BIRCHCLIFF ENERGY LTD. ANNOUNCES EXCELLENT Q1 2022 RESULTS, DOUBLING OF QUARTERLY COMMON SHARE DIVIDEND FOR Q2 2022 AND PLANS TO INCREASE COMMON SHARE DIVIDEND IN 2023

Calgary, Alberta (May 11, 2022) – Birchcliff Energy Ltd. ("**Birchcliff**" or the "**Corporation**") (TSX: BIR) is pleased to announce its Q1 2022 financial and operational results, the doubling of its quarterly common share dividend for the quarter ending June 30, 2022 and plans to further increase the Corporation's common share dividend in 2023.

"We continue to be committed to maximizing free funds flow generation and significantly reducing indebtedness. I am pleased to report that Birchcliff delivered on both fronts in Q1 2022. Our quarterly average production was 76,024 boe/d and we generated quarterly adjusted funds flow(1) of $183.7 million and record first quarter free funds flow(1) of $95.4 million. As a result of the free funds flow we generated in the quarter, we were able to significantly reduce our total debt(2) at March 31, 2022 by $368.4 million (47%) from March 31, 2021 and by $90.4 million (18%) from December 31, 2021," commented Jeff Tonken, Chief Executive Officer of Birchcliff.

Mr. Tonken continued: "Based on the strength of the forward commodity price environment and our excellent results year-to-date, we have increased our full-year 2022 targets for adjusted funds flow to $1.18 billion and free funds flow to $920 million to $940 million(3) and updated our five year plan for 2022 to 2026. We expect to reach zero total debt in Q4 2022 and have a surplus(2) of $260 million to $280 million at year-end 2022(3). As a result, we have accelerated our plans for increasing shareholder returns. Our board of directors has declared a doubled quarterly common share dividend of $0.02 per common share for the quarter ending June 30, 2022. In addition, we are currently targeting increasing our annual common share dividend in 2023 to at least $0.80 per share ($212 million annually), subject to commodity prices and the approval of our board of directors. After the payment of this targeted common share dividend in 2023, we are forecasting a surplus of $575 million at year-end 2023(4). We believe that this increased dividend would be sustainable at an average WTI price of US$70.00/bbl and an average AECO price of CDN$3.00/GJ."

UPDATED OUTLOOK AND INCREASED SHAREHOLDER RETURNS HIGHLIGHTS

- Birchcliff is maintaining its previous 2022 guidance for annual average production at 78,000 to 80,000 boe/d and F&D capital expenditures at $240 million to $260 million, with F&D capital expenditures currently anticipated to be on the high end of the guidance range.
- Birchcliff anticipates that it will generate adjusted funds flow of $1.18 billion and free funds flow of $920 million to $940 million in 2022 based on current strip pricing(3). Birchcliff does not have any fixed price commodity hedges in place and does not currently intend to hedge any future production, which allows the Corporation to take full advantage of the robust commodity price environment.
- Subject to the approval of Birchcliff's board of directors, Birchcliff currently intends to redeem all of its outstanding Series A and Series C preferred shares at the end of Q3 2022.
- Birchcliff expects to reach zero total debt in Q4 2022, even after the proposed redemption of its Series A and Series C preferred shares, with an anticipated surplus of $260 million to $280 million at year-end 2022, based on current strip pricing(3).
- Birchcliff's board of directors has declared a quarterly cash dividend of $0.02 per common share for the quarter ending June 30, 2022, which represents a 100% increase over the prior quarter. This is the second time in the past twelve months that Birchcliff has doubled its quarterly common share dividend, which demonstrates Birchcliff's commitment to increasing shareholder returns.

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

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

(3) Birchcliff's updated guidance for its adjusted funds flow, free funds flow and surplus in 2022 is based on an annual average production rate of 79,000 boe/d, which is the mid-point of Birchcliff's annual average production range for 2022. See *"Outlook and Guidance – Updated 2022 Guidance"* for further information regarding Birchcliff's updated guidance for 2022 and its updated commodity price and exchange rate assumptions. See also *"Advisories – Forward-Looking Statements"*.

(4) See *"Outlook and Guidance – Updated Five Year Outlook and Plans to Increase Common Share Dividend in 2023"* for further information regarding Birchcliff's estimate of surplus at year-end 2023 and its updated commodity price and exchange rate assumptions for the updated five year plan. See also "*Advisories – Forward-Looking Statements*".

- Birchcliff will consider additional increases to its common share dividend in 2022, depending on commodity prices and free funds flow levels, among other things.
- Subject to commodity prices, Birchcliff achieving its target of zero total debt in Q4 2022 and the approval of the board of directors, the Corporation is currently targeting increasing its annual common share dividend in 2023 to at least $0.80 per common share, which is expected to be paid quarterly at a rate of $0.20 per share, commencing with the quarter ending March 31, 2023. After the payment of this targeted common share dividend, the Corporation is forecasting a surplus of $575 million at year-end 2023(4).
- This targeted dividend of $0.80 per common share ($212 million annually)(5) and Birchcliff's targeted F&D capital expenditures would be funded over the course of the Corporation's five year plan at an average WTI price of US$70.00/bbl, an average AECO price of CDN$3.00/GJ and average Dawn and NYMEX prices of US$3.30/MMBtu(6). Assuming these commodity prices, Birchcliff forecasts a surplus of $218 million at year-end 2023(6).

Q1 2022 HIGHLIGHTS

- Achieved quarterly average production of 76,024 boe/d, a 1% increase from Q1 2021. Liquids accounted for 20% of Birchcliff's total production in Q1 2022 as compared to 23% in Q1 2021.
- Generated quarterly adjusted funds flow of $183.7 million, or $0.69 per basic common share(7), a 109% increase from Q1 2021. Cash flow from operating activities was $154.2 million, an 87% increase from Q1 2021.
- Delivered record first quarter free funds flow of $95.4 million, or $0.36 per basic common share(7).
- Significantly reduced total debt at March 31, 2022 to $409.0 million, a reduction of $368.4 million (47%) from March 31, 2021.
- Earned quarterly net income to common shareholders of $125.8 million, or $0.47 per basic common share, a 467% and 488% increase, respectively, from Q1 2021.
- Achieved an operating netback(7) of $28.47/boe, a 67% increase from Q1 2021.
- Realized an operating expense(8) of $3.49/boe, a 10% increase from Q1 2021.
- F&D capital expenditures were $88.3 million in Q1 2022. In Q1 2022, Birchcliff drilled 11 (11.0 net) wells and brought 6 (6.0 net) wells on production.
- In Q1 2022, Birchcliff purchased 1,303,196 common shares pursuant to its normal course issuer bid (the "**NCIB**") at an average price of $6.66 per common share for an aggregate gross cost of $8.7 million (before fees). Year-to-date, Birchcliff has purchased 4,422,192 common shares pursuant to the NCIB at an average price of $8.58 per common share for an aggregate gross cost of $38.0 million (before fees).

Birchcliff's unaudited interim condensed financial statements for the three months ended March 31, 2022 and related management's discussion and analysis will be available on its website at www.birchcliffenergy.com and on SEDAR at www.sedar.com.

EXTENSION OF CREDIT FACILITIES AND MAINTENANCE OF BORROWING BASE LIMIT

- Subsequent to the end of Q1 2022, 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 3, 2022 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, 2024 to May 11, 2025. In addition, the lenders confirmed the borrowing base limit at $850.0 million. The Credit Facilities do not contain any financial maintenance covenants.

*This press release contains forward-looking statements within the meaning of applicable securities laws. For further information regarding the forward-looking statements contained herein, see "Advisories – Forward-Looking Statements". With respect to the disclosure of Birchcliff's production contained in this press release, see "Advisories – Production". In addition, this press release uses various "non-GAAP financial measures", "non-GAAP ratios", "supplementary financial measures" 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 where similar terminology is used. For further information regarding the non-GAAP and other financial measures used in this press release, see "Non-GAAP and Other Financial Measures".*

(5) Assumes 265 million common shares outstanding.
(6) Assuming no other changes to the Corporation's targeted metrics under the five year plan.
(7) Non-GAAP ratio. See *"Non-GAAP and Other Financial Measures"*.
(8) Supplementary financial measure. See *"Non-GAAP and Other Financial Measures"*.

Q1 2022 FINANCIAL AND OPERATIONAL SUMMARY

	Three months ended March 31, 2022	Three months ended March 31, 2021
OPERATING		
Average production		
Light oil *(bbls/d)*	2,369	3,355
Condensate *(bbls/d)*	4,796	5,467
NGLs *(bbls/d)*	7,976	8,734
Natural gas *(Mcf/d)*	365,296	345,057
Total *(boe/d)*	**76,024**	**75,065**
Average realized sales price *(CDN$)*(1)(2)		
Light oil *(per bbl)*	115.47	67.02
Condensate *(per bbl)*	121.56	74.22
NGLs *(per bbl)*	43.56	24.69
Natural gas *(per Mcf)*	5.40	3.52
Total *(per boe)*	**41.79**	**27.47**
NETBACK AND COST *($/boe)*(2)		
Petroleum and natural gas revenue(1)	41.80	27.47
Royalty expense	(4.41)	(1.72)
Operating expense	(3.49)	(3.18)
Transportation and other expense(3)	(5.43)	(5.52)
Operating netback(3)	**28.47**	**17.05**
G&A expense, net	(1.12)	(0.92)
Interest expense	(0.48)	(1.21)
Realized loss on financial instruments	(0.03)	(2.29)
Other cash income	0.01	0.37
Adjusted funds flow(3)	**26.85**	**13.00**
Depletion and depreciation expense	(7.47)	(7.47)
Unrealized gain (loss) on financial instruments	5.07	(1.13)
Other (expense) income(4)	(0.08)	0.25
Dividends on preferred shares	(0.25)	(0.25)
Deferred income tax expense	(5.74)	(1.12)
Net income to common shareholders	**18.38**	**3.28**
FINANCIAL		
Petroleum and natural gas revenue *($000s)*(1)	285,976	185,609
Cash flow from operating activities *($000s)*	154,152	82,608
Adjusted funds flow *($000s)*(5)	183,699	87,820
Per basic common share *($)*(3)	0.69	0.33
Free funds flow *($000s)*(5)(6)	95,417	(8,020)
Per basic common share *($)*(3)(6)	0.36	(0.03)
Net income to common shareholders *($000s)*	125,792	22,166
Per basic common share *($)*	0.47	0.08
End of period basic common shares *(000s)*	266,810	266,045
Weighted average basic common shares *(000s)*	265,530	265,989
Dividends on common shares *($000s)*	2,658	1,330
Dividends on preferred shares *($000s)*	1,717	1,746
F&D capital expenditures *($000s)*(7)	88,282	95,840
Total capital expenditures *($000s)*(5)	88,124	96,625
Long-term debt *($000s)*	397,752	701,735
Total debt *($000s)*(8)	408,998	777,385

(1) Excludes the effects of financial instruments but includes the effects of physical delivery contracts.

(2) Average realized sales prices and the component values of netback and cost set forth in the table above are supplementary financial measures unless otherwise indicated. See *"Non-GAAP and Other Financial Measures"*.

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

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

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

(6) Negative free funds flow denotes F&D capital expenditures in excess of adjusted funds flow.

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

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

OUTLOOK AND GUIDANCE

Updated 2022 Guidance

Birchcliff is updating its 2022 guidance as a result of the strong commodity price environment and the excellent results it has achieved year-to-date. Significant changes to Birchcliff's guidance include the following:

- Adjusted funds flow guidance has been increased to $1.18 billion, primarily as a result of the improvement in the commodity price forecast. Birchcliff does not have any fixed price commodity hedges in place and does not currently intend to hedge any future production, which allows the Corporation to take full advantage of the robust commodity price environment.
- Free funds flow guidance has been increased to $920 million to $940 million, primarily as a result of higher anticipated adjusted funds flow in 2022.
- Birchcliff is now forecasting that it will reach zero total debt in Q4 2022 and have a surplus of $260 million to $280 million at December 31, 2022 as compared to its original guidance of total debt of $175 million to $195 million. The change to a surplus position is largely as a result of Birchcliff's higher anticipated free funds flow in 2022, which is primarily being used to reduce indebtedness.
- Average royalty expense guidance has been increased to $7.10/boe to $7.30/boe, primarily as a result of the improvement in the commodity price forecast.
- Average interest expense guidance has been decreased to $0.20/boe to $0.40/boe, primarily as a result of the anticipated repayment in full of the Corporation's Credit Facilities in 2022.
- Birchcliff's updated 2022 guidance reflects an increased quarterly common share dividend, as well as the proposed redemption of all of Birchcliff's outstanding cumulative redeemable preferred shares, series A (the "**Series A Preferred Shares**") and cumulative redeemable preferred shares, series C (the "**Series C Preferred Shares**") at the end of Q3 2022. The proposed redemption of the Series A and Series C Preferred Shares is subject to the approval of the board of directors. See *"Intended Redemption of the Series A and Series C Preferred Shares".*

The Corporation is maintaining its previous guidance for annual average production at 78,000 to 80,000 boe/d and F&D capital expenditures at $240 million to $260 million, with F&D capital expenditures currently anticipated to be on the high end of the guidance range. Birchcliff's operations in 2022 have been impacted by cost inflation, labour shortages and supply constraints; however, the Corporation has been able to navigate the impact of these challenges year-to-date. The Corporation will continue to actively monitor the impacts of these pressures throughout the remainder of the year and into 2023.

The following table sets forth Birchcliff's updated and original guidance and commodity price assumptions for 2022, as well as its free funds flow sensitivity:

2022 Guidance and Commodity Price Assumptions

	Updated 2022 guidance and assumptions – May 11, 2022(1)	Original 2022 guidance and assumptions – January 19, 2022
Production		
Annual average production *(boe/d)*	78,000 – 80,000	78,000 – 80,000
% Light oil	3%	3%
% Condensate	7%	7%
% NGLs	10%	10%
% Natural gas	80%	80%
Q4 average production *(boe/d)*	81,000 – 83,000	81,000 – 83,000
Average Expenses *($/boe)*		
Royalty(2)	7.10 – 7.30	3.10 – 3.30
Operating(2)	3.15 – 3.35	3.15 – 3.35
Transportation and other(3)	5.20 – 5.40	4.90 – 5.10
Interest(2)	0.20 – 0.40	0.50 – 0.60
Adjusted Funds Flow *(millions)*(4)	$1,180(5)	$590
F&D Capital Expenditures *(millions)*	$240 – $260(6)	$240 – $260
Free Funds Flow *(millions)*(4)	$920 – $940	$330 – $350

	Updated 2022 guidance and assumptions – May 11, 2022[1]	Original 2022 guidance and assumptions – January 19, 2022
Excess Free Funds Flow *(millions)*[4][7]	$900 – $920	N/A
Surplus (Total Debt) at Year End *(millions)*[8]	$260 – $280[9]	($175 – $195)
Natural Gas Market Exposure[10]		
AECO exposure as a % of total natural gas production	19%	19%
Dawn exposure as a % of total natural gas production	42%	42%
NYMEX HH exposure as a % of total natural gas production	38%	38%
Alliance exposure as a % of total natural gas production	1%	1%
Commodity Prices		
Average WTI price *(US$/bbl)*	99.50[11]	76.00
Average WTI-MSW differential *(CDN$/bbl)*	3.10[11]	5.00
Average AECO price *(CDN$/GJ)*	6.50[11]	3.50
Average Dawn price *(US$/MMBtu)*	6.85[11]	3.90
Average NYMEX HH price *(US$/MMBtu)*	6.95[11]	4.00
Exchange rate *(CDN$ to US$1)*	1.28[11]	1.26

Forward Nine Months' Free Funds Flow Sensitivity[12]

Forward nine months' sensitivity	Estimated change to 2022 free funds flow *(millions)*
Change in WTI US$1.00/bbl	$2.7
Change in NYMEX HH US$0.10/MMBtu	$4.2
Change in Dawn US$0.10/MMBtu	$4.7
Change in AECO CDN$0.10/GJ	$2.3
Change in CDN/US exchange rate CDN$0.01	$5.3

(1) Birchcliff's guidance for its production commodity mix, adjusted funds flow, free funds flow, excess free funds flow, surplus and natural gas market exposure in 2022 is based on an annual average production rate of 79,000 boe/d, which is the mid-point of Birchcliff's annual average production guidance range for 2022.

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

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

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

(5) Birchcliff's updated estimate of adjusted funds flow takes into account the effects of its physical and financial basis swap contracts outstanding as at May 11, 2022 and excludes annual cash incentive payments that have not been approved by Birchcliff's board of directors.

(6) Birchcliff's estimate of F&D capital expenditures excludes any net potential acquisitions and dispositions and the capitalized portion of annual cash incentive payments that have not been approved by Birchcliff's board of directors. See *"Advisories – F&D Capital Expenditures"*.

(7) Excess free funds flow is defined as free funds flow less common share dividends paid. The estimate of excess free funds flow set forth in the table above assumes that: (i) a quarterly common share dividend of $0.02 per common share is paid for the quarters ending June 30, 2022, September 30, 2022 and December 31, 2022; and (ii) there are 265 million common shares outstanding, with no further buybacks of common shares occurring during 2022. Other than the dividend declared for the quarter ending June 30, 2022, the declaration of dividends is subject to the approval of the board of directors and is subject to change. See *"Advisories – Forward-Looking Statements"*. This measure was not disclosed on January 19, 2022.

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

(9) Surplus is equivalent to adjusted working capital surplus as disclosed in the Corporation's financial statements (see *"Non-GAAP and Other Financial Measures"*). The estimate of surplus at December 31, 2022 is expected to be largely comprised of cash on hand plus accounts receivable less accounts payable at the end of the year and assumes the following: (i) that 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; (ii) that there are 265 million common shares outstanding, with no further buybacks of common shares occurring during 2022, and a quarterly common share dividend of $0.02 per share is paid for the quarters ending June 30, 2022, September 30, 2022 and December 31, 2022; (iii) that there are 2,000,000 Series A and 1,528,619 Series C Preferred Shares outstanding, with such shares redeemed by the Corporation at the end of the third quarter of 2022, and a quarterly dividend of $0.523375 per Series A Preferred Share and $0.4375 per Series C Preferred Share is paid for the quarters ending June 30, 2022 and September 30, 2022; (iv) that no significant acquisitions or dispositions are completed by the Corporation and there is no repayment of debt using the proceeds from equity issuances during 2022; (v) that there are no further proceeds received from the exercise of stock options or performance warrants during 2022; (vi) that the 2022 capital program will be carried out as currently contemplated with capital spending of $260 million, being the high end of the Corporation's F&D capital expenditures guidance range; and (vii) the targets for production, production commodity mix, capital expenditures, adjusted funds flow, free funds flow and natural gas market exposure and the commodity price and exchange rate assumptions set forth herein are met. The amount set forth in the table above does not include annual cash incentive payments that have not been approved by Birchcliff's board of directors. Birchcliff previously referred to "surplus" as "cash".

(10) Birchcliff's guidance regarding its natural gas market exposure assumes: (i) 175,000 GJ/d being sold on a physical basis at the Dawn price; (ii) 12,499 GJ/d being sold at Alliance on a physical basis at the AECO 5A price plus a premium; and (iii) 152,500 MMBtu/d being contracted on a financial and physical basis at an average fixed basis differential price between AECO 7A and NYMEX HH of approximately US$1.23/MMBtu.

(11) Birchcliff's updated commodity price and exchange rate assumptions for 2022 are based on anticipated full-year averages, which include settled benchmark commodity prices and exchange rate for the period from January 1, 2022 to April 30, 2022 and forward strip benchmark commodity prices and CDN/US exchange rate as of May 4, 2022 for the period from May 1, 2022 to December 31, 2022.

(12) Illustrates the expected impact of changes in commodity prices and the CDN/US exchange rate on the Corporation's estimate of free funds flow for 2022 of $920 million to $940 million. 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.

Updated Five Year Outlook and Plans to Increase Common Share Dividend in 2023

Birchcliff's five year plan for 2022 to 2026 (the "**Five Year Plan**"), which was previously announced on January 19, 2022, has been updated to reflect the strong commodity price environment and the changes to the Corporation's 2022 guidance.

- The Corporation's targets for adjusted funds flow and free funds flow have been increased each year, primarily as a result of the improvement in the commodity price forecast.
- The Corporation is now targeting a surplus of $260 million to $280 million at December 31, 2022 and has increased its targets for surplus in the remaining years of the Five Year Plan. The Corporation had previously targeted total debt of $175 million to $195 million at December 31, 2022, with zero total debt to be achieved in 2023.
- The Corporation's targeted royalty expense has increased each year, primarily as a result of the improvement in the commodity price forecast. The Corporation's targeted interest expense in 2022 decreased as a result of the anticipated repayment in full of the Corporation's Credit Facilities in 2022.
- Birchcliff now anticipates that it will be required to pay Canadian income taxes commencing in 2023 given the improvement in the commodity price forecast and the anticipated increases to its adjusted funds flow, which has resulted in the expectation for higher taxable income in 2023 to 2026. The Corporation previously anticipated that it would be required to pay Canadian income taxes starting in 2024.
- The potential free funds flow to be generated during the Five Year Plan provides Birchcliff with significant capacity to sustainably increase shareholder returns.
- Subject to commodity prices, Birchcliff achieving its target of zero total debt in Q4 2022 and the approval of the board of directors, the Corporation is currently targeting increasing its annual common share dividend in 2023 to at least $0.80 per common share, which is expected to be paid quarterly at a rate of $0.20 per share, commencing with the quarter ending March 31, 2023. This would equate to $212 million of common share dividends paid in 2023, based on 265 million common shares outstanding.
  - Birchcliff believes that this targeted dividend is sustainable at substantially lower commodity prices, with such targeted dividend and Birchcliff's targeted F&D capital expenditures expected to be funded over the course of the Five Year Plan at an average WTI price of US$70.00/bbl, an average AECO price of CDN$3.00/GJ and average Dawn and NYMEX prices of US$3.30/MMBtu[9].
  - The declaration of dividends is subject to the approval of the board of directors and the details of any dividends declared (including the final dividend amount) will be communicated to shareholders via press release, as and when such dividends are declared. Birchcliff's common share dividend policy and the amount of common share dividends will continue to be evaluated by Birchcliff on an ongoing basis and will depend on commodity prices and free funds flow levels, among other things.
- Birchcliff's Five Year Plan contemplates significant excess free funds flow after the payment of common share dividends, providing it with the ability to further enhance shareholder returns. Birchcliff will continue to strategically evaluate the potential uses for excess free funds flow and additional steps to enhance shareholder returns, which may include further dividend increases, common share buybacks and other opportunities that would complement or otherwise improve the Corporation's business and enhance long-term shareholder value.
  - Birchcliff currently expects to use its common share dividend as its primary mechanism for shareholder returns over the course of the Five Year Plan.
  - Birchcliff anticipates that it will continue to repurchase its common shares to help offset the dilution resulting from the exercise of stock options. In addition, Birchcliff will continue to evaluate opportunistic repurchases of its common shares when the intrinsic value of such shares exceeds the current market price.
- Excess free funds flow remaining after the payment of this targeted common share dividend of $0.80 per common share is forecast to be $323 million in 2023, with a forecasted surplus at year-end 2023 of $575 million.
- There are no changes to the Corporation's average production, production commodity mix or F&D capital expenditures in the updated Five Year Plan. Birchcliff reviews its capital expenditures and other financial metrics on

(9) Assuming no other changes to the Corporation's targeted metrics under the Five Year Plan.

an ongoing basis and will continue to monitor the impact of cost inflation in order to determine whether any adjustments to the Five Year Plan are necessary.

The focus of the Five Year Plan is unchanged and remains on increasing shareholder value by maximizing free funds flow and reducing the Corporation's indebtedness, increasing shareholder returns and fully utilizing the available processing capacity of the Corporation's existing infrastructure.

The following tables set forth the updated targeted production and financial metrics, commodity price assumptions and cumulative free funds flow sensitivity for the Five Year Plan(1):

Five Year Plan – Production and Financial Metrics

	2022	2023	2024	2025	2026
Average Production *(boe/d)*	78,000 – 80,000	81,000	86,000	90,000	90,000
Liquids *(%)*	20%	20%	20%	19%	18%
Adjusted Funds Flow *(millions)*(2)(3)	$1,180	$795	$860	$880	$865
F&D Capital Expenditures *(millions)*(4)	$240 – $260	$260	$255	$245	$225
Free Funds Flow *(millions)*(2)	$920 – $940	$535	$605	$635	$640
Common Share Dividends *(millions)*(5)	$20	$212	$212	$212	$212
Excess Free Funds Flow *(millions)*(2)(5)	$900 – $920	$323	$393	$423	$428
Surplus at Year End *(millions)*(6)(7)	$260 – $280	$575	$960	$1,380	$1,800
Cumulative Free Funds Flow *(millions)*(2)(6)	$920 – $940	$1,455	$2,060	$2,695	$3,335

Average Expenses and Commodity Price Assumptions

	2022	2023	2024	2025	2026
Average Expenses *($/boe)*					
Royalty(8)	7.10 – 7.30	5.05	5.10	4.95	4.85
Operating(8)	3.15 – 3.35	3.15	3.00	2.90	2.90
Transportation and other(9)	5.20 – 5.40	4.85	4.60	4.40	4.40
Interest(8)	0.20 – 0.40	–	–	–	–
Current income tax(8)(10)	–	5.20	5.65	5.60	5.50
Commodity Prices(11)					
Average WTI price *(US$/bbl)*	99.50	88.00	88.00	88.00	88.00
Average WTI-MSW differential *(CDN$/bbl)*	3.10	5.00	5.00	5.00	5.00
Average AECO price *(CDN$/GJ)*	6.50	5.20	5.20	5.20	5.20
Average Dawn price *(US$/MMBtu)*	6.85	5.40	5.40	5.40	5.40
Average NYMEX HH price *(US$/MMBtu)*	6.95	5.50	5.50	5.50	5.50
Exchange rate *(CDN$ to US$1)*	1.28	1.28	1.28	1.28	1.28

Cumulative Free Funds Flow Sensitivity(12)

	Estimated change to 2022 to 2026 cumulative free funds flow *(millions)*
Change in WTI US$1.00/bbl	$17.1
Change in NYMEX HH US$0.10/MMBtu	$20.1
Change in Dawn US$0.10/MMBtu	$25.5
Change in AECO CDN$0.10/GJ	$17.9
Change in CDN/US exchange rate CDN$0.01	$28.5

(1) For illustrative purposes only and should not be relied upon as indicative of future results. The internal projections, expectations and beliefs underlying the Five Year Plan are subject to change in light of ongoing results and prevailing economic and industry conditions. Birchcliff's F&D capital budgets for 2023 to 2026 have not been finalized and are subject to approval by Birchcliff's board of directors. Accordingly, the levels of F&D capital expenditures set forth herein are subject to change, which would have an impact on the targeted production, production commodity mix, adjusted funds flow, free funds flow, excess free funds flow, surplus at year end and expenses set forth herein. See *"Advisories – Forward-Looking Statements"*.

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

(3) Birchcliff's updated estimates of adjusted funds flow take into account the effects of its physical and financial basis swap contracts outstanding as at May 11, 2022 and exclude annual cash incentive payments that have not been approved by Birchcliff's board of directors.

(4) The Five Year Plan contemplates that approximately 170 to 180 wells will be brought on production by the Corporation over 2022 to 2026.

(5) Assumes that: (i) for 2022, a quarterly common share dividend of $0.02 per common share is paid for the quarters ending June 30, 2022, September 30, 2022 and December 31, 2022; (ii) for 2023 to 2026, an annual common share dividend of $0.80 per common share is paid; and (iii) there are 265 million common shares outstanding. Other than the dividend declared for the quarter ending June 30, 2022, the declaration of dividends is subject to the approval of the board of directors and is subject to change. See *"Advisories – Forward-Looking Statements"*.

(6) The Corporation has used the low-point of its 2022 guidance for free funds flow and surplus at year end in determining the cumulative free funds flow and surplus at year end for 2023 to 2026.

(7) Capital management measure. The estimates of surplus at year end are expected to be largely comprised of cash on hand plus accounts receivable less accounts payable at the end of the year and assume the following: (i) that 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; (ii) that there are 265 million common shares outstanding, with no further buybacks of common shares occurring during 2022 and no buybacks occurring during 2023 to 2026; (iii) that a quarterly common share dividend of $0.02 per share is paid for the quarters ending June 30, 2022, September 30, 2022 and December 31, 2022 and that a quarterly common share dividend of $0.20 per share is paid in 2023 to 2026; (iv) that the Series A Preferred Shares and the Series C Preferred Shares are redeemed by the Corporation at the end of the third quarter of 2022 and a quarterly dividend of $0.523375 per Series A Preferred Share and $0.4375 per Series C Preferred Share is paid for the quarters ending June 30, 2022 and September 30, 2022; (v) that no significant acquisitions or dispositions are completed by the Corporation and there is no repayment of debt using the proceeds from equity issuances during 2022 to 2026; (vi) that there are no further proceeds received from the exercise of stock options or performance warrants during 2022 to 2026; (vii) that the capital program for each year will be carried out as currently contemplated and the level of capital spending set forth herein will be achieved; and (viii) the targets for production, production commodity mix, capital expenditures, adjusted funds flow, free funds flow and natural gas market exposure and the commodity price and exchange rate assumptions set forth herein are met. The amount set forth in the table above does not include annual cash incentive payments that have not been approved by Birchcliff's board of directors. Birchcliff previously referred to "surplus" as "cash".

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

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

(10) The Corporation currently expects that it will be required to pay Canadian income taxes commencing in 2023.

(11) Updated commodity price and exchange rate assumptions for 2022 are based on anticipated full-year averages, which include settled benchmark commodity prices and exchange rate for the period from January 1, 2022 to April 30, 2022 and forward strip benchmark commodity prices and exchange rate as of May 4, 2022 for the period from May 1, 2022 to December 31, 2022. Updated commodity price and exchange rate assumptions for 2023 to 2026 are based on anticipated full-year averages from forward strip benchmark commodity prices and exchange rates as of May 4, 2022.

(12) Illustrates the expected impact of changes in commodity prices and the CDN/US exchange rate on the Corporation's target of potential cumulative free funds flow of $3.3 billion generated during 2022 to 2026. The sensitivity is based on the updated commodity price and exchange rate assumptions set forth in the table above. The calculated impact on cumulative 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.

Changes in assumed commodity prices and variances in production estimates can have an impact on the Corporation's estimates of adjusted and free funds flow, the Corporation's other metrics for the Five Year Plan, dividend levels and the declaration and payment of targeted dividends, which impact may be material. In addition, any acquisitions and dispositions completed over the course of the Five Year Plan could have an impact on Birchcliff's production, adjusted funds flow, free funds flow, surplus, expenses, dividend levels and the declaration and payment of targeted dividends, which impact could be material. For further information, see *"Advisories – Forward-Looking Statements"*.

Q1 2022 FINANCIAL AND OPERATIONAL RESULTS

Production

Birchcliff's production averaged 76,024 boe/d in Q1 2022, a 1% increase from 75,065 boe/d in Q1 2021. The increase was primarily due to incremental production volumes from the new Montney/Doig wells brought on production since Q1 2021, including the new 6-well (13-29) pad in Pouce Coupe brought on production during February 2022, partially offset by natural production declines.

Liquids accounted for 20% of Birchcliff's total production in Q1 2022 as compared to 23% in Q1 2021, with a liquids-to-gas ratio in Q1 2022 of 41.4 bbls/MMcf (47% high-value light oil and condensate). The decrease in the liquids production weighting was primarily due to the Corporation targeting horizontal natural gas wells in liquids-rich zones in the Pouce Coupe and Gordondale areas since Q1 2021 and natural production declines from light oil and condensate-rich natural gas wells producing since Q1 2021.

Adjusted Funds Flow and Cash Flow From Operating Activities

Birchcliff achieved adjusted funds flow of $183.7 million, or $0.69 per basic common share, in Q1 2022, a 109% increase from $87.8 million and $0.33 per basic common share in Q1 2021. The increases were primarily due to higher reported petroleum and natural gas revenue and lower realized losses on financial instruments, partially offset by a higher royalty expense. Petroleum and natural gas revenue and royalty expense were largely impacted by a 52% increase in the average realized sales price received for Birchcliff's production in Q1 2022. The average realized sales price in Q1 2022 benefited from the significant increase in benchmark oil and natural gas prices since Q1 2021. See *"Q1 2022 Financial and Operational Results – Commodity Prices"*.

Birchcliff's cash flow from operating activities was $154.2 million in Q1 2022, an 87% increase from $82.6 million in Q1 2021. The reasons for the increase are consistent with the explanation for the increase to adjusted funds flow; however, cash flow from operating activities was also impacted by increased non-cash operating working capital, partially offset by decreased decommissioning expenditures.

Free Funds Flow

Birchcliff delivered free funds flow of $95.4 million, or $0.36 per basic common share, in Q1 2022. In Q1 2021, Birchcliff's F&D capital expenditures exceeded its adjusted funds flow by $8.0 million. The change to a free funds flow position was due to higher adjusted funds flow and lower F&D capital expenditures.

Net Income to Common Shareholders

Birchcliff earned net income to common shareholders of $125.8 million, or $0.47 per basic common share, in Q1 2022, a 467% and 488% increase, respectively, from $22.2 million and $0.08 per basic common share in Q1 2021. The increases were primarily due to higher adjusted funds flow and an unrealized mark-to-market gain on financial instruments, which were partially offset by an increase in deferred income tax expense in Q1 2022. Birchcliff recorded an unrealized mark-to-market gain on financial instruments of $34.7 million in Q1 2022 as compared to an unrealized mark-to-market loss on financial instruments of $7.6 million in Q1 2021.

Operating Netback and Selected Cash Costs

In Q1 2022, Birchcliff's operating netback was $28.47/boe, a 67% increase from $17.05/boe in Q1 2021. The increase was primarily due to higher per boe petroleum and natural gas revenue, partially offset by a higher per boe royalty expense, both of which were both largely impacted by a 52% increase in the average realized sales price received for Birchcliff's production in Q1 2022.

The following table sets forth Birchcliff's selected cash costs for the periods indicated:

	Three months ended March 31,		
($/boe)	**2022**	**2021**	**% Change**
Royalty expense(1)	4.41	1.72	156
Operating expense(1)	3.49	3.18	10
Transportation and other expense(2)	5.43	5.52	(2)
G&A expense, net(1)	1.12	0.92	22
Interest expense(1)	0.48	1.21	(60)

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

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

Royalty expense per boe increased by 156% from Q1 2021, primarily due to the significant increase in the average realized sales price received for Birchcliff's production, partially offset by a prior period gas cost allowance adjustment of $2.6 million recorded in Q1 2022.

Operating expense per boe increased by 10% from Q1 2021, primarily due to higher power and fuel costs, municipal property taxes, regulatory fees and field labour costs in Q1 2022.

G&A expense per boe increased by 22% from Q1 2021, primarily due to higher employee-related expenses, an increase in corporate travel-related costs due to the easing of COVID-19 restrictions in Alberta and higher general business expenditures.

Interest expense per boe decreased by 60% from Q1 2021, primarily due to a decrease in the Corporation's average effective interest rate and a lower average outstanding balance under the Credit Facilities in Q1 2022.

Debt and Credit Facilities

Total debt at March 31, 2022 was $409.0 million, a decrease of 47% from $777.4 million at March 31, 2021. At March 31, 2022, Birchcliff had long-term bank debt under its Credit Facilities of $397.8 million (March 31, 2021: $701.7 million) from available credit facilities of $850.0 million (March 31, 2021: $1.0 billion), leaving $448.6 million of unutilized credit capacity after adjusting for outstanding letters of credit and unamortized fees.

Commodity Prices

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

	Three months ended March 31,		
	2022	2021	% Change
Light oil – WTI Cushing *(US$/bbl)*	94.29	57.78	63
Light oil – MSW (Mixed Sweet) *(CDN$/bbl)*	115.64	66.46	74
Natural gas – NYMEX HH *(US$/MMBtu)*(1)	4.95	2.69	84
Natural gas – AECO 5A Daily *(CDN$/GJ)*	4.49	2.70	66
Natural gas – AECO 7A Month Ahead *(US$/MMBtu)*(1)	3.61	2.16	67
Natural gas – Dawn Day Ahead *(US$/MMBtu)*(1)	4.42	2.97	49
Natural gas – ATP 5A Day Ahead *(CDN$/GJ)*	4.58	4.03	14
Exchange rate *(CDN$ to US$1)*	1.2699	1.2663	-
Exchange rate *(US$ to CDN$1)*	0.7875	0.7897	-

(1) See "*Advisories – MMBtu Pricing Conversions*".

Marketing and Natural Gas Market Diversification

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

The following table details Birchcliff's effective sales, production and average realized sales price for natural gas and liquids for Q1 2022, after taking into account the Corporation's financial instruments:

Three months ended March 31, 2022						
	Effective sales(1) *(CDN$000s)*	Percentage of total sales *(%)*	Effective production *(per day)*	Percentage of total natural gas production *(%)*	Percentage of total corporate production *(%)*	Effective average realized sales price(1) *(CDN$)*
Market						
AECO(2)(3)	29,913	10	64,120 Mcf	18	14	5.18/Mcf
Dawn(4)	83,830	27	161,291 Mcf	44	35	5.77/Mcf
NYMEX HH(1)(2)(5)	86,419	28	139,885 Mcf	38	31	6.86/Mcf
Total natural gas(1)	**200,162**	**65**	**365,296 Mcf**	**100**	**80**	**6.09/Mcf**
Light oil	24,624	8	2,369 bbls		4	115.47/bbl
Condensate	52,466	17	4,796 bbls		6	121.56/bbl
NGLs	31,265	10	7,976 bbls		10	43.56/bbl
Total liquids	**108,355**	**35**	**15,141 bbls**		**20**	**79.52/bbl**
Total corporate(1)	**308,517**	**100**	**76,024 boe**		**100**	**45.09/boe**

(1) Effective sales is a non-GAAP financial measure and effective average realized sales price is a non-GAAP ratio. See "*Non-GAAP and Other Financial Measures*".

(2) AECO sales and production that effectively received NYMEX HH pricing under Birchcliff's long-term physical NYMEX/AECO 7A basis swap contracts have been included as effective sales and production in the NYMEX HH market. Birchcliff sold physical AECO 7A basis swaps for 5,000 MMBtu/d at an average contract price of NYMEX HH less US$1.205/MMBtu during Q1 2022.

(3) Birchcliff has short-term physical sales agreements with third-party marketers to sell and deliver into the Alliance pipeline system. All of Birchcliff's short-term physical Alliance sales and production during Q1 2022 received AECO premium pricing and have therefore been included as effective sales and production in the AECO market.

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

(5) NYMEX HH sales and production includes financial and physical AECO 7A basis swaps for 152,500 MMBtu/d at an average contract price of NYMEX HH less US$1.226/MMBtu during Q1 2022. Birchcliff's effective average realized sales price for NYMEX HH of CDN$6.86/Mcf (US$4.96/MMBtu) was determined on a gross basis before giving effect to the average NYMEX HH/AECO 7A fixed contract basis differential price of CDN$1.70/Mcf (US$1.23/MMBtu). After giving effect to the NYMEX HH/AECO 7A basis contact price, Birchcliff's effective average realized net sales price for NYMEX HH was CDN$5.16/Mcf (US$3.73/MMBtu) in Q1 2022.

The following table sets forth Birchcliff's 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, 2022							
	Natural gas sales[1] *(CDN$000s)*	**Percentage of natural gas sales** *(%)*	**Natural gas production** *(Mcf/d)*	**Percentage of natural gas production** *(%)*	**Average realized natural gas sales price[1][2]** *(CDN$/Mcf)*	**Natural gas transportation costs[2][3]** *(CDN$/Mcf)*	**Natural gas sales netback[2][4]** *(CDN$/Mcf)*
AECO	72,361	41	158,501	43	5.07	0.52	4.55
Dawn	83,830	47	161,291	44	5.77	1.57	4.20
Alliance[5]	21,419	12	45,504	13	5.23	-	5.23
Total	**177,610**	**100**	**365,296**	**100**	**5.40**	**0.92**	**4.48**

Three months ended March 31, 2021							
	Natural gas sales[1] *(CDN$000s)*	**Percentage of natural gas sales** *(%)*	**Natural gas production** *(Mcf/d)*	**Percentage of natural gas production** *(%)*	**Average realized natural gas sales price[1][2]** *(CDN$/Mcf)*	**Natural gas transportation costs[2][3]** *(CDN$/Mcf)*	**Natural gas sales netback[2][4]** *(CDN$/Mcf)*
AECO	39,392	36	133,379	39	3.28	0.51	2.77
Dawn	53,869	49	160,280	46	3.73	1.57	2.16
Alliance[5]	16,180	15	51,398	15	3.50	-	3.50
Total	**109,441**	**100**	**345,057**	**100**	**3.52**	**0.93**	**2.59**

(1) Excludes the effects of financial instruments but includes the effects of physical delivery contracts.

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

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

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

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

Capital Activities and Investment

In Q1 2022, Birchcliff drilled 11 (11.0 net) wells and brought 6 (6.0 net) wells on production. F&D capital expenditures were $88.3 million in Q1 2022.

OPERATIONS UPDATE

Birchcliff has had a strong start to its 2022 capital program, with 15 wells drilled year-to-date and 16 wells completed (which includes 5 wells that were drilled and rig released in Q4 2021). The following table sets forth the wells that are part of the Corporation's 2022 capital program, including the anticipated timing of the remaining wells to be drilled, completed and brought on production in 2022:

			Total # of wells to be brought on production	**Drilled**	**Completed**	**On production**
POUCE COUPE						
13-29 pad	Basal Doig/Upper Montney		2	0	2	2
	Montney D1		4	1	4	4
		Total	**6[1]**	**1**	**6**	**6**
01-08 pad	Basal Doig/Upper Montney		4	4	4	Q2
	Montney D1		5	5	5	Q2
	Montney C		1	1	1	Q2
		Total	**10**	**10**	**10**	
04-04 pad	Basal Doig/Upper Montney		6	3	Q2	Q3
	Montney D1		3	0	Q2	Q3
	Montney C		1	1	Q2	Q3
		Total	**10**	**4**		
GORDONDALE						
06-35 pad	Montney D2		5	Q2	Q3	Q3
	Montney D1		4	Q2	Q3	Q3
		Total	**9**			
		TOTAL	**35[1]**	**15**	**16**	**6**

(1) Includes 5 wells that were drilled and rig released in Q4 2021.

Birchcliff's 13-29 pad in Pouce Coupe was drilled in Q1 2022 and brought on production in March 2022 through Birchcliff's owned and operated infrastructure. The wells from the 13-29 pad have now been producing for over 60 days and have produced at better rates than previously forecast. During the initial 30 and 60 days of production, the pad was flowing inline post-fracture condensate, raw natural gas and frac water. The production rates of the wells are stabilized and the frac water flowing back to surface continues to diminish over time. The following table summarizes the aggregate and average production rates for the 6 wells from the 13-29 pad:

	IP 30[(1)]	IP 60[(1)]
Aggregate production rate *(boe/d)*	**7,261**	**6,789**
Aggregate natural gas production rate *(Mcf/d)*	42,235	39,776
Aggregate condensate production rate *(bbls/d)*	222	160
Average per well production rate *(boe/d)*	**1,210**	**1,132**
Average per well natural gas production rate *(Mcf/d)*	7,039	6,629
Average per well condensate production rate *(bbls/d)*	37	27
Condensate-to-gas ratio *(bbls/MMcf)*	**5**	**4**

(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. See *"Advisories – Initial Production Rates"*.

The Corporation recently finished completion operations on its 01-08 pad in Pouce Coupe and all 10 wells are expected to be brought on production in Q2 2022.

In addition to its drilling and completion activities, Birchcliff has successfully completed several large gathering infrastructure projects that will allow for stable base production declines and provide additional pipeline capacity to support future growth.

In April 2022, Birchcliff successfully completed its planned two-week turnaround at its 100% owned and operated natural gas processing plant in Pouce Coupe (the "**Pouce Coupe Gas Plant**") ahead of schedule and on-budget, while effectively mitigating the impact to production volumes. The scheduled turnaround at AltaGas' deep-cut sour gas processing facility in Gordondale (the "**AltaGas Facility**") is planned for two weeks starting at the end of May 2022.

As part of its long-term planning strategy, the Corporation has secured multi-year contracts with its key services providers to ensure the efficient execution of its short and long-term plans.

DECLARATION OF QUARTERLY COMMON SHARE AND PREFERRED SHARE DIVIDENDS

Birchcliff's board of directors today declared the following quarterly cash dividends for the quarter ending June 30, 2022:

Shares	TSX stock symbol	Dividend per share
Common Shares	BIR	$0.02
Series A Preferred Shares	BIR.PR.A	$0.523375
Series C Preferred Shares	BIR.PR.C	$0.4375

The dividends are payable on June 30, 2022 to shareholders of record at the close of business on June 15, 2022. The ex-dividend date is June 14, 2022.

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

INTENDED REDEMPTION OF THE SERIES A AND SERIES C PREFERRED SHARES

Subject to the approval of the board of directors, Birchcliff currently intends to redeem all of its outstanding Series A and Series C Preferred Shares at the end of the third quarter of 2022. As Friday, September 30, 2022 is a federal holiday, the proposed redemptions, if approved, are expected to occur on the next business day, being Monday, October 3, 2022.

Subject to the provisions of the Series A Preferred Shares (the "**Series A Provisions**"), on September 30, 2022 and every five years thereafter, the Corporation, upon giving notice as provided in the Series A Provisions, may redeem all or any part of the Series A Preferred Shares by the payment of an amount in cash for each share to be redeemed equal to $25.00 plus all accrued and unpaid dividends thereon to but excluding the date fixed for redemption.

Subject to the provisions of the Series C Preferred Shares (the "**Series C Provisions**"), the Corporation may, upon giving notice as provided in the Series C Provisions, redeem at any time all or any number of the outstanding Series C Preferred Shares on the payment of the redemption price. The redemption price per share at which any Series C Preferred Share is redeemable shall be $25.00, together with an amount equal to all accrued and unpaid dividends thereon to but excluding the date fixed for redemption.

This announcement does not constitute a notice of redemption for the Series A or Series C Preferred Shares. If a decision is made to proceed with the redemption of all or any part of the Series A or Series C Preferred Shares and the approval of the board of directors is obtained, formal notice will be provided in accordance with the Series A Provisions and the Series C Provisions, copies of which are available on SEDAR under the Corporation's company profile at www.sedar.com. See *"Advisories – Forward-Looking Statements".*

ANNUAL MEETING OF SHAREHOLDERS – MAY 12, 2022

Birchcliff's annual meeting of shareholders is scheduled to take place tomorrow, Thursday, May 12, 2022, at 3:00 p.m. (Mountain Daylight Time) in the McMurray Room at the Calgary Petroleum Club, 319 – 5th Avenue S.W., Calgary, Alberta.

ABBREVIATIONS

AECO	benchmark price for natural gas determined at the AECO 'C' hub in southeast Alberta
ATP	Alliance Trading Pool
bbl	barrel
bbls	barrels
bbls/d	barrels per day
boe	barrel of oil equivalent
boe/d	barrel of oil equivalent per day
condensate	pentanes plus (C5+)
F&D	finding and development
G&A	general and administrative
GAAP	generally accepted accounting principles for Canadian public companies, which are currently International Financial Reporting Standards as issued by the International Accounting Standards Board
GJ	gigajoule
GJ/d	gigajoules per day
HH	Henry Hub
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
MMcf	million cubic feet
MPa	megapascal
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
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", "supplementary financial measures" and "capital management measures" (as such terms are defined in NI 52-112), which are described in further detail below. These measures facilitate management's comparisons to the Corporation's historical operating results in assessing its results and strategic and operational decision-making and may be used by financial analysts and others in the oil and natural gas industry to evaluate the Corporation's performance.

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 where similar terminology is used. Investors are cautioned that non-GAAP financial measures should not be construed as alternatives to or more meaningful than the most directly comparable GAAP 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, Free Funds Flow and Excess 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. Adjusted funds flow can also be derived from petroleum and natural gas revenue less royalty expense, operating expense, transportation and other expense, net G&A expense, interest expense and any realized losses (plus realized gains) on financial instruments and plus any other cash income sources. 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, repurchase common shares and pay common share and preferred share dividends.

Birchcliff defines "free funds flow" as adjusted funds flow less F&D capital expenditures. Management believes that free funds flow assists management and investors in assessing Birchcliff's ability to generate shareholder returns through a number of initiatives, including but not limited to, debt repayment, preferred share redemptions, common share repurchases, the payment of dividends and acquisitions.

Birchcliff defines "excess free funds flow" as free funds flow less common share dividends paid. Management believes that excess free funds flow assists management and investors in assessing Birchcliff's ability to further enhance shareholder returns after the payment of its common share dividend, which may include dividend increases, common share buybacks and other opportunities that would complement or otherwise improve the Corporation's business and enhance long-term shareholder value.

The following table provides a reconciliation of cash flow from operating activities, as determined in accordance with GAAP, to adjusted funds flow, free funds flow and excess free funds flow for the periods indicated:

	Three months ended March 31,	
($000s)	**2022**	**2021**
Cash flow from operating activities	**154,152**	**82,608**
Change in non-cash operating working capital	28,830	4,129
Decommissioning expenditures	717	1,083
Adjusted funds flow	**183,699**	**87,820**
F&D capital expenditures	(88,282)	(95,840)
Free funds flow	**95,417**	**(8,020)**
Dividends on common shares	(2,658)	(1,330)
Excess free funds flow	**92,759**	**(9,350)**

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 available transportation and/or fractionation fees associated with its take-or-pay commitments. Management believes that transportation and other expense assists management and investors in assessing Birchcliff's total cost structure related to transportation activities. The following table provides a reconciliation of transportation expense, as determined in accordance with GAAP, to transportation and other expense for the periods indicated:

($000s)	Three months ended March 31, 2022	2021
Transportation expense	37,837	37,684
Marketing purchases	3,569	2,047
Marketing revenue	(4,234)	(2,458)
Marketing gain	**(665)**	**(411)**
Transportation and other expense	**37,172**	**37,273**

Operating Netback

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

($000s)	Three months ended March 31, 2022	2021
Petroleum and natural gas revenue	285,976	185,609
Royalty expense	(30,158)	(11,627)
Operating expense	(23,847)	(21,498)
Transportation and other expense	(37,172)	(37,273)
Operating netback – Corporate	**194,799**	**115,211**

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 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 following table provides a reconciliation of natural gas sales, as determined in accordance with GAAP, to effective total natural gas sales and effective total corporate sales for the periods indicated:

($000s)	Three months ended March 31, 2022	2021[1]
Natural gas sales	177,610	109,441
Realized loss on financial instruments	1,167	(14,009)
Notional fixed basis costs[2]	21,385	21,325
Effective total natural gas sales	**200,162**	**116,757**
Light oil sales	24,624	20,238
Condensate sales	52,466	36,516
NGLs sales	31,265	19,407
Effective total corporate sales	**308,517**	**192,918**

(1) Prior period amounts have been adjusted to include the aggregate notional fixed basis cost for comparison purposes.

(2) Reflects the aggregate notional fixed basis cost associated with Birchcliff's financial and physical NYMEX HH/AECO 7A basis swaps 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 where similar terminology is used. 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. The Corporation previously referred to adjusted funds flow per boe as "adjusted funds flow netback".

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

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

Birchcliff calculates "effective average realized sales price" as effective sales, in each of total corporate, total natural gas, AECO market and NYMEX HH market, as the case may be, divided by the effective production in each of the markets during the period. Management believes that disclosing 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.

Supplementary Financial Measures

NI 52-112 defines a supplementary financial measure as a financial measure that: (i) is, or is intended to be, disclosed on a periodic basis to depict the historical or expected future financial performance, financial position or cash flow of an entity; (ii) is not disclosed in the financial statements of the entity; (iii) is not a non-GAAP financial measure; and (iv) is not a non-GAAP ratio. The supplementary financial measures used in this press release are either a per unit disclosure of a corresponding GAAP measure, or a component of a corresponding GAAP measure, presented in the financial statements. Supplementary financial measures that are disclosed on a per unit basis are calculated by dividing the aggregate GAAP measure (or component thereof) by the applicable unit for the period. Supplementary financial measures that are disclosed on a component basis of a corresponding GAAP measure are a granular representation of a financial statement line item and are determined in accordance with GAAP.

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 press release.

Total Debt and Adjusted Working Capital Deficit (Surplus)

Birchcliff calculates "total debt" as the amount outstanding under the Corporation's Credit Facilities plus adjusted working capital deficit (surplus). "Adjusted working capital deficit (surplus)" is calculated as working capital (current assets less current liabilities) less fair value of financial instruments and capital securities. Surplus as disclosed in this press release is equivalent to adjusted working capital surplus. Management believes that total debt assists management and investors in assessing Birchcliff's overall liquidity and financial position at the end of the period. Management believes that adjusted working capital deficit (surplus) assists management and investors in assessing Birchcliff's short-term liquidity. The following table provides a reconciliation of the amount outstanding under the Credit Facilities and working capital deficit, as determined in accordance with GAAP, to total debt and adjusted working capital deficit (surplus), respectively:

As at, *($000s)*	**March 31, 2022**	**December 31, 2021**
Revolving term credit facilities	397,752	500,870
Working capital deficit	46,213	53,312
Fair value of financial instruments	3,249	(16,517)
Capital securities	(38,216)	(38,268)
Adjusted working capital deficit (surplus)	**11,246**	**(1,473)**
Total debt	**408,998**	**499,397**

ADVISORIES

Unaudited Information

All financial and operational information contained in this press release for the three months ended March 31, 2022 and 2021 is unaudited.

Currency

Unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and 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 netbacks. 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 where similar terminology is used. 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 netbacks, 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 National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* ("**NI 51-101**"); (ii) except where otherwise stated, 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.

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. While encouraging, 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 (13-29) pad in Pouce Coupe disclosed herein, such rates represent the cumulative volumes for each well 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 (between 0 and 4 days), divided by 30 or 60 (as applicable), which were then added together to determine the aggregate production rates for the 6-well 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. Approximate tubing pressures for the 6 wells were stabilized between 3.3 and 3.6 MPa for IP 30 production rates and between 3.2 and 3.5 MPa for IP 60 production rates. Approximate casing pressures for the 6 wells were stabilized between 8.8 and 12.9 MPa for IP 30 production rates and between 8.3 and 12.1 MPa for IP 60 production rates. 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

Unless otherwise stated, references in this press release to “F&D capital expenditures” denotes exploration and development expenditures determined in accordance with GAAP. Management believes that F&D capital expenditures assists management and investors in assessing Birchcliff 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” 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, including: that Birchcliff continues to be committed to maximizing free funds flow generation and significantly reducing indebtedness; that Birchcliff does not have any fixed price commodity hedges in place and does not currently intend to hedge any future production, which allows the Corporation to take full advantage of the robust commodity price environment; Birchcliff’s commitment to increasing shareholder returns; that Birchcliff will consider additional increases to its common share dividend in 2022, depending on commodity prices and free funds flow levels, among other things; that excess free funds flow remaining after the payment of the targeted common share dividend of $0.80 per common share is forecast to be $323 million in 2023, with a forecasted surplus at year-end 2023 of $575 million; that the targeted dividend of $0.80 per common share ($212 million annually) and Birchcliff's targeted F&D capital expenditures would be funded over the course of the Five Year Plan at an average WTI price of US$70.00/bbl, an average AECO price of CDN$3.00/GJ and average Dawn and NYMEX prices of US$3.30/MMBtu and that assuming these commodity prices, the Corporation is forecasting a surplus of $218 million at year-end 2023; and the anticipated repayment in full of the Corporation's Credit Facilities in 2022;

- the information set forth under the heading *"Outlook and Guidance – Updated 2022 Guidance"* and elsewhere in this press release as it relates to Birchcliff's updated outlook and guidance for 2022, including: estimates of annual and Q4 average production, production commodity mix, average expenses, adjusted funds flow, F&D capital expenditures, free funds flow, excess free funds flow, surplus at year end and natural gas market exposure; that the estimate of surplus at December 31, 2022 is expected to be largely comprised of cash on hand plus accounts receivable less accounts payable at the end of the year; the expected impact of changes in commodity prices and the CDN/US exchange rate on Birchcliff's estimate of free funds flow; that Birchcliff expects to reach zero total debt in Q4 2022; that Birchcliff's free funds flow in 2022 is primarily being used to reduce indebtedness; and that Birchcliff's F&D capital expenditures are currently anticipated to be on the high end of the guidance range;
- Birchcliff's plans for increases to its common share dividend, including: that subject to commodity prices, Birchcliff achieving its target of zero total debt in Q4 2022 and the approval of the board of directors, the Corporation is currently targeting increasing its annual common share dividend in 2023 to at least $0.80 per common share, which is expected to be paid quarterly at a rate of $0.20 per share, commencing with the quarter ending March 31, 2023; that this targeted dividend would equate to $212 million of common share dividends paid in 2023; and that Birchcliff believes that this increased dividend would be sustainable at an average WTI price of US$70.00/bbl and an average AECO price of CDN$3.00/GJ;
- the information set forth under the heading "*Outlook and Guidance – Updated Five Year Outlook and Plans to Increase Common Share Dividend in 2023"* and elsewhere in this press release as it relates to Birchcliff's updated Five Year Plan, including: estimates and targets of average production, production commodity mix, adjusted funds flow, F&D capital expenditures, free funds flow, common share dividends, excess free funds flow, surplus at year end and average expenses; that the estimates of surplus at year end are expected to be largely comprised of cash on hand plus accounts receivable less accounts payable at the end of the year; the expected impact of changes in commodity prices and the CDN/US exchange rate on Birchcliff's target of potential cumulative free funds flow; that the Corporation now anticipates that it will be required to pay Canadian income taxes commencing in 2023 and the Corporation's expectation for higher taxable income in 2023 to 2026; that the potential free funds flow to be generated during the Five Year Plan provides Birchcliff with significant capacity to sustainably increase shareholder returns; that the Five Year Plan contemplates significant excess free funds flow after the payment of common share dividends, providing Birchcliff with the ability to further enhance shareholder returns; that Birchcliff will continue to strategically evaluate the potential uses for excess free funds flow and additional steps to enhance shareholder returns, which may include further dividend increases, common share buybacks and other opportunities that would complement or otherwise improve the Corporation's business and enhance long-term shareholder value; that Birchcliff currently expects to use its common share dividend as its primary mechanism for shareholder returns over the course of the Five Year Plan; that Birchcliff anticipates that it will continue to repurchase its common shares to help offset the dilution resulting from the exercise of stock options; that Birchcliff will continue to evaluate opportunistic repurchases of its common shares when the intrinsic value of such shares exceeds the current market price; and that the focus of the Five Year Plan is unchanged and remains on increasing shareholder value by maximizing free funds flow and reducing the Corporation's indebtedness, increasing shareholder returns and fully utilizing the available processing capacity of the Corporation's existing infrastructure;
- statements under the heading *"Operations Update"* regarding Birchcliff's 2022 capital program and its exploration, production and development activities and the timing thereof, including: the number and types of wells to be drilled and brought on production in 2022; and planned facility turnarounds; and
- the proposed redemption of the Series A and Series C Preferred Shares, including the anticipated timing thereof.

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; prevailing and future commodity prices and differentials, exchange rates, interest rates, inflation rates, royalty rates and tax rates; the state of the economy, financial markets and the exploration, development and production business; the political environment in which Birchcliff operates; the regulatory framework regarding royalties, taxes, environmental, climate change and other laws; the Corporation's ability to comply with existing and future environmental, climate change and other 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; board of director approval of proposed dividends and the proposed redemption of the Series A and Series C Preferred Shares; 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:

- Birchcliff's 2022 guidance (as updated on May 11, 2022) assumes the following commodity prices and exchange rate: an average WTI price of US$99.50/bbl; an average WTI-MSW differential of CDN$3.10/bbl; an average AECO price of CDN$6.50/GJ; an average Dawn price of US$6.85/MMBtu; an average NYMEX HH price of US$6.95/MMBtu; and an exchange rate (CDN$ to US$1) of 1.28.
- With respect to estimates of capital expenditures for 2022, such estimates assume that the 2022 capital program will be carried out as currently contemplated. The amount and allocation of capital expenditures for exploration and development activities by area and the number and types of wells to be drilled and brought on production is dependent upon results achieved and is subject to review and modification by management on an ongoing basis throughout the year. Actual spending may vary due to a variety of factors, including commodity prices, economic conditions, results of operations and costs of labour, services and materials.
- With respect to Birchcliff's estimates of adjusted funds flow, free funds flow and excess free funds flow for 2022, such estimates assume that: the 2022 capital program will be carried out as currently contemplated and the level of capital spending for 2022 set forth herein will be achieved; and the targets for production, production commodity mix, expenses and natural gas market exposure and the commodity price and exchange rate assumptions are met.
- With respect to Birchcliff's production guidance for 2022, such guidance assumes that: the 2022 capital program will be carried out as currently contemplated; no unexpected outages occur in the infrastructure that Birchcliff relies on to produce its wells and that any transportation service curtailments or unplanned outages that occur will be short in duration or otherwise insignificant; the construction of new infrastructure meets timing and operational expectations; existing wells continue to meet production expectations; and future wells scheduled to come on production meet timing, production and capital expenditure expectations.
- With respect to statements of future wells to be drilled and brought on production, such statements assume: the continuing validity of the geological and other technical interpretations performed by Birchcliff's technical staff, which indicate that commercially economic volumes can be recovered from Birchcliff's lands as a result of drilling future wells; and that commodity prices and general economic conditions will warrant proceeding with the drilling of such wells.
- With respect to the Five Year Plan (as updated on May 11, 2022), the plan is based on the commodity price, exchange rate and other assumptions set forth under the heading *"Outlook and Guidance – Updated Five Year Outlook and Plans to Increase Common Share Dividend in 2023"*. In addition:
  - The forecast production estimates contained in the Five Year Plan are subject to similar assumptions set forth herein for Birchcliff's other production guidance.
  - With respect to Birchcliff's estimates of capital expenditures and spending plans, such estimates and plans assume that Birchcliff's capital programs are carried out as currently contemplated, with the Pouce Coupe Gas Plant and the AltaGas Facility being filled by the end of 2024. The Five Year Plan also forecasts that approximately 170 to 180 wells will be brought on production over the five year period, which forecast is subject to similar assumptions regarding wells drilled and brought on production as set forth herein.
  - With respect to Birchcliff's estimates of adjusted funds flow, free funds flow and excess free funds flow, such estimates assume that: Birchcliff's capital programs will be carried out as currently contemplated and the level

of capital spending for each year will be achieved; and the targets for production and production commodity mix and the commodity price and exchange rate assumptions set forth herein are met.

- The Corporation's expectation that it will be required to pay Canadian income taxes commencing in 2023 is based on the current tax regime in Canada, the Corporation's current available income tax pools and the commodity price assumptions set forth herein. In addition, this expectation is based on the Five Year Plan as illustrated herein and assumes, among other things, that the levels of spending and production set forth under the heading "*Outlook and Guidance – Updated Five Year Outlook and Plans to Increase Common Share Dividend in 2023"* are achieved.

Birchcliff's actual results, performance or achievements could differ materially from those anticipated in the forward-looking statements as a result of both known and unknown risks and uncertainties including, but not limited to: the risks posed by pandemics (including COVID-19), epidemics and global conflict 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 crude oil and natural gas prices; risks associated with increasing costs, whether due to high inflation rates, supply chain disruptions or other factors; fluctuations in exchange and interest rates; stock market volatility; loss of market demand; an inability to access sufficient capital from internal and external sources on terms acceptable to the Corporation; risks associated with Birchcliff's Credit Facilities, including a failure to comply with covenants under the agreement governing the Credit Facilities and the risk that the borrowing base limit may be redetermined; fluctuations in the costs of borrowing; operational risks and liabilities inherent in oil and natural gas operations; the occurrence of unexpected events such as fires, severe weather, explosions, blow-outs, equipment failures, transportation incidents and other similar events; an inability to access sufficient water or other fluids needed for operations; uncertainty that development activities in connection with Birchcliff's assets will be economic; an inability to access or implement some or all of the technology necessary to operate its assets and achieve expected future results; the accuracy of estimates of reserves, future net revenue and production levels; geological, technical, drilling, construction and processing problems; uncertainty of geological and technical data; horizontal drilling and completions techniques and the failure of drilling results to meet expectations for reserves or production; 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 in the locations where the Corporation operates, including changes to tax laws, Crown royalty rates, environmental laws, climate change laws, carbon tax regimes, incentive programs and other regulations that affect the oil and natural gas industry; actions by government authorities, including those with respect to the COVID-19 pandemic; 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 and market diversification activities; risks associated with the declaration and payment of future dividends, including the discretion of Birchcliff's board of directors to declare dividends and change the Corporation's dividend policy; the failure to obtain any required approvals in a timely manner or at all; the failure to complete or realize the anticipated benefits of acquisitions and dispositions and the risk of unforeseen difficulties in integrating acquired assets into Birchcliff's operations; negative public perception of the oil and natural gas industry and fossil fuels; the Corporation's reliance on hydraulic fracturing; market competition, including from alternative energy sources; changing demand for petroleum products; the availability of insurance and the risk that certain losses may not be insured; breaches or failure of information systems and security (including risks associated with cyber-attacks); risks associated with the ownership of the Corporation's securities; and the accuracy of the Corporation's accounting estimates and judgments.

While Birchcliff anticipates approval by the board of directors of the proposed redemption of the Series A and Series C Preferred Shares and the proposed increase to the annual common share dividend to $0.80 per share in 2023, the proposed redemption and the payment of the increased common share dividend remain subject to the approval of the board of directors. In addition, the proposed increase to the common share dividend in 2023 is subject to commodity prices and Birchcliff achieving its target of zero total debt in Q4 2022. The proposed redemption of the Series A and Series C Preferred Shares and the declaration and payment of any proposed dividends are subject to the discretion of the board of directors and may not be approved or may vary depending on a variety of factors and conditions existing from time to time, including commodity prices, free funds flow, current and forecast commodity prices, fluctuations in working capital, financial requirements of Birchcliff, applicable laws (including solvency tests under the *Business Corporations Act* (Alberta) for the declaration and payment of dividends) and other factors beyond Birchcliff's control. The redemption of the Series A and Series C Preferred Shares and the payment of dividends to shareholders is not assured or guaranteed and dividends may be reduced or suspended entirely. In addition to the foregoing, the Corporation's ability to pay dividends now or in the future may be limited by covenants contained in the agreements governing any indebtedness that the Corporation has incurred or may incur in the future, including the terms of the Credit Facilities. The agreement governing the Credit Facilities provides that Birchcliff is not permitted to make any distribution (which includes dividends) at any time when an event of default exists or would reasonably be expected to exist upon making such distribution, unless such event of default arose subsequent to the ordinary course declaration of the applicable distribution.

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

This press release contains information that may constitute future-orientated 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. FOFI contained herein was 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 FOFI statements, whether as a result of new information, future events or otherwise.

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 focused on the Montney/Doig Resource Play in Alberta. Birchcliff's common shares and Series A and Series C Preferred Shares 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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