

# BIRCHCLIFF

## ENERGY

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### BIRCHCLIFF ENERGY LTD. ANNOUNCES THE FILING OF ITS AUDITED FINANCIAL STATEMENTS AND OTHER DISCLOSURE DOCUMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

**Calgary, Alberta (March 10, 2021)** – Birchcliff Energy Ltd. (“Birchcliff” or the “Corporation”) (TSX: BIR) is pleased to announce that it has filed its audited annual financial statements (the “Financial Statements”) and related management’s discussion and analysis and its annual information form (the “AIF”) for the financial year ended December 31, 2020 (collectively, the “Annual Filings”) on the System for Electronic Document Analysis and Retrieval (“SEDAR”).

The Financial Statements are consistent with the unaudited financial results disclosed in the press release issued by Birchcliff on February 10, 2021. The AIF includes the disclosure and reports relating to reserves data and other oil and gas information required pursuant to National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*. The Annual Filings are available electronically on Birchcliff’s website at [www.birchcliffenergy.com](http://www.birchcliffenergy.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

#### 2021 UPDATE

“Birchcliff has had a strong start to 2021. Our production and capital expenditures guidance is on target and our initial 2021 drilling results are encouraging. Our cash flow has been very strong as a result of the higher than anticipated commodity prices that we saw in February. Birchcliff was able to benefit from these prices as none of our production is subject to fixed price commodity hedges. We are focused on maximizing free funds flow and strengthening our balance sheet in 2021 and we look forward to announcing our first quarter results on May 12, 2021,” commented Jeff Tonken, President and Chief Executive Officer of Birchcliff.

In Pouce Coupe, Birchcliff plans to drill a total of 19 wells and bring 25 wells on production in 2021. The Corporation has successfully completed its 7-well pad (04-04), which was drilled in late Q4 2020 and early January 2021. Flowback operations are complete and Birchcliff has recently brought the pad onstream, with production flowing through its existing owned and operated infrastructure. The Corporation has been encouraged by the flowback performance of the pad to date. Six wells on the 04-04 pad were drilled in the Basal Doig/Upper Montney interval, offsetting recent successful third-party drilling results, and one well was drilled in the Montney D1 interval, offsetting several of Birchcliff’s existing high-productivity, low-cost natural gas wells.

In Gordondale, Birchcliff plans to drill and bring on production a total of 8 wells on 2 pads in 2021. Birchcliff has successfully completed the drilling of its first 4-well pad (05-07) which is targeting multi-interval cube style development of the Montney D1, Montney D2 and Montney C intervals. Completion operations on the pad have commenced and the pad is expected to be on production through Birchcliff’s infrastructure in Q2 2021.

Birchcliff currently has 2 drilling rigs at work, both in Pouce Coupe, drilling low-cost, liquids-rich natural gas wells. One rig is currently drilling the last well on a 10-well pad (14-6), where Birchcliff has leveraged its 2020 learnings to drive down per well costs through operational efficiencies, scale and repeatability and improve well performance using multi-interval cube style development. The second rig is drilling on an 8-well pad (14-28), which is offsetting the successful 04-04 pad discussed above. This pad consists of 6 Basal Doig wells and 2 Montney D1 wells.

The following table sets forth the wells Birchcliff has drilled in 2021, the wells expected to be drilled in 2021 and the total wells expected to be brought on production in 2021:

Area	Total wells drilled to date in 2021	Total wells to be drilled in 2021	Total wells to be brought on production in 2021 <sup>(1)</sup>
<b>Pouce Coupe</b>			
Montney D1 horizontal natural gas wells	4	7	7
Montney D2 horizontal natural gas wells	3	3	3
Montney C horizontal natural gas wells	3	3	3
Basal Doig/Upper Montney horizontal natural gas wells	1	6	12
<b>Total – Pouce Coupe</b>	<b>11</b>	<b>19</b>	<b>25</b>
<b>Gordondale</b>			
Montney D1 horizontal natural gas wells	2	2	2
Montney D2 horizontal natural gas wells	1	1	1
Montney C horizontal natural gas wells	1	1	1
Montney D1 horizontal oil wells	0	2	2
Montney D2 horizontal oil wells	0	2	2
<b>Total – Gordondale</b>	<b>4</b>	<b>8</b>	<b>8</b>
<b>TOTAL – COMBINED</b>	<b>15</b>	<b>27</b>	<b>33</b>

(1) Includes 6 (6.0 net) wells that were drilled and rig released in Q4 2020.

## ADVISORIES

### Free Funds Flow

This press release uses the term “free funds flow” which does not have a standardized meaning prescribed by generally accepted accounting principles for Canadian public companies and therefore may not be comparable to similar measures presented by other companies where similar terminology is used. “Free funds flow” denotes adjusted funds flow less finding and development capital expenditures. Management believes that free funds flow assists management and investors in assessing Birchcliff’s ability to further generate shareholder returns through a number of initiatives, including but not limited to, potential debt repayment, common share repurchases, preferred share redemptions, dividend increases and acquisitions.

### Forward-Looking Statements

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

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

In particular, this press release contains forward-looking statements relating to the following: Birchcliff’s plans and other aspects of its anticipated future financial performance, results, operations, focus, objectives, strategies, opportunities, priorities and goals; that Birchcliff’s production and capital expenditures guidance is on target; that Birchcliff is focused on maximizing free funds flow and strengthening its balance sheet; that Birchcliff will announce its first quarter results on May 12, 2021; statements relating to the Corporation’s 2021 capital program and its exploration and development activities and the timing thereof (including: the number and types of wells expected to be drilled and brought on production in 2021; that the 05-07 pad is expected to be brought on production in Q2 2021; and the expected benefits of multi-interval cube style development); and the performance and other characteristics of Birchcliff’s oil and natural gas properties and expected results from its assets.

With respect to the forward-looking statements contained in this press release, assumptions have been made regarding, among other things: the degree to which the Corporation’s results of operations and financial condition will be disrupted by circumstances attributable to the COVID-19 pandemic and the responses of governments and the public to the pandemic;

prevailing and future commodity prices and differentials, currency exchange rates, interest rates, inflation rates, royalty rates and tax rates; the state of the economy, financial markets and the exploration, development and production business; the political environment in which Birchcliff operates; the regulatory framework regarding royalties, taxes, environmental, climate change and other laws; the Corporation's ability to comply with existing and future environmental, climate change and other laws; future cash flow, debt and dividend levels; future operating, transportation, marketing, general and administrative and other expenses; Birchcliff's ability to access capital and obtain financing on acceptable terms; the timing and amount of capital expenditures and the sources of funding for capital expenditures and other activities; the sufficiency of budgeted capital expenditures to carry out planned operations; the successful and timely implementation of capital projects and the timing, location and extent of future drilling and other operations; results of operations; Birchcliff's ability to continue to develop its assets and obtain the anticipated benefits therefrom; the performance of existing and future wells; the success of new wells drilled; reserves volumes and Birchcliff's ability to replace and expand reserves through acquisition, development or exploration; the impact of competition on Birchcliff; the availability of, demand for and cost of labour, services and materials; the ability to obtain any necessary regulatory or other approvals in a timely manner; the satisfaction by third parties of their obligations to Birchcliff; the ability of Birchcliff to secure adequate processing and transportation for its products; Birchcliff's ability to successfully market natural gas and liquids; the availability of hedges on terms acceptable to Birchcliff; and Birchcliff's natural gas market exposure. With respect to statements of future wells to be drilled and brought on production, such statements assume: the continuing validity of the geological and other technical interpretations performed by Birchcliff's technical staff, which indicate that commercially economic volumes can be recovered from Birchcliff's lands as a result of drilling future wells; and that commodity prices and general economic conditions will warrant proceeding with the drilling of such wells.

Birchcliff's actual results, performance or achievements could differ materially from those anticipated in the forward-looking statements as a result of both known and unknown risks and uncertainties including, but not limited to: the risks posed by pandemics (including COVID-19) and epidemics and their impacts on supply and demand and commodity prices; actions taken by OPEC and other major producers of crude oil and the impact such actions may have on supply and demand and commodity prices; general economic, market and business conditions which will, among other things, impact the demand for and market prices of Birchcliff's products and Birchcliff's access to capital; volatility of oil and natural gas prices; fluctuations in currency exchange and interest rates; stock market volatility; loss of market demand; an inability to access sufficient capital from internal and external sources on terms acceptable to the Corporation; risks associated with Birchcliff's credit facilities, including a failure to comply with covenants under the agreement governing the credit facilities and the risk that the borrowing base limit may be redetermined; fluctuations in the costs of borrowing; operational risks and liabilities inherent in oil and natural gas operations; the occurrence of unexpected events such as fires, severe weather, explosions, blow-outs, equipment failures and transportation incidents; an inability to access sufficient water or other fluids needed for operations; uncertainty that development activities in connection with Birchcliff's assets will be economic; an inability to access or implement some or all of the technology necessary to efficiently and effectively operate its assets and achieve expected future results; uncertainties associated with estimating oil and natural gas reserves; the accuracy of estimates of reserves, future net revenue and production levels; geological, technical, drilling, construction and processing problems; uncertainty of geological and technical data; horizontal drilling and completions techniques and the failure of drilling results to meet expectations for reserves or production; uncertainties related to Birchcliff's future potential drilling locations; delays or changes in plans with respect to exploration or development projects or capital expenditures; the accuracy of cost estimates and variances in Birchcliff's actual costs and economic returns from those anticipated; incorrect assessments of the value of acquisitions and exploration and development programs; changes to the regulatory framework and other actions by government authorities; an inability of the Corporation to comply with existing and future environmental, climate change and other laws; the cost of compliance with current and future environmental laws; political uncertainty and uncertainty associated with government policy changes; dependence on facilities, gathering lines and pipelines; uncertainties and risks associated with pipeline restrictions and outages to third-party infrastructure that could cause disruptions to production; the lack of available pipeline capacity and an inability to secure adequate and cost-effective processing and transportation for Birchcliff's products; an inability to satisfy obligations under Birchcliff's firm marketing and transportation arrangements; shortages in equipment and skilled personnel; the absence or loss of key employees; competition for, among other things, capital, acquisitions of reserves, undeveloped lands, equipment and skilled personnel; management of Birchcliff's growth; environmental and climate change risks, claims and liabilities; potential litigation; default under or breach of agreements by counterparties and potential enforceability issues in contracts; claims by Indigenous peoples; the reassessment by taxing or regulatory authorities of the Corporation's prior transactions and filings; unforeseen title defects; third-party claims regarding the Corporation's right to use technology and equipment; uncertainties associated with the outcome of litigation or other proceedings involving Birchcliff; uncertainties associated with counterparty credit risk; risks associated with Birchcliff's risk management activities and the risk that hedges on terms acceptable to Birchcliff may not be available; risks associated with the declaration and payment of future dividends; the failure to obtain any required approvals in a timely manner or at all; the failure to complete or realize the anticipated benefits of acquisitions and dispositions and the risk of unforeseen difficulties in integrating acquired assets into Birchcliff's operations; negative public perception of the oil and natural gas industry and fossil fuels; the Corporation's reliance on hydraulic fracturing; market competition, including from alternative energy sources; changing demand for petroleum products; the availability of insurance and the risk that certain losses may not be insured; breaches or failure of information systems and security (including cyber-attacks); risks associated with the ownership of the Corporation's securities;

the accuracy of the Corporation's accounting estimates and judgments; and potential requirements under applicable accounting standards for the impairment or reversal of estimated recoverable amounts of the Corporation's assets from time to time.

There is significant ongoing uncertainty surrounding COVID-19 and the extent and duration of the impacts that Birchcliff may experience. While the duration and full impact of the COVID-19 pandemic is not yet known, the effect of low commodity prices as a result of reduced demand associated with the impact of COVID-19 has had, and may continue to have, a negative impact on the Corporation's business, results of operations, financial condition and the environment in which it operates. The Corporation's current expectations, estimates, projections, beliefs and assumptions underlying the Corporation's forward-looking statements are subject to change in light of the COVID-19 pandemic, including potential future waves and actions taken by governments and businesses in response thereto.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Additional information on these and other risk factors that could affect results of operations, financial performance or financial results are included in Birchcliff's most recent Annual Information Form and in other reports filed with Canadian securities regulatory authorities.

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

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

**About Birchcliff:**

Birchcliff is a Calgary, Alberta based intermediate oil and natural gas company with operations concentrated within its one core area, the Peace River Arch of Alberta. Birchcliff's common shares and cumulative redeemable preferred shares, Series A and Series C are listed for trading on the Toronto Stock Exchange under the symbols "BIR", "BIR.PR.A" and "BIR.PR.C", respectively.

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