20)

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

The average contract volume and fixed price for Birchcliff's NYMEX HH/AECO 7A basis swap contracts were 70,000 MMBtu/d and US\$0.961/MMBtu during the Reporting Period and 147,500 MMBtu/d and US\$1.088/MMBtu during the Comparable Prior Period. The average realized settlement price of the Corporation's financial NYMEX HH/AECO 7A basis swap contracts during the Reporting Period was US\$3.22/MMBtu as compared to US\$2.25/MMBtu during the Comparable Prior Period.

Unrealized Gains on Financial Instruments

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

Three months ended	March 31, 2026	March 31, 2025	% Change
Unrealized gain (\$000s)	7,760	24,576	(68)
Unrealized gain (\$/boe)	1.06	3.53	(70)

Birchcliff's unrealized gains on financial instruments were impacted by changes in the net fair value of its NYMEX HH/AECO 7A basis swap contracts at the end of the Reporting Period as compared to the Comparable Prior 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.

The unrealized gain on financial instruments of \$7.8 million in the Reporting Period resulted from an increase in the fair value net asset position to \$50.4 million at March 31, 2026 from \$42.6 million at December 31, 2025. The increase in the net fair value of the Corporation's financial instruments was primarily due to: (i) the increase (or widening) in the forward basis spread between the Corporation's financial NYMEX HH/AECO 7A basis swap contracts outstanding at March 31, 2026 as compared to the net fair value previously assessed at December 31, 2025; and (ii) the settlement of the Corporation's financial NYMEX HH/AECO 7A basis swap contracts during the Reporting Period.

Royalty Expense

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

Three months ended	March 31, 2026	March 31, 2025	% Change
Royalty expense (\$000s) ⁽¹⁾	7,607	15,039	(49)
Royalty expense (\$/boe)	1.03	2.16	(52)
Effective royalty rate (%) ⁽²⁾	3	8	(63)

(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 royalty expense into P&NG sales for the period.

Aggregate royalty expense decreased by 49% from the Comparable Prior Period, primarily due to a \$3.9 million decrease in liquids royalties, as a result of lower light oil and NGLs production in the Reporting Period and lower natural gas royalties due to an increase in GCA deductions recorded in the Reporting Period.

The effective royalty rate decreased by 63% from the Comparable Prior Period, primarily due to: (i) a lower royalty expense; 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 receives higher U.S. pricing on a portion of its natural gas production sold at the Dawn market, which increased its P&NG revenue in the Reporting Period.

Operating Expense

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

Three months ended (\$000s)	March 31, 2026	March 31, 2025	% Change
Field operating expense	23,451	22,313	5
Recoveries	(2,085)	(1,180)	77
Operating expense	21,366	21,133	1
Operating expense (\$/boe)	2.91	3.04	(4)

Operating expense per boe decreased by 4% from the Comparable Prior Period, primarily driven by higher production and improved operating recoveries, partially offset by higher road and lease maintenance costs as compared to the Comparable Prior Period.

Transportation and Other Expense

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

Three months ended (\$000s)	March 31, 2026	March 31, 2025	% Change
Natural gas transportation	30,589	31,483	(3)
Liquids transportation	4,547	4,679	(3)
Fractionation	1,599	1,351	18
Other fees	2	6	(67)
Transportation expense	36,737	37,519	(2)
Transportation expense (\$/boe)	5.00	5.39	(7)
Marketing purchases ⁽¹⁾	6,580	14,910	(56)
Marketing revenue ⁽¹⁾	(4,644)	(14,748)	(69)
Marketing loss ⁽²⁾	1,936	162	nm
Marketing loss (\$/boe) ⁽³⁾	0.26	0.02	nm
Transportation and other expense⁽²⁾	38,673	37,681	3
Transportation and other expense (\$/boe)⁽³⁾	5.26	5.41	(3)

(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 decreased by 3% from the Comparable Prior Period, primarily due to higher production and a lower natural gas transportation expense, partially offset by higher marketing losses recorded in the Reporting Period.

Natural gas transportation expense decreased by 3% from the Comparable Prior Period, primarily due to lower transportation tolling charges on the NGTL pipeline system in the Reporting Period.

Birchcliff recorded higher marketing losses in the Reporting Period, primarily due to increased losses on a propane supply arrangement with a third-party polypropylene producer as compared to the Comparable Prior Period.

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	March 31, 2026	March 31, 2025	% Change
Pouce Coupe assets			
<i>Average production</i>			
Light oil (bbls/d)	38	51	(25)
Condensate (bbls/d)	3,667	3,030	21
NGLs (bbls/d)	1,835	1,778	3
Natural gas (Mcf/d)	324,500	305,517	6
Production (boe/d)	59,624	55,779	7
Liquids-to-gas ratio (bbls/MMcf)	17.1	15.9	8
% of corporate production	73%	72%	1
<i>Netback and cost (\$/boe)</i>			
P&NG revenue	28.36	26.88	6
Royalty expense	(0.82)	(1.40)	(41)
Operating expense	(2.58)	(2.65)	(3)
Transportation and other expense ⁽¹⁾	(5.64)	(5.64)	-
Operating netback⁽¹⁾	19.32	17.19	12
Gordondale assets			
<i>Average production</i>			
Light oil (bbls/d)	1,215	1,742	(30)
Condensate (bbls/d)	1,690	1,196	41
NGLs (bbls/d)	5,441	5,844	(7)
Natural gas (Mcf/d)	81,976	76,386	7
Production (boe/d)	22,008	21,514	2
Liquids-to-gas ratio (bbls/MMcf)	101.8	115.0	(11)
% of corporate production	27%	28%	(4)
<i>Netback and cost (\$/boe)</i>			
P&NG revenue	34.57	32.01	8
Royalty expense	(1.62)	(4.11)	(61)
Operating expense	(3.78)	(3.99)	(5)
Transportation and other expense ⁽¹⁾	(4.24)	(4.83)	(12)
Operating netback⁽¹⁾	24.93	19.08	31
Corporate⁽²⁾			
<i>Netback and cost (\$/boe)</i>			
P&NG revenue	30.03	28.32	6
Royalty expense	(1.03)	(2.16)	(52)
Operating expense	(2.91)	(3.04)	(4)
Transportation and other expense ⁽¹⁾	(5.26)	(5.41)	(3)
Operating netback⁽¹⁾	20.83	17.71	18

(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:

Three months ended (\$000s)	March 31, 2026	March 31, 2025	% Change
<i>Cash:</i>			
Salaries and benefits ⁽¹⁾	7,616	8,532	(11)
Other ⁽²⁾	5,939	5,289	12
G&A expense, gross	13,555	13,821	(2)
Operating overhead recoveries	(28)	(29)	(3)
Capitalized overhead ⁽³⁾	(3,333)	(3,916)	(15)
G&A expense, net	10,194	9,876	3
G&A expense, net (\$/boe)	1.39	1.42	(2)
<i>Non-cash:</i>			
Other compensation	2,720	1,925	41
Capitalized compensation ⁽³⁾	(1,334)	(910)	47
Other compensation, net	1,386	1,015	37
Other compensation, net (\$/boe)	0.19	0.15	27
Administrative expense, net	11,580	10,891	6
Administrative expense, net (\$/boe)	1.58	1.57	1

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

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

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

Aggregate net administrative expense increased by 6% from the Comparable Prior Period, primarily due to higher net G&A and net other compensation expenses.

Net G&A expense increased by 3% from the Comparable Prior Period, primarily due to higher advocacy and general business expenditures, partially offset by lower employee costs and incentives.

Net other compensation expense increased by 37% from the Comparable Prior Period, primarily due to an increase in the 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 at the end of the period, the F&D costs attributable to those reserves, the associated future development costs ("FDC") required to recover those reserves and the actual production in the relevant period. The Corporation determines its D&D expense on a field-area basis. The following table sets forth Birchcliff's D&D expense for the periods indicated:

Three months ended	March 31, 2026	March 31, 2025	% Change
Depletion and depreciation expense (\$000s)	67,261	62,598	7
Depletion and depreciation expense (\$/boe)	9.15	8.99	2

Aggregate D&D expense increased by 7% from the Comparable Prior Period, primarily due to a higher depletion rate on the Corporation's developed and proved assets. The depletion rate was negatively impacted by a decrease in the proved plus probable reserves and positively impacted by a decrease in FDC to bring the proved plus probable reserves on production. FDC for proved plus probable reserves decreased to \$4.6 billion at March 31, 2026 from \$4.8 billion at March 31, 2025.

Finance Expense

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

Three months ended (\$000s)	March 31, 2026	March 31, 2025	% Change
<i>Cash:</i>			
Interest expense ⁽¹⁾	6,776	8,937	(24)
Interest expense (\$/boe) ⁽¹⁾	0.92	1.27	(28)
Lease interest expense	2,090	2,296	(9)
Lease interest expense (\$/boe)	0.28	0.33	(15)
<i>Non-cash:</i>			
Accretion ⁽²⁾	1,504	1,368	10
Amortization of deferred financing fees	425	319	33
Other finance expenses	1,929	1,687	14
Other finance expenses (\$/boe)	0.26	0.25	4
Finance expense	10,795	12,920	(16)
Finance expense (\$/boe)	1.46	1.85	(21)

- (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 16% from the Comparable Prior Period, primarily due to a 24% decrease in interest expense associated with the Corporation's borrowings under its Credit Facilities.

Birchcliff's interest expense decreased from the Comparable Prior Period, primarily due to a lower average outstanding balance under its Syndicated Credit Facility (as defined herein) and lower average effective interest rates under its Credit Facilities. The average outstanding balance under the Syndicated Credit Facility was approximately \$453.7 million in the Reporting Period, as compared to \$530.4 million in the Comparable Prior Period, 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	March 31, 2026	March 31, 2025
Working Capital Facility (%) ⁽¹⁾	6.2	7.2
Syndicated Credit Facility (%) ⁽²⁾	5.1	6.1

- (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	March 31, 2026	March 31, 2025	% Change
Deferred income tax expense (\$000s) ⁽¹⁾	21,117	17,314	22
Deferred income tax expense (\$/boe)	2.87	2.49	15

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

The Corporation's estimated income tax pools were \$1.2 billion at March 31, 2026. Management expects that future taxable income will be available to utilize the accumulated tax pools. The components of the Corporation's estimated income tax pools are set forth in the table below:

As at (\$000s)	March 31, 2026
Canadian oil and gas property expense	233,027
Canadian development expense	371,597
Canadian exploration expense ⁽¹⁾	303,291
Undepreciated capital costs	190,592
Non-capital losses ⁽¹⁾	98,344
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	1,245,469

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

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

CAPITAL EXPENDITURES

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

Three months ended (\$000s)	March 31, 2026	March 31, 2025	% Change
Land	548	248	121
Seismic	59	23	157
Workovers	3,472	4,127	(16)
Drilling and completions	78,087	85,299	(8)
Well equipment and facilities	25,222	22,122	14
F&D capital expenditures ⁽¹⁾	107,388	111,819	(4)
Administrative assets	842	654	29
Total capital expenditures⁽²⁾	108,230	112,473	(4)

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

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

During the Reporting Period, Birchcliff's F&D capital expenditures were \$107.4 million, which primarily included \$59.3 million (55%) for the drilling and completions of wells in Pouce Coupe and \$23.7 million (22%) for gas gathering and infrastructure projects in Pouce Coupe and Gordondale. During the Reporting Period, Birchcliff drilled 9 (9.0 net) wells and brought 10 (10.0 net) wells on production.

CAPITAL RESOURCES AND LIQUIDITY

The capital-intensive nature of Birchcliff's operations requires it to maintain adequate sources of liquidity to fund its short-term and long-term financial obligations. Birchcliff's capital resources primarily consist of its adjusted funds flow and available Credit Facilities, which are described in further detail below. The Corporation believes that its anticipated adjusted funds flow 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 Total Debt

At March 31, 2026, 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 6, 2026, 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, 2028 to May 11, 2029. In addition, the lenders confirmed the borrowing base limit at \$850.0 million.

At March 31, 2026, Birchcliff had a balance outstanding under its Credit Facilities of \$430.2 million from available Credit Facilities of \$850.0 million, leaving the Corporation with \$419.8 million (49%) 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⁽⁴⁾ at March 31, 2026 was \$423.5 million, an 8% decrease from \$459.9 million at December 31, 2025. The decrease was primarily due to free funds flow (after dividends) generated in the Reporting Period being allocated to reduce the Corporation's indebtedness. During the Reporting Period, Birchcliff generated \$152.7 million in adjusted funds flow, incurred \$107.4 million in F&D capital expenditures and paid \$8.2 million in common share dividends.

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 March 31, 2026, Birchcliff's total debt to adjusted funds flow ratio⁽⁵⁾ was 0.9x as compared to 1.8x at March 31, 2025.

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⁽⁴⁾ was \$3.0 million at March 31, 2026 as compared to \$48.4 million at December 31, 2025, primarily due to an increase in accounts payable and accrued liabilities associated with increased F&D capital expenditures in the Reporting Period.

At March 31, 2026, the major component of Birchcliff's current assets was accounts receivable from its commodity marketers in respect of March 2026 production (55%), which was subsequently received in April 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 March 31, 2026 primarily consisted of accounts payables and accrued liabilities for capital and operating expenses incurred in the Reporting Period.

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

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

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 March 31, 2026:

(\$000s)	2026	2027	2028-2030	Thereafter
Accounts payable and accrued liabilities	105,253	-	-	-
Drawn revolving term credit facilities ⁽¹⁾	-	-	430,036	-
Firm transportation and fractionation ⁽²⁾	126,236	144,560	212,860	203,177
Natural gas processing ⁽³⁾	14,377	17,155	51,512	34,357
Other lease commitments ⁽⁴⁾	2,610	3,481	8,087	10,845
Operating commitments ⁽⁵⁾	1,631	2,174	6,523	8,879
Estimated contractual obligations and commitments⁽⁶⁾	250,107	167,370	709,018	257,258

(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.

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

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

(6) Contractual obligations and commitments that are not material to Birchcliff are excluded from the above table. The Corporation's decommissioning obligations are excluded from the table as these obligations arose from a regulatory requirement rather than from a contractual arrangement. Birchcliff estimates the total undiscounted cash flow to settle its decommissioning obligations on its wells and facilities at March 31, 2026 to be approximately \$313.4 million and are estimated to be incurred as follows: 2026 – \$2.6 million, 2027 – \$2.7 million and \$308.1 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 May 12, 2026, there were 274,329,604 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, 2025	274,796,690
Issuance of common shares ⁽¹⁾	689,569
Balance at March 31, 2026	275,486,259
Repurchase of common shares ⁽²⁾	(1,156,655)
Balance at May 12, 2026	274,329,604

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

(2) Represents common shares that have been purchased and cancelled pursuant to the Corporation's normal course issuer bid.

During the Reporting Period, Birchcliff issued 689,569 common shares pursuant to its stock option plan at an average exercise price of \$6.03 for aggregate proceeds of approximately \$4.2 million. At May 12, 2026, the Corporation had 24,569,249 stock options outstanding to purchase an equivalent number of common shares.

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 "NCIB"). Pursuant to the 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 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 NCIB will be cancelled.

During the Reporting Period, Birchcliff did not purchase any common shares pursuant to the NCIB. Subsequent to the Reporting Period, the Corporation purchased and cancelled 1,156,655 common shares pursuant to the NCIB at an average price of \$5.93 per common share for an aggregate cost of \$6.9 million, before fees.

DIVIDENDS

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

Three months ended	March 31, 2026	March 31, 2025
Common share dividend (\$000s)	8,247	8,151
Per common share (\$)	0.03	0.03

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

On May 13, 2026, the Board declared a quarterly cash dividend of \$0.03 per common share for the quarter ending June 30, 2026. The dividend will be payable on June 30, 2026 to shareholders of record at the close of business on June 15, 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	Mar. 31, 2026	Dec. 31, 2025	Sep. 30, 2025	Jun. 30, 2025	Mar. 31, 2025	Dec. 31, 2024	Sep. 30, 2024	Jun. 30, 2024
Average light oil production (bbls/d)	1,256	1,375	1,468	1,571	1,795	1,993	2,129	2,419
Average condensate production (bbls/d)	5,357	5,795	5,990	5,439	4,238	4,310	4,161	4,467
Average NGLs production (bbls/d)	7,276	7,197	6,933	6,898	7,626	7,748	6,541	6,634
Average natural gas production (Mcf/d)	406,714	411,966	396,088	393,435	382,224	381,433	375,428	389,026
Average production (boe/d)	81,675	83,028	80,406	79,480	77,363	77,623	75,403	78,358
Average realized light oil sales price (\$/bbl)	94.69	77.80	86.56	83.23	95.27	95.18	98.47	104.70
Average realized condensate sales price (\$/bbl)	100.56	77.18	84.91	86.44	97.98	95.79	95.66	106.56
Average realized NGLs sales price (\$/bbl)	30.85	21.88	19.86	20.76	27.95	26.20	25.02	26.56
Average realized natural gas sales price (\$/Mcf)	3.86	3.40	2.15	2.82	3.64	2.27	1.50	1.82
Average realized sales price (\$/boe)	30.03	25.47	20.23	23.30	28.32	21.53	17.71	20.61
P&NG revenue (\$000s)	220,726	194,529	149,628	168,518	197,188	153,741	122,835	146,976
F&D capital expenditures (\$000s) ⁽¹⁾	107,388	49,314	71,495	73,263	111,819	58,310	63,620	48,381
Total capital expenditures (\$000s) ⁽²⁾	108,230	49,696	71,893	73,715	112,473	66,673	63,886	48,702
Cash flow from operating activities (\$000s)	152,783	93,485	78,506	109,617	126,097	45,641	65,943	26,871
Adjusted funds flow (\$000s) ⁽²⁾	152,725	116,737	87,101	94,515	124,413	71,838	45,211	53,664
Per basic common share (\$) ⁽³⁾	0.56	0.43	0.32	0.35	0.46	0.27	0.17	0.20
Per diluted common share (\$) ⁽³⁾	0.55	0.42	0.32	0.35	0.46	0.26	0.17	0.20
Free funds flow (\$000s) ⁽²⁾	45,337	67,423	15,606	21,252	12,594	13,528	(18,409)	5,283
Per basic common share (\$) ⁽³⁾	0.16	0.25	0.06	0.08	0.05	0.05	(0.07)	0.02
Net income (loss) to common shareholders	69,965	27,167	(14,125)	(13,895)	65,727	35,216	(10,461)	46,380
Per basic common share (\$)	0.25	0.10	(0.05)	(0.05)	0.24	0.13	(0.04)	0.17
Per diluted common share (\$)	0.25	0.10	(0.05)	(0.05)	0.24	0.13	(0.04)	0.17
Total assets (\$ millions)	3,481	3,435	3,431	3,471	3,515	3,433	3,350	3,244
Total liabilities (\$ millions)	1,168	1,190	1,212	1,233	1,260	1,238	1,170	1,030
Revolving term credit facilities (\$000s)	426,494	508,340	522,712	528,660	518,581	566,857	489,413	481,163
Total debt (\$000s) ⁽⁴⁾	423,494	459,948	519,467	523,129	534,710	535,557	513,553	465,195
Dividends on common shares (\$000s)	8,247	8,241	8,194	8,178	8,151	27,126	26,943	26,907
Weighted average common shares outstanding								
Basic (000s)	274,895	273,802	273,095	272,347	271,614	270,185	269,342	268,878
Diluted (000s)	277,073	275,887	273,095	272,347	273,092	272,552	269,342	272,224

(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 wells in Pouce Coupe and Gordondale and the timing thereof, as well as natural production declines during those periods. Condensate production increased significantly in the last four quarters compared to the prior four quarters, primarily due to the Corporation targeting condensate-rich natural gas wells. Light oil production decreased over the last six quarters, primarily due to natural production declines from the light oil wells brought on production in the second quarter of 2024.

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. The Corporation's average realized sales price in the current quarter increased from the seven prior quarters, primarily due to improved Dawn benchmark natural gas 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 five 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 the first quarter of 2026 and each quarter of 2025 were lower than the previous three quarters as a result of a lower quarterly base dividend of \$0.03 per common share in 2026 and 2025 as compared to a quarterly base dividend of \$0.10 per common share in 2024.

INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes in the Corporation's internal controls over financial reporting ("ICFR") that occurred during the period beginning on January 1, 2026 and ended on March 31, 2026 that have materially affected, or are reasonably likely to materially affect, the Corporation's ICFR.

CRITICAL ACCOUNTING ESTIMATES

The timely preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities and income and expenses. Accordingly, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The Corporation's use of judgments, estimates and assumptions in preparing the unaudited interim condensed financial statements are discussed in Note 3 of the audited annual financial statements for the year ended December 31, 2025.

FUTURE ACCOUNTING POLICIES

A description of the new IFRS Accounting Standards that will be adopted by the Corporation in future periods can be found in Note 3 of the audited annual financial statements for the year ended December 31, 2025.

RISK FACTORS

Birchcliff's financial and operational performance is potentially affected by a number of factors, including, but not limited to, financial risks, risks relating to economic conditions, business and operational risks, environmental and regulatory risks and other risks. A detailed discussion of the risk factors affecting the Corporation is presented under the heading "*Risk Factors*" in the AIF and MD&A for the year ended December 31, 2025.

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
G&A	general and administrative
GAAP	generally accepted accounting principles for Canadian public companies, which are currently IFRS Accounting Standards
GJ	gigajoule
GJ/d	gigajoules per day
HH	Henry Hub
IFRS	International Financial Reporting Standards as issued by the International Accounting Standards Board
LNG	liquefied natural gas
Mcf	thousand cubic feet
Mcf/d	thousand cubic feet per day
MMBtu	million British thermal units
MMBtu/d	million British thermal units per day
MMcf	million cubic feet
MSW	price for mixed sweet crude oil at Edmonton, Alberta
NGLs	natural gas liquids consisting of ethane (C2), propane (C3) and butane (C4) and specifically excluding condensate
nm	not meaningful, generally with reference to a percentage change
NYMEX	New York Mercantile Exchange
OPEC	Organization of the Petroleum 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 and changes in non-cash operating working capital. Birchcliff eliminates settlements of decommissioning expenditures from cash flow from operating activities as the amounts can be discretionary and may vary from period to period depending on its capital programs and the maturity of its operating areas. The settlement of decommissioning expenditures is managed with Birchcliff’s capital budgeting process which considers available adjusted funds flow. Changes in non-cash operating working capital are eliminated in the determination of adjusted funds flow as the timing of collection and payment are variable and by excluding them from the calculation, the Corporation believes that it is able to provide a more meaningful measure of its operations and ability to generate cash on a continuing basis. 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		Twelve months ended
	March 31		December 31
(\$000s)	2026	2025	2025
Cash flow from operating activities	152,783	126,097	407,705
Change in non-cash operating working capital	(385)	(2,194)	11,821
Decommissioning expenditures	327	510	3,240
Adjusted funds flow	152,725	124,413	422,766
F&D capital expenditures	(107,388)	(111,819)	(305,891)
Free funds flow	45,337	12,594	116,875

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 higher than its respective historical amount, primarily due to higher anticipated production and benchmark oil and 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 comparable to its respective historical amount, primarily due to higher anticipated F&D capital expenditures offsetting the expected increase in adjusted funds flow. The commodity price assumptions on which the Corporation’s guidance is based are set forth under the heading “2026 Guidance” in this MD&A.

Total Capital Expenditures

Birchcliff defines “total capital expenditures” as exploration and development expenditures plus administrative assets. Management believes that 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 total capital expenditures is exploration and development expenditures. The following table provides a reconciliation of exploration and development expenditures to total capital expenditures for the periods indicated:

Three months ended (\$000s)	March 31, 2026	March 31, 2025
Exploration and development expenditures⁽¹⁾	107,388	111,819
Administrative assets	842	654
Total capital expenditures	108,230	112,473

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

Transportation and Other Expense and Marketing Gains and Losses

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

	Three months ended		Twelve months ended
	March 31		December 31
(\$000s)	2026	2025	2025
Transportation expense	36,737	37,519	157,884
Marketing purchases	6,580	14,910	24,887
Marketing revenue	(4,644)	(14,748)	(16,839)
Marketing loss	1,936	162	8,048
Transportation and other expense	38,673	37,681	165,932

Effective Total Natural Gas Sales

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

Three months ended (\$000s)	March 31, 2026	March 31, 2025
Natural gas sales	141,325	125,231
Realized gain on financial instruments	18,688	22,167
Notional fixed basis costs ⁽¹⁾	8,327	20,894
Effective total natural gas sales	168,340	168,292

(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 (\$000s)	March 31, 2026	March 31, 2025
P&NG revenue	152,170	134,960
Royalty expense	(4,399)	(7,048)
Operating expense	(13,829)	(13,309)
Transportation and other expense	(30,261)	(28,290)
Operating netback – Pouce Coupe assets	103,681	86,313
P&NG revenue	68,467	61,982
Royalty expense	(3,205)	(7,964)
Operating expense	(7,497)	(7,728)
Transportation and other expense	(8,384)	(9,347)
Operating netback – Gordondale assets	49,381	36,943
P&NG revenue	220,726	197,188
Royalty expense	(7,607)	(15,039)
Operating expense	(21,366)	(21,133)
Transportation and other expense	(38,673)	(37,681)
Operating netback – Corporate	153,080	123,335

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.

Total Debt to Adjusted Funds Flow Ratio

Birchcliff calculates “total debt to adjusted funds flow ratio” as total debt at the end of the period divided by adjusted funds flow at the end of the period (as determined on a trailing twelve-month basis). Management believes that total debt to adjusted funds flow ratio assists management and investors in assessing Birchcliff’s overall debt position in respect of cash generated in the preceding twelve-month period 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.

As at (\$000s)	March 31, 2026	March 31, 2025
Total debt	423,494	534,710
Adjusted funds flow ⁽¹⁾	451,078	295,126
Total debt to adjusted funds flow ratio	0.9x	1.8x

(1) Determined on a trailing twelve-month basis.

Transportation and Other Expense Per Boe

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

Marketing Gains and Losses Per Boe

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

Effective Average Realized Natural Gas Sales Price

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

Operating Netback Per Boe

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

Capital Management Measures

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

Total Debt and Adjusted Working Capital

Birchcliff calculates “total debt” at the end of the period as the amount outstanding under the Corporation’s Credit Facilities plus adjusted working capital deficit (less adjusted working capital surplus) at the end of the period. “Adjusted working capital deficit (surplus)” is calculated as working capital deficit (surplus) plus the fair value of the current asset portion of financial instruments less the 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 deficit (surplus), as determined in accordance with GAAP, to total debt and adjusted working capital deficit (surplus), respectively, for the periods indicated:

As at (\$000s)	March 31, 2026	December 31, 2025	March 31, 2025
Revolving term credit facilities	426,494	508,340	518,581
Working capital surplus ⁽¹⁾	(20,461)	(60,775)	(67,109)
Fair value of financial instruments – asset ⁽²⁾	32,590	27,512	96,623
Other liabilities ⁽²⁾	(15,129)	(15,129)	(13,385)
Adjusted working capital (surplus) deficit	(3,000)	(48,392)	16,129
Total debt	423,494	459,948	534,710

(1) Current liabilities less current assets.

(2) Reflects the current portion only.

ADVISORIES

Unaudited Information

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

Currency

All references to “\$” and “CDN\$” are to Canadian dollars and all references to “US\$” are to United States dollars.

Boe Conversions

Boe amounts have been calculated by using the conversion ratio of 6 Mcf of natural gas to 1 bbl of oil. Boe amounts may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

MMBtu Pricing Conversions

\$1.00 per MMBtu equals \$1.00 per Mcf based on a standard heat value Mcf.

Oil and Gas Metrics

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

F&D Capital Expenditures

“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 any 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 assists management and investors in assessing Birchcliff’s capital cost outlay associated with its exploration and development activities for the purposes of finding and developing its reserves.

Forward-Looking Statements

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

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

In particular, this MD&A contains forward-looking statements relating to:

- Birchcliff's plans and other aspects of its anticipated future financial performance, results, operations, focus, objectives, strategies, opportunities, priorities and goals;
- the information set forth under the heading "*2026 Guidance*" and elsewhere in this MD&A regarding 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 and total debt to adjusted funds flow ratio 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 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 NCIB, including: potential purchases under the NCIB; and the cancellation of common shares under the NCIB;
- future accounting policies that will be adopted by the Corporation; and
- that Birchcliff anticipates the forward-looking non-GAAP financial measure for adjusted funds flow disclosed herein will be higher than its respective historical amount, primarily due to higher anticipated production and benchmark oil and natural gas prices, which are expected to increase the average realized sales prices the Corporation receives for its production; and that Birchcliff anticipates the forward-looking non-GAAP financial measure for free funds flow disclosed herein will be comparable to its respective historical amount, primarily due to higher anticipated F&D capital expenditures offsetting the expected increase in adjusted funds flow.

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 (as updated on May 13, 2026), 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 May 7, 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 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 May 7, 2026.

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; 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 disputes, 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 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).

Readers are cautioned that the foregoing lists of factors are not exhaustive. Additional information on these and other risk factors that could affect Birchcliff's results of operations, financial performance or financial results are included in the AIF and MD&A for the financial year ended December 31, 2025 under the heading "*Risk Factors*" and in other reports filed with Canadian securities regulatory authorities.

This MD&A contains information that may constitute future-oriented financial information or financial outlook information (collectively, "**FOFI**") about Birchcliff's prospective financial performance, financial position or cash flows, all of which is subject to the same assumptions, risk factors, limitations and qualifications as set forth above. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise or inaccurate and, as such, undue reliance should not be placed on FOFI. Birchcliff's actual results, performance and achievements could differ materially from those expressed in, or implied by, FOFI. Birchcliff has included FOFI in order to provide readers with a more complete perspective on Birchcliff's future operations and management's current expectations relating to Birchcliff's future performance. Readers are cautioned that such information may not be appropriate for other purposes.

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

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

BIRCHCLIFF ENERGY LTD.

CONDENSED STATEMENTS OF FINANCIAL POSITION

Unaudited (Expressed in thousands of Canadian dollars)

As at	March 31, 2026	December 31, 2025
ASSETS		
Current assets:		
Cash	80	35
Accounts receivable	88,003	94,818
Prepaid expenses and deposits	20,170	20,684
Financial instruments (Note 14)	32,590	27,512
	140,843	143,049
Non-current assets:		
Investments	10,548	9,082
Property, plant and equipment (Note 4)	3,312,038	3,267,998
Financial instruments (Note 14)	17,796	15,114
	3,340,382	3,292,194
Total assets	3,481,225	3,435,243
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	105,253	67,145
Other liabilities (Note 10)	15,129	15,129
	120,382	82,274
Non-current liabilities:		
Revolving term credit facilities (Note 5)	426,494	508,340
Decommissioning obligations (Note 6)	105,713	103,086
Deferred income taxes	418,913	397,796
Other liabilities (Note 10)	96,319	98,836
	1,047,439	1,108,058
Total liabilities	1,167,821	1,190,332
SHAREHOLDERS' EQUITY		
Common share capital (Note 7)	1,465,251	1,459,665
Contributed surplus	114,473	113,284
Retained earnings	733,680	671,962
Total shareholders' equity	2,313,404	2,244,911
Total shareholders' equity and liabilities	3,481,225	3,435,243

Subsequent events (Notes 5 and 7)

Commitments and contingencies (Note 15)

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

BIRCHCLIFF ENERGY LTD.

CONDENSED STATEMENTS OF NET INCOME AND COMPREHENSIVE INCOME

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

Three months ended	March 31, 2026	March 31, 2025
Petroleum and natural gas revenue (Note 9)	220,726	197,188
Marketing revenue (Note 9)	4,644	14,748
Royalties	(7,607)	(15,039)
Realized gain on financial instruments	18,688	22,167
Unrealized gain on financial instruments	7,760	24,576
Other income	17	20
	244,228	243,660
EXPENSES		
Operating	21,366	21,133
Transportation	36,737	37,519
Marketing purchases (Note 9)	6,580	14,910
Administrative, net	11,580	10,891
Depletion and depreciation (Note 4)	67,261	62,598
Finance (Note 11)	10,795	12,920
Other (gains) losses	(1,173)	648
	153,146	160,619
Net income before taxes	91,082	83,041
Deferred income tax expense	(21,117)	(17,314)
NET INCOME AND COMPREHENSIVE INCOME	69,965	65,727
Net income per common share (Note 8)		
Basic	\$0.25	\$0.24
Diluted	\$0.25	\$0.24

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

BIRCHCLIFF ENERGY LTD.

CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Unaudited (Expressed in thousands of Canadian dollars)

	Common Share Capital	Contributed Surplus	Retained Earnings	Total
As at December 31, 2024	1,443,587	111,576	639,852	2,195,015
Issuance of common shares	2,510	(763)	-	1,747
Dividends on common shares	-	-	(8,151)	(8,151)
Purchase of performance warrants	336	(1,478)	-	(1,142)
Stock-based compensation	-	1,822	-	1,822
Net income and comprehensive income	-	-	65,727	65,727
As at March 31, 2025	1,446,433	111,157	697,428	2,255,018
As at December 31, 2025	1,459,665	113,284	671,962	2,244,911
Issuance of common shares (Notes 7 and 12)	5,586	(1,426)	-	4,160
Dividends on common shares (Note 7)	-	-	(8,247)	(8,247)
Stock-based compensation (Note 12)	-	2,615	-	2,615
Net income and comprehensive income	-	-	69,965	69,965
As at March 31, 2026	1,465,251	114,473	733,680	2,313,404

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

BIRCHCLIFF ENERGY LTD.

CONDENSED STATEMENTS OF CASH FLOWS

Unaudited (Expressed in thousands of Canadian dollars)

Three months ended	March 31, 2026	March 31, 2025
Cash provided by (used in):		
OPERATING		
Net income	69,965	65,727
Adjustments for items not affecting operating cash:		
Unrealized gain on financial instruments <i>(Note 14)</i>	(7,760)	(24,576)
Depletion and depreciation <i>(Note 4)</i>	67,261	62,598
Other compensation	1,386	1,015
Accretion <i>(Note 11)</i>	1,504	1,368
Amortization of deferred financing fees <i>(Note 11)</i>	425	319
Other (gains) losses	(1,173)	648
Deferred income tax expense	21,117	17,314
Decommissioning expenditures <i>(Note 6)</i>	(327)	(510)
Changes in non-cash working capital	385	2,194
	152,783	126,097
FINANCING		
Issuance of common shares <i>(Note 7)</i>	4,160	1,747
Purchase of performance warrants	-	(1,142)
Payment on lease liabilities <i>(Note 10)</i>	(2,909)	(2,697)
Dividends on common shares <i>(Note 7)</i>	(8,247)	(8,151)
Net change in revolving term credit facilities <i>(Note 5)</i>	(82,271)	(48,595)
	(89,267)	(58,838)
INVESTING		
Exploration and development <i>(Note 4)</i>	(107,388)	(111,819)
Administrative assets <i>(Note 4)</i>	(842)	(654)
Investments	(293)	(22)
Changes in non-cash working capital	45,052	45,263
	(63,471)	(67,232)
Net change in cash	45	27
Cash, beginning of period	35	50
CASH, END OF PERIOD	80	77

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

BIRCHCLIFF ENERGY LTD.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2026

Unaudited (Expressed in Canadian dollars, unless otherwise stated)

1. NATURE OF OPERATIONS

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

These unaudited interim condensed financial statements were approved and authorized for issuance by Birchcliff’s board of directors (the “**Board**”) on May 13, 2026.

2. BASIS OF PREPARATION

These unaudited interim condensed financial statements have been prepared in accordance with International Accounting Standard (“**IAS**”) 34: *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“**IASB**”).

These unaudited interim condensed financial statements have been prepared following the same IFRS accounting policies and methods of computation as disclosed in the audited annual financial statements for the year ended December 31, 2025. Certain information and disclosures normally required to be included in the notes to the audited annual financial statements have been condensed, omitted or have been disclosed on an annual basis only. Accordingly, these unaudited interim condensed financial statements should be read in conjunction with the audited annual financial statements and the notes thereto for the year ended December 31, 2025.

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

3. CHANGES IN ACCOUNTING POLICY

Effective January 1, 2026, Birchcliff adopted amendments to *IFRS 9: Financial Instruments* (“**IFRS 9**”) and *IFRS 7: Financial Instruments: Disclosures* (“**IFRS 7**”). The amendments clarify the date of recognition and derecognition of financial assets and liabilities. The adoption of these amendments did not have a material impact on Birchcliff’s financial statements.

4. PROPERTY, PLANT AND EQUIPMENT

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

(\$000s)	Exploration & Evaluation Assets	Developed & Producing Assets	Lease Assets	Administrative Assets	Total
<i>Cost:</i>					
As at December 31, 2024	406	5,309,756	134,570	30,131	5,474,863
Additions	-	308,410	532	1,605	310,547
Acquisitions	-	281	-	-	281
As at December 31, 2025	406	5,618,447	135,102	31,736	5,785,691
Additions	-	110,459	-	842	111,301
As at March 31, 2026 ⁽¹⁾	406	5,728,906	135,102	32,578	5,896,992
<i>Accumulated depletion and depreciation:</i>					
As at December 31, 2024	-	(2,213,869)	(17,983)	(24,505)	(2,256,357)
Depletion and depreciation expense ⁽²⁾	-	(246,539)	(12,953)	(1,844)	(261,336)
As at December 31, 2025	-	(2,460,408)	(30,936)	(26,349)	(2,517,693)
Depletion and depreciation expense ⁽²⁾	-	(63,520)	(3,238)	(503)	(67,261)
As at March 31, 2026	-	(2,523,928)	(34,174)	(26,852)	(2,584,954)
<i>Net book value:</i>					
As at December 31, 2025	406	3,158,039	104,166	5,387	3,267,998
As at March 31, 2026	406	3,204,978	100,928	5,726	3,312,038

- (1) The Corporation’s PP&E were pledged as security for its revolving term credit facilities. Although the Corporation believes that it has title to its PP&E, it cannot control or completely protect itself against the risk of title disputes and challenges.
- (2) Future development costs required to develop and produce proved and probable oil and gas reserves totalled approximately \$4.6 billion at March 31, 2026 (December 31, 2025 – \$4.6 billion) and are included in the depletion expense calculation.

Impairment Assessment

At March 31, 2026 and December 31, 2025, Birchcliff determined that there were no impairment indicators present and therefore an impairment test was not required.

5. REVOLVING TERM CREDIT FACILITIES

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

As at (\$000s)	March 31, 2026	December 31, 2025
Syndicated credit facility	423,620	496,347
Working capital facility	6,416	15,960
Drawn revolving term credit facilities	430,036	512,307
Unamortized deferred financing fees	(3,542)	(3,967)
Revolving term credit facilities⁽¹⁾	426,494	508,340

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

At March 31, 2026, the aggregate principal amount of the Corporation’s revolving term credit facilities was \$850 million which were comprised of: (i) a syndicated extendible revolving term credit facility (the “**Syndicated Credit Facility**”) of \$750 million; and (ii) an extendible revolving working capital facility (the “**Working Capital Facility**”) of \$100 million (collectively, the “**Credit Facilities**”). The Credit Facilities do not contain any financial maintenance covenants. Effective May 6, 2026, 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, 2028, to May 11, 2029. In addition, the lenders confirmed the borrowing base limit at \$850 million.

6. DECOMMISSIONING OBLIGATIONS

The Corporation estimates the total undiscounted (inflated) amount of cash flow required to settle its decommissioning obligations to be approximately \$313.4 million at March 31, 2026 (December 31, 2025 – \$306.3 million). A reconciliation of the decommissioning obligations is set forth below:

As at (\$000s)	March 31, 2026	December 31, 2025
Balance, beginning	103,086	101,946
Obligations incurred	895	2,581
Changes in estimated future cash flows ⁽¹⁾	841	(2,636)
Accretion	1,218	4,435
Decommissioning expenditures	(327)	(3,240)
Balance, ending	105,713	103,086

(1) Primarily relates to changes in the inflation rate and discount nominal risk-free rate used to calculate the present value of the decommissioning obligations. Birchcliff applied an inflation rate of 2.05% and a discount nominal risk-free rate of 3.88% to calculate the present value of the decommissioning obligations at March 31, 2026, and an inflation rate of 1.98% and a discount nominal risk-free rate of 3.85% at December 31, 2025.

7. CAPITAL STOCK

Share Capital

Authorized

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

Number of Common Shares Issued and Outstanding

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

As at (000s)	March 31, 2026	December 31, 2025
Outstanding at beginning of period	274,797	271,304
Issuance of common shares ⁽¹⁾	689	3,493
Outstanding at end of period⁽²⁾	275,486	274,797

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

(2) 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 "NCIB"). Pursuant to the 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 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. 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. However, Birchcliff may make one block purchase per calendar week which exceeds the daily purchase restriction. All common shares purchased under the NCIB will be cancelled. During the three months ended March 31, 2026, the Corporation did not purchase any common shares pursuant to the NCIB. Subsequent to March 31, 2026, the Corporation purchased and cancelled 1,156,655 common shares pursuant to the NCIB at an average price of \$5.93 per common share for an aggregate cost of \$6.9 million, before fees.

Dividends

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

Three months ended	March 31, 2026	March 31, 2025
Dividends on common shares (\$000s)	8,247	8,151
Per common share (\$)	0.03	0.03

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

On May 13, 2026, the Board declared a quarterly cash dividend of \$0.03 per common share for the quarter ending June 30, 2026. The dividend will be payable on June 30, 2026 to shareholders of record at the close of business on June 15, 2026.

The dividend has been designated as an eligible dividend for the purposes of the *Income Tax Act* (Canada).

8. EARNINGS PER SHARE

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

Three months ended	March 31, 2026	March 31, 2025
Net income to common shareholders (\$000s)	69,965	65,727
Weighted average basic common shares outstanding (000s)	274,895	271,614
Dilutive securities (000s)	2,178	1,478
Weighted average diluted common shares outstanding (000s) ⁽¹⁾	277,073	273,092
Per basic common share	\$0.25	\$0.24
Per diluted common share	\$0.25	\$0.24

(1) The weighted average diluted common shares outstanding excludes 11,142,134 stock options that were anti-dilutive as at March 31, 2026 (March 31, 2025 – 20,759,384).

9. REVENUE

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

Three months ended (\$000s)	March 31, 2026	March 31, 2025
Light oil	10,703	15,391
Condensate ⁽¹⁾	48,480	37,371
NGLs ⁽²⁾	20,203	19,183
Natural gas	141,325	125,231
P&NG sales ⁽³⁾	220,711	197,176
Royalty income	15	12
P&NG revenue	220,726	197,188
Marketing revenue ⁽⁴⁾	4,644	14,748
Revenue from contracts with customers	225,370	211,936

(1) Consists of pentanes plus.

(2) Consists of ethane, propane and butane.

(3) Included in accounts receivable at March 31, 2026, was \$78.0 million (March 31, 2025 – \$71.3 million) in P&NG sales to be received from its marketers in respect of March 2026 production, which was subsequently received in April 2026.

(4) Marketing revenue primarily represents the sale of commodities purchased from third parties less applicable fees. Birchcliff enters into certain commodity purchase and sales arrangements to reduce its take-or-pay fractionation fees associated with third-party commitments. The value of commodities purchased and sold during the periods is primarily driven by prevailing commodity prices, the availability of sellers and buyers for fractionated production and fractionation capacity available in the market. The value of commodities purchased and sold to third parties are recorded on a gross basis for financial statement presentation purposes. Marketing revenue also includes a propane supply arrangement with a third-party polypropylene producer, which is recorded net of processing costs and other charges. For the three months ended March 31, 2026, the Corporation had marketing purchases from third parties of \$6.6 million (March 31, 2025 – \$14.9 million).

10. OTHER LIABILITIES

Post-Employment Benefit Obligations

The Corporation estimates the total undiscounted (inflated) amount of cash flow required to settle its obligations for all participants meeting the eligibility requirements under the post-employment benefit plan was approximately \$9.3 million at March 31, 2026 (December 31, 2025 – \$9.3 million).

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

As at (\$000s)	March 31, 2026	December 31, 2025
Balance, beginning	3,603	3,095
Obligations incurred ⁽¹⁾	106	416
Accretion	25	92
Balance, ending⁽²⁾	3,734	3,603
Current portion	3,126	3,126
Long-term portion	608	477

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

(2) Birchcliff applied a discount rate of 2.8% and an inflation rate of 3.0% to calculate the present value of the post-employment benefit obligations at March 31, 2026 and December 31, 2025.

Lease Obligations

The Corporation's total undiscounted (inflated) amount of cash flow required to settle its lease obligations was approximately \$144.6 million at March 31, 2026 (December 31, 2025 – \$149.6 million) and is expected to be settled no later than 2035.

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

As at (\$000s)	March 31, 2026	December 31, 2025
Balance, beginning	110,362	120,076
Additions	-	533
Lease interest expense	2,090	8,835
Lease payments	(4,999)	(20,186)
Accretion	261	1,104
Balance, ending	107,714	110,362
Current portion	12,003	12,003
Long-term portion	95,711	98,359

11. FINANCE EXPENSE

The components of finance expenses are set forth below:

Three months ended (\$000s)	March 31, 2026	March 31, 2025
<i>Cash:</i>		
Interest on Credit Facilities	6,776	8,937
Lease interest expense	2,090	2,296
<i>Non-cash:</i>		
Accretion ⁽¹⁾	1,504	1,368
Amortization of deferred financing fees	425	319
Finance expense	10,795	12,920

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

12. SHARE-BASED PAYMENT

At March 31, 2026, the Corporation's stock option plan (the "Option Plan") permitted the grant of options in respect of a maximum of 27,548,626 (March 31, 2025 – 27,207,135) common shares. At March 31, 2026, there remained 3,015,377 (March 31, 2025 – 4,635,607) stock options available for issuance. For the stock options exercised during the three months ended March 31, 2026, the weighted average common share trading price on the TSX was \$7.23 (March 31, 2025 – \$5.85) per common share.

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

Three months ended	March 31, 2026		March 31, 2025	
	Number	Price (\$) ⁽¹⁾	Number	Price (\$) ⁽¹⁾
Outstanding, beginning	25,115,468	6.94	23,656,768	6.25
Granted ⁽²⁾	131,400	7.05	10,000	6.33
Exercised	(689,569)	(6.03)	(767,840)	(2.27)
Forfeited	(24,050)	(6.77)	(207,067)	(6.15)
Expired	-	-	(120,333)	(7.37)
Outstanding, ending	24,533,249	6.97	22,571,528	6.38

(1) Calculated on a weighted average basis.

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

The weighted average fair value per option granted during the three months ended March 31, 2026 was \$2.10 (March 31, 2025 – \$2.08). In determining the stock-based compensation expense for options issued during the three months ended March 31, 2026, the Corporation applied a weighted average estimated forfeiture rate of 6.8% (March 31, 2025 – 7.0%).

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

Three months ended	March 31, 2026	March 31, 2025
Risk-free interest rate	2.7%	2.6%
Expected life (years)	4.0	4.0
Expected volatility	39.2%	44.6%
Dividend yield	1.7%	1.9%

A summary of the stock options outstanding and exercisable under the Option Plan at March 31, 2026 is set forth below:

Grant Price (\$)		Awards Outstanding			Awards Exercisable		
Low	High	Quantity	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price (\$)	Quantity	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price (\$)
4.59	6.00	5,418,241	3.67	5.12	1,687,737	3.64	5.12
6.01	9.00	14,096,808	3.02	6.83	6,606,300	1.62	6.39
9.01	11.65	5,018,200	1.68	9.37	5,018,200	1.68	9.37
		24,533,249	2.89	6.97	13,312,237	1.90	7.35

13. CAPITAL MANAGEMENT

The Corporation's policy is to maintain a sufficient capital base to manage its business in the most effective manner with the goal of increasing the value of its assets and thus its underlying share value. The Corporation's objectives when managing capital are to maintain financial flexibility to preserve its ability to meet financial obligations, to maintain a capital structure that allows Birchcliff to finance its business strategy using primarily internally-generated cash flow and its available Credit Facilities and to optimize the use of its capital to provide an appropriate investment return to its shareholders. There were no changes in the Corporation's approach to capital management during the three months ended March 31, 2026.

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

As at (\$000s)	March 31, 2026	December 31, 2025
<i>Maximum borrowing base limit:</i>		
Revolving term credit facilities (Note 5)	850,000	850,000
<i>Principal amount utilized:</i>		
Revolving term credit facilities	(426,494)	(508,340)
Unamortized deferred financing fees	(3,542)	(3,967)
Outstanding letters of credit	(185)	(185)
	(430,221)	(512,492)
Unused credit	419,779	337,508

The capital structure of the Corporation is as follows:

As at (\$000s)	March 31, 2026	December 31, 2025	% Change
Total shareholders' equity	2,313,404	2,244,911	3%
Total shareholders' equity as a % of total capital	85%	83%	
Revolving term credit facilities	426,494	508,340	
Working capital surplus ⁽¹⁾	(20,461)	(60,775)	
Fair value of financial instruments - asset ⁽²⁾	32,590	27,512	
Other liabilities ⁽²⁾	(15,129)	(15,129)	
Adjusted working capital surplus ⁽³⁾	(3,000)	(48,392)	
Total debt	423,494	459,948	(8%)
Total debt as a % of total capital	15%	17%	
Total capital	2,736,898	2,704,859	1%

(1) Current liabilities less current assets.

(2) Reflects the current portion only.

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

14. RISK MANAGEMENT

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

Commodity Price Risk

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

Financial Derivative Contracts

At March 31, 2026, Birchcliff had certain financial derivative contracts outstanding in order to manage commodity price risk. These instruments are not used for trading or speculative purposes. Birchcliff has not designated its financial instruments as effective accounting hedges, even though the Corporation considers all commodity contracts to be effective economic hedges. As a result, all such financial instruments are recorded on the statements of financial position at fair value, with the changes in fair value being recognized as an unrealized gain or loss in profit or loss and realized upon settlement.

At March 31, 2026, Birchcliff had the following financial derivative contracts in place to manage commodity price risk:

Product	Type of Contract	Notional Quantity	Remaining Term ⁽¹⁾	Contract Price	Asset (\$000s)
Natural gas	AECO 7A basis swap ⁽²⁾	10,000 MMBtu/d	Apr. 1, 2026 – Dec. 31, 2026	NYMEX HH less US\$0.895/MMBtu	4,227
Natural gas	AECO 7A basis swap ⁽²⁾	40,000 MMBtu/d	Apr. 1, 2026 – Dec. 31, 2026	NYMEX HH less US\$0.979/MMBtu	16,216
Natural gas	AECO 7A basis swap ⁽²⁾	20,000 MMBtu/d	Apr. 1, 2026 – Dec. 31, 2026	NYMEX HH less US\$0.960/MMBtu	7,963
Natural gas	AECO 7A basis swap ⁽²⁾	25,000 MMBtu/d	Jan. 1, 2027 – Dec. 31, 2027	NYMEX HH less US\$0.788/MMBtu	13,247
Natural gas	AECO 7A basis swap ⁽²⁾	20,000 MMBtu/d	Jan. 1, 2030 – Dec. 31, 2031	NYMEX HH less US\$1.090/MMBtu	7,014
Natural gas	AECO 7A basis swap ⁽²⁾	5,000 MMBtu/d	Jan. 1, 2030 – Dec. 31, 2031	NYMEX HH less US\$1.090/MMBtu	1,719
Fair value					50,386

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

(2) Birchcliff sold AECO basis swap.

At March 31, 2026, if the future NYMEX HH/AECO 7A basis changed by US\$0.10/MMBtu, with all other variables held constant, after-tax net income in the three months ended March 31, 2026 would have changed by approximately \$4.6 million.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Corporation's Credit Facilities are exposed to interest rate risk. The remainder of Birchcliff's financial assets and liabilities are not directly exposed to interest rate risk. The Corporation had no financial derivative contracts in place to manage interest rate risk as at March 31, 2026.

Foreign Currency Risk

Foreign currency risk is the risk that future cash flows will fluctuate as a result of changes in foreign currency exchange rates. The exchange rate effect cannot be quantified but generally an increase in the value of the CDN dollar as compared to the US dollar will reduce the CDN dollar prices received by Birchcliff for its P&NG sales. The Corporation had no long-term forward exchange rate contracts in place as at March 31, 2026.

15. COMMITMENTS AND CONTINGENCIES

The Corporation enters into contracts and commitments in the normal course of operations. The following table lists Birchcliff's commitments at March 31, 2026:

<i>(\$000s)</i>	2026	2027	2028 - 2030	Thereafter
Firm transportation and fractionation ⁽¹⁾	126,236	144,560	212,860	203,177
Natural gas processing ⁽²⁾	14,377	17,155	51,512	34,357
Other lease commitments ⁽³⁾	2,610	3,481	8,087	10,845
Operating commitments ⁽⁴⁾	1,631	2,174	6,523	8,879
Commitments	144,854	167,370	278,982	257,258

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

(2) Comprised of natural gas processing commitments at third-party facilities.

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

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

CORPORATE INFORMATION

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Bruno Geremia

Executive Vice President and
Chief Financial Officer

Theo van der Werken

Chief Operating Officer

Robyn Bourgeois

Vice President, Legal, General Counsel and
Corporate Secretary

Duane Thompson

Vice President, Operations

Hue Tran

Vice President, Business Development and
Marketing

DIRECTORS

Jeff Tonken

Chairman of the Board

Chris Carlsen

President and Chief Executive Officer,
Director

Dennis Dawson

Independent Lead Director

Debra Gerlach

Independent Director

Stacey McDonald

Independent Director

Cameron Proctor

Independent Director

James Surbey

Independent Director

MANAGEMENT

Gates Aurigemma

Manager, General Accounting

Jordon Cheung

Drilling Manager

Jesse Doenz

Controller

Andrew Fulford

Surface Land Manager

Lee Grant

Manager of Engineering

Dan Lundstrom

Health, Safety and Environment Manager

Kevin Matiasz

Completions Manager

Paul Messer

Manager of Information Technology

Tyler Murray

Mineral Land, Acquisitions and Dispositions
Manager

Tam Nguyen

Business Development and Marketing
Manager

Landon Poffenroth

Montney Asset Manager

Michelle Rodgerson

Manager, Human Resources and
Corporate Services

Jeff Rogers

Facilities Manager

Victor Sandhawalia

Manager of Finance

Daniel Sharp

Manager of Geology

Greg Vreim

Manager of Production

BANKERS

The Bank of Nova Scotia

Royal Bank of Canada

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Bank of Montreal

ATB Financial

Business Development Bank of Canada

Wells Fargo Bank, N.A., Canadian Branch

United Overseas Bank Limited

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