




PROUD OF OUR PRINCIPLES

2019 ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

BIRCHCLIFF
ENERGY



“Make no mistake, from the day Birchcliff started business, it went without saying that safety, the environment and the stakeholders of our Company would be prioritized, respected and rewarded to the best of our ability ”

– A. Jeffery Tonken
President & Chief Executive Officer

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This Environmental, Social and Governance ("ESG") Report contains references to "adjusted funds flow" and "total debt", which do not have standardized meanings prescribed by GAAP and therefore may not be comparable to similar measures presented by other companies where similar terminology is used. For further information, see "Advisories – Non-GAAP Measures" in this report and in the management's discussion and analysis for the year ended December 31, 2019 (the "MD&A"). Boe amounts in this report have been calculated by using the conversion ratio of 6 Mcf of natural gas to 1 bbl of oil.

MESSAGE TO STAKEHOLDERS

Dear Fellow Stakeholder,

I am very pleased to provide you with our annual ESG Report. Birchcliff is committed to all aspects of our ESG responsibilities. These are a foundational part of the social fabric of our Company that are engrained in the culture of the people who work at Birchcliff, both in Northwestern Alberta and in our Calgary office. We have been executing on numerous different ESG initiatives since the inception of our Company 16 years ago, and we continue to be more active in accomplishing different ESG goals and initiatives as time, money and people allow.

Make no mistake, from the day Birchcliff started business, it went without saying that safety, the environment and the stakeholders of our Company would be prioritized, respected and rewarded to the best of our ability.

Birchcliff's stakeholder engagement starts in-house with our staff and their families. We focus on communication, ensuring that our staff and their families understand what we are attempting to accomplish and that our employees have real input into our corporate goals, including our ESG programs. We offer numerous programs to our staff and their families including scholarships, seminars, courses, workshops and conferences to enhance their knowledge of Birchcliff, our industry and other related matters.

We take pride in our annual employee performance review process, which provides each staff member the opportunity for direct written communication with the Executive Team, to offer their views on themselves, management and our Company. The process is worth the significant time it takes to properly conduct because it allows each employee to have a say in what we do and how we do it. This process is the foundation of our two way, thoughtful, clear communication, which allows us to ensure that we are continuing to "row the boat" in the same direction.

One of the highlights for us in 2020 was the opportunity to sponsor 11 people, consisting of recent high school graduates, their chaperones and elders, from the Horse Lake and Sturgeon Lake First Nations, for an educational visit to Calgary. Our goal was to bring them to Calgary, a first for a number of these individuals, to show them some of the post-secondary educational opportunities and the career opportunities available to them in Alberta's energy industry and to provide them with tools for professional success in an urban setting. Their time in Calgary included a visit to the University of Calgary and the Glenbow Museum. I would like to recognize and thank both these institutions for making an extra effort to make these young people feel welcome. At the U of C, the kids were provided with an overview of the courses and degree programs available, presented by faculty and Indigenous students, a tour of the facilities available for Indigenous students, and demonstrations of practical engineering applications. At the Glenbow, the group

were provided with a perspective about the history of Alberta and Canada, and were treated to a behind the scenes tour focused on their Indigenous culture and heritage.

The highlight for Birchcliff was the morning spent at Birchcliff's head office where our staff took the opportunity to describe many of the different employee roles at the Company, with the intention that one or more of these career paths might catch these young peoples' interest and lead them to continuing their education in energy-related fields. I had the opportunity to describe the role of the CEO and Executives, with the goal of inspiring these young people to work to obtain a C-suite position (while also keeping them awake during my stories). We discussed my personal commitment and Birchcliff's commitment to the environment, equality and diversity.

Birchcliff provides scholarship opportunities to members of the First Nations where we do business as well as the families of our employees, to ensure that the opportunities that we presented to these young people, to attend a post-secondary educational institution and to succeed professionally in Alberta's energy industry, are real and obtainable, and we expect several of them will be recipients of this scholarship program.

We thank Chris Sublicki and Modern Resources Ltd., who participated as a sponsor and also provided an afternoon and evening of education and fun for these young people.

Birchcliff continues to support the people and communities within the areas that we operate. Over the last five years, we have donated to more than 100 local community groups, organizations and individuals with sponsorships and donations totaling more than \$4,250,000. By understanding and contributing to the values and priorities of these different organizations and people, we can successfully live together.

In summary, we believe that our ESG responsibility goes far beyond what other people think we should do, and what governments and investors mandate. It is a fundamental part of the soul of Birchcliff. Our financial success allows us to continue to be a leader in ESG practices in all aspects of our business.

With respect,



ABOUT BIRCHCLIFF

Birchcliff Energy Ltd. is a Calgary, Alberta based intermediate oil and gas company that explores for, develops and produces natural gas, light oil and NGLs.

All of Birchcliff's operations are concentrated in the Peace River Arch area of Alberta, which is considered by management to be one of the most desirable natural gas, light oil, and NGLs drilling areas in North America. Within the Peace River Arch, Birchcliff's operations are primarily concentrated in the Pouce Coupe and Gordondale areas of Alberta where we operate the vast majority of our production, own large contiguous blocks of high working interest land and own and/or control our infrastructure.

Birchcliff's common shares are listed on the Toronto Stock Exchange ("TSX") under the symbol "BIR". Birchcliff's Series A and Series C Preferred Shares are listed for trading on the TSX under the symbols "BIR.PR.A" and "BIR.PR.C", respectively.

2019 OPERATIONAL, FINANCIAL & RESERVES HIGHLIGHTS



DRILLED
30 (30.0 NET) WELLS

BROUGHT ON PRODUCTION
33 (33.0 NET) WELLS

AVERAGE PRODUCTION
77,977 BOE/D



O&G REVENUE
\$614 MM

ADJUSTED FUNDS FLOW
\$335 MM

TOTAL DEBT
\$633 MM



PDP RESERVES
207 MMBOE

2P RESERVES
1,032 MMBOE

PDP FD&A⁽¹⁾
\$9.38/BOE

1. Please see "Advisories – Oil and Gas Metrics" for additional information regarding FD&A costs.

OPERATING AREAS

Gordondale

Pouce Coupe

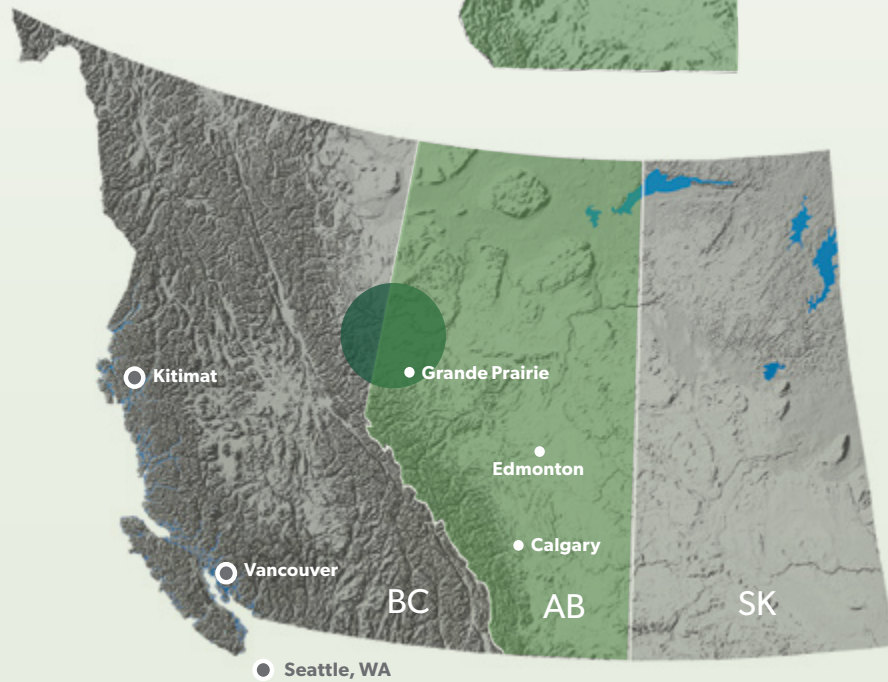
PEACE RIVER ARCH AREA

● Dawson Creek

● Grande Prairie

● Edmonton

● Calgary



ABOUT THIS REPORT

- This report is intended for **all Company stakeholders** and provides **performance detail** on subsets of Birchcliff's operations.
- To determine the content for this report, Birchcliff executives and several departmental leaders were **engaged in November 2019** to identify and prioritize topics that are most relevant to our key stakeholder groups.
- This report was created using the **Global Reporting Initiative ("GRI") Standards**. This report contains standard disclosures from the GRI guidelines but has not fulfilled all of the requirements to qualify as fully 'in accordance' with the GRI.
- Unless otherwise stated, **this report is with respect to the year ended December 31, 2019**, as compared to the years ending December 31, 2018, and December 31, 2017.
- Unless otherwise stated, financial data is in **Canadian dollars**, environmental data is in **metric units**, and production data is in **barrels of oil equivalent ("boes")**.
- For further information regarding production or reserves, please refer to our **Annual Information Form** for the year ended December 31, 2019 on our **website www.birchcliffenergy.com**.
- The terms **Birchcliff, our, we, and the Company**, refer to Birchcliff Energy Ltd.



Birchcliff's 100% owned and operated 3-22 natural gas plant (the "**Pouce Coupe Plant**").

FOUNDATIONS OF RESPONSIBILITY

Birchcliff is committed to constantly evolving and improving our Health, Safety and Environmental (“HSE”) programs and conducting our activities in a manner that safeguards our employees, contractors, representatives, the environment and the public at large.

As part of our fundamental values, we recognize the importance of our responsibility for environmental stewardship.

We endeavour to maintain excellence in environmental reporting and response, and to take proactive steps to eliminate or reduce our environmental impact.

As an organization which strives for continuous improvement, we continue to look for and develop new technology, systems and processes that will help improve efficiency, reduce our environmental footprint and create a safer work environment.

Fostering a strong relationship with the community and our stakeholders is integral to successfully and responsibly developing our resources. At Birchcliff, we believe cooperative, sincere and responsive consultation efforts with stakeholders in the areas in which we operate creates a solid foundation for our business.

Birchcliff has an experienced team working with local stakeholders to learn their values and priorities and to resolve any issues or concerns that arise.

In addition to the large number of industry groups that Birchcliff supports and engages with, our executives are directly involved as governors or significant members of:

- The Canadian Association of Petroleum Producers – Jeff Tonken
- The Canadian Energy Executive Association – Myles Bosman
- The Explorers and Producers Association of Canada – Dave Humphreys
- Energy Safety Canada – Dave Humphreys
- Calgary Economic Development – Chris Carlsen
- Dinos Fifth Quarter Association – Bruno Geremia

The table below summarizes our engagement with different stakeholder groups:

STAKEHOLDER GROUP	HOW WE ENGAGE
Indigenous Groups	<ul style="list-style-type: none"> • Direct consultation and communication • Partnerships with local Indigenous group-affiliated service companies • Community and education grant funding
Local Communities and Landowners	<ul style="list-style-type: none"> • Support of local projects and initiatives through charitable donations • Direct communication and engagement • Participation in the Wapiti Area Synergy Partnership
Employees and Contractors	<ul style="list-style-type: none"> • Development and training • Performance reviews • Quarterly staff meetings • Safety Stand Downs
Government Regulators	<ul style="list-style-type: none"> • Obtaining necessary approvals • Provide input in the development of balanced legislation, regulations, best practices and guidelines
Shareholders	<ul style="list-style-type: none"> • Annual and quarterly reports • Press releases • Annual General Meeting • ESG Reports • Continual one-on-one communication
Industry Groups	<ul style="list-style-type: none"> • The Canadian Association of Petroleum Producers • The Canadian Society of Unconventional Resources • The Explorers and Producers Association of Canada • The Canadian Energy Executive Association • Energy Safety Canada

GOVERNANCE

Board of Directors

Birchcliff's Board of Directors (the "**Board**") is ultimately responsible for the stewardship of Birchcliff and ensuring accountability to our shareholders. The Board currently consists of five directors, of which three are independent. The non-independent directors are: A. Jeffery Tonken, being the Chairman, President and Chief Executive Officer, and James W. Surbey, who is an employee and was previously the Vice-President, Corporate Development.

As the Chairman of the Board is not considered independent, the Board has appointed an independent Lead Director. The primary role of the Lead director is to act as liaison between the independent Directors of the Board and the management of Birchcliff to ensure the Board is organized properly, functions effectively and meets its obligations and responsibilities.

The Board has four committees which include the Audit Committee, Compensation Committee, Nominating Committee and Reserves Evaluation Committee. While each of these committees has specific duties, the Board has oversight responsibility for material risks, including health, safety and environmental risks.

Currently, the number of women on the Board is two, representing 40% of the Board. Although the Board considers the level of representation of women on the Board in identifying and nominating candidates for election or appointment to the Board, the Board has not adopted a written policy relating to the identification and nomination of women directors. As part of the Board's fiduciary duty to act in the best interests of Birchcliff, the Board believes that it should be able to select and nominate for election or appointment as directors those individuals who will best serve the interests of Birchcliff, regardless of gender.

Our shareholders are given the opportunity to vote on matters affecting Birchcliff, including the election of directors by attending our annual and, if applicable, special meeting of shareholders (the "**AGM**") or by using proxies for voting. Shareholders also have the opportunity to raise questions from the floor during the question and answer portion of the AGM and, subject to compliance with applicable laws, may also submit their own resolution for consideration at the AGM.

Dennis A. Dawson

Alberta, Canada – Independent Lead Director

Mr. Dawson has been the Independent Lead Director since May 11, 2017 and is also the Chair of the Compensation Committee and the Nominating Committee. Mr. Dawson has over 33 years of oil and natural gas experience, including nine years as General Counsel for Pan-Alberta Gas Ltd., a major Canadian natural gas export and marketing company. He was the Vice-President, General Counsel and Corporate Secretary of AltaGas from December 1998 until April 2015. Mr. Dawson first joined AltaGas as Associate General Counsel in August 1997, after consulting with AltaGas Services Inc. from July 1996. Effective July 1998, he became AltaGas' General Counsel and Corporate Secretary and effective December 1998, he became Vice-President, General Counsel and Corporate Secretary. Mr. Dawson received a Bachelor of Arts degree from the University of Lethbridge and a Bachelor of Laws degree from the University of Alberta and is a member of the Law Society of Alberta.

Debra A. Gerlach

Alberta, Canada – Independent Director

Ms. Gerlach is a director of Birchcliff and is the Chair of the Audit Committee. From September 1996 until September 2017, Ms. Gerlach was a partner with Deloitte LLP where she practiced in the Assurance and Advisory group. Prior thereto, she held various positions within Deloitte LLP from the time she joined the firm in August 1982. During her 35-year career with the firm, Ms. Gerlach worked with numerous public oil and gas companies. Ms. Gerlach is a Chartered Accountant with the Chartered Professional Accountants of Alberta and received a Bachelor of Commerce degree and a Master of Business Administration degree from the University of Calgary.

Stacey E. McDonald

Alberta, Canada – Independent Director

Ms. McDonald is a director of Birchcliff and has over 14 years of experience in the energy and financial sectors. From September 2016 to July 2018, Ms. McDonald was a Managing Director – Institutional Equity Research (Energy) at GMP FirstEnergy and its predecessor, GMP Securities, independent global investment banks. She joined GMP

Securities in February 2006 as a Research Associate and began publishing independently as an Equity Analyst in 2009. Ms. McDonald received a Bachelor of Commerce degree in Finance from the University of Alberta.

James W. Surbey

Alberta, Canada – Non-Independent Director

Mr. Surbey is a director of Birchcliff and is the Chair of the Reserves Evaluation Committee. He is also an employee of Birchcliff and an independent businessman. Mr. Surbey has over 42 years of experience in the oil and natural gas industry and is one of the Company's founders. He was the Vice-President, Corporate Development and Corporate Secretary of Birchcliff from the inception of the Company until June 30, 2017. Prior to joining Birchcliff, he served as the Vice-President, Corporate Development of Case Resources Inc., the Senior Vice-President, Corporate Development of Big Bear Exploration Ltd. and the Vice-President, Corporate Development of Stampeder Exploration Ltd. Mr. Surbey was previously a senior partner of the law firm Howard, Mackie (now Borden Ladner Gervais LLP). He received a Bachelor of Engineering degree and a Bachelor of Laws degree from McGill University and is a member of the Law Society of Alberta and the Society of Petroleum Engineers.

A. Jeffery Tonken

*Alberta, Canada – Non-Independent Director,
Chairman of the Board and President and
Chief Executive Officer*

Mr. Tonken has been the President and Chief Executive Officer and a director of Birchcliff since the inception of the Company and the Chairman of the Board since May 11, 2017. He has over 39 years of experience in the oil and natural gas industry and is one of the Company's founders. Prior to Birchcliff, Mr. Tonken founded and served as the President and Chief Executive Officer of Case Resources Inc., Big Bear Exploration Ltd. and Stampeder Exploration Ltd. He was previously a partner of the law firm Howard, Mackie (now Borden Ladner Gervais LLP). Mr. Tonken is also the Chair of the Board of Governors of the Canadian Association of Petroleum Producers (CAPP). He received a Bachelor of Commerce degree from the University of Alberta and a Bachelor of Laws degree from the University of Wales and is a member of the Law Society of Alberta.



Birchcliff continues to experiment with ways to operate both more efficiently and environmentally friendly. The photo above is a Birchcliff multi-well pad site with zero vented emissions and solar and wind electrified power generation.

ESG Committee

The purpose of this committee is to drive continuous improvement of Birchcliff's ESG-related corporate metrics as well as handle external communication of ESG related information at Birchcliff. The ESG Committee includes a diverse set of individuals, including members throughout the organization with differing skill sets and experience levels with the goal of bringing additional perspectives to the team. The committee establishes, monitors and communicates key ESG performance indicators that are important to our stakeholders.

Greenhouse Gas Regulatory Compliance Committee

A Birchcliff Greenhouse Gas Regulatory Compliance Committee was formed in 2018 with a charter to ensure that there is corporate-wide awareness and compliance with the latest provincial and federal GHG legislation requirements. The committee consists of a variety of team members from facilities, production, HSE, production accounting, finance, and operations departments and strives for understanding, communicating and complying with the various GHG emission regulations which impact Birchcliff's operations.

THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS



Source: International Finance Corporation, the Global Oil and Gas Industry Association for Environmental and Social issues and the United Nations Development Programme

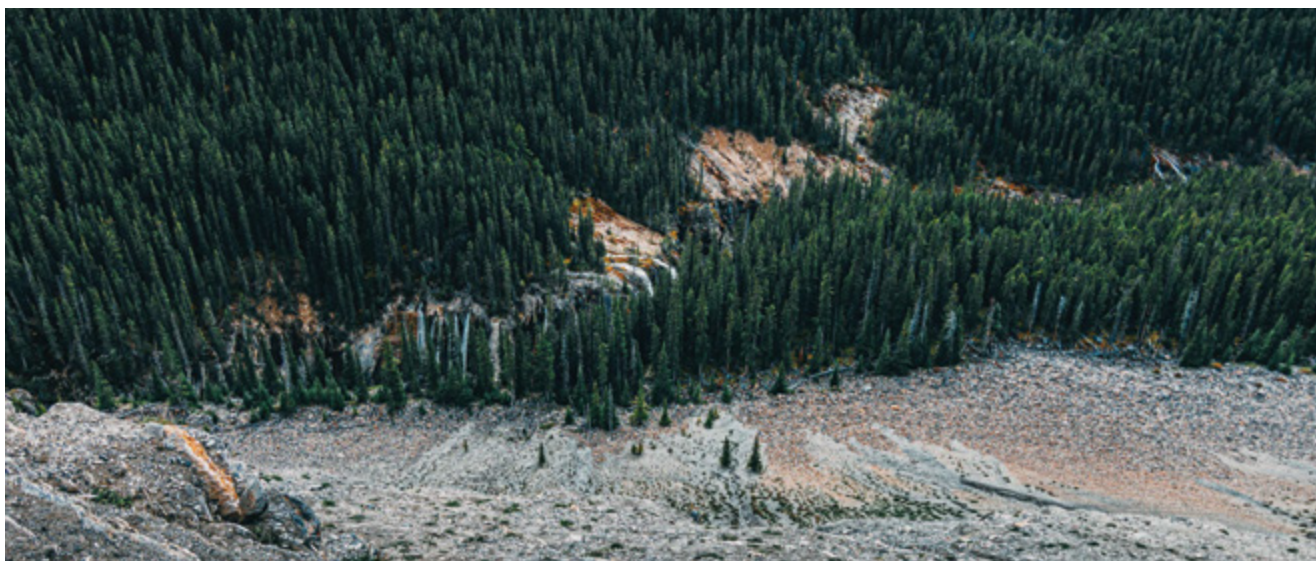
The Sustainable Development Goals (“**SDGs**”) were established at the United Nations Conference on Sustainable Development in Rio de Janeiro in 2012. These goals are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. Achieving the SDGs requires the partnership of governments, private sector, civil society and citizens alike to make sure we leave a better planet for future generations and Birchcliff is proud to contribute towards achieving many of these goals.

These 17 SDGs include areas such as climate change, economic inequality, innovation, sustainable consumption, peace and justice, among other priorities. All 17 SDGs interconnect, meaning success in one affects success for others. Dealing with the threat of climate change impacts how we manage our natural resources, achieving gender equality or better health helps eradicate poverty, and fostering peace and inclusive societies will reduce inequalities and help economies prosper. In short, this is the greatest chance we have to improve life for future generations.

Birchcliff operationalizes many of the SDGs into our core business practices by incorporating them into our Company policies, standards and management systems, risk reporting and opportunity assessment, engagement of stakeholders, and research and development opportunities and community involvement programs.

Despite a continued push towards renewable energy, renewable energy sources are not a consistent cost effective replacement for hydrocarbons. In fact, with the adoption of its climate plan, the International Energy Agency continues to forecast oil and natural gas to remain as the dominant sources of global energy demand. Switching from coal to natural gas power continues to be one of the most impactful ways to reduce GHG emissions. Natural gas emits significantly less CO₂ compared to coal and is an effective way for nations to move away from carbon-intensive coal power. The increased use of natural gas is part of the SDG 7: Affordable and clean energy. This goal promotes global access to cleaner forms of energy, specifically to less developed nations that are currently using more carbon intensive means to power their country.

Birchcliff is also primarily a natural gas producer with massive natural gas reserves. As Canada increases its natural gas egress options through additional pipelines and liquefied natural gas (“**LNG**”) hubs, Birchcliff remains ready to supply the world with clean natural gas for decades to come.



COMMITMENT TO INNOVATION

TECHNICAL AND OPERATIONAL INNOVATION

Since inception, Birchcliff has continually improved its corporate performance as supported by financial and operational metrics. This continuous improvement stems from a relentless focus on efficiency and innovation, which are ingrained in the corporate culture. Birchcliff uses a rigorous approach to continuous improvement in all aspects of our business, both at strategic and operational levels.

Birchcliff has developed an internal framework that guides many of our technical and operational advancements both above and below ground. The framework sits at the core of a systematic approach towards continuous improvement. Various components of this framework include:

Above ground:

- Documented workflows/policies
- Informal and formal periodic reviews/audits
- Key performance indicators
- Operational incident reporting

Below ground:

- Physics based models
- Data driven models
- Application of field trials
- Competitor intelligence & collaboration
- Application of technology with a specific focus on digital transformation



Coupled with our deep internal technical expertise in oil and gas is our long-term strategic collaborations with leading academic institutions, as well as external partners.

Currently Birchcliff is participating in the following consortiums:

- Tight Oil Consortium (University of Calgary)
- Microseismic Industry Consortium (University of Calgary & University of Alberta)
- Natural Gas Innovation Fund ("NGIF")
- Lead 2 Perform Leadership Network

Birchcliff is an advocate of cleantech innovation and promotes innovation in that space by investing in the NGIF. The NGIF was created by the Canadian Gas Association ("CGA") to support the funding of cleantech innovation in the natural gas value chain. It seeks to fill a technology development gap in the sector and invest in innovation enabling natural gas solutions for current and emerging challenges facing Canada's energy system. All of these goals are directly aligned with Birchcliff's commitment to responsible resource development.



Clean technologies that have received funding through the NGIF with Birchcliff's support include:



GHGSat

GHGSat is using its unique satellite and its patented technology to provide accurate and affordable GHG emissions monitoring data globally. GHGSat's data can help oil and gas operators to understand and mitigate GHG emissions, including through leak detection and repair, from their installations such as wells, compressor stations, pipelines, processing facilities, etc.



Luxmux

Luxmux Technology Corporation has developed a system, the ARMS Smartpole, for GHG emissions monitoring that is uniquely suited for use in Oil and Gas, Landfill and Agricultural sectors. The ARMS Smartpole will use GHG Sensing and meteorological data to provide near real time site GHG emissions monitoring to 2 parts per billion accuracy.



RadMax Technologies

RadMax Technologies, Inc. is designing, developing and proving axial vane-type rotary power devices that are more efficient, compact and cost-effective than those currently available. This technology has potential to help oil and natural gas operators move toward zero-vented emission well pads.



Distributed Gas Solutions Canada

Distributed Gas Solutions Canada proposes to import and install micro-scale modular liquefaction plants with the ability to produce Liquefied Natural Gas ("LNG") in Western Canada with the potential to displace diesel fuel for remote/off grid communities, including Indigenous communities and heavy-duty hauling trucks.

ENVIRONMENT



◀ LOOKING BACK

- Strong focus on GHG emission reduction initiatives.
- Developed a corporate long-term water strategy to secure water for our future development plans.
- Strong regulatory and liability management.
- Developed an Environmental Management Program.

LOOKING FORWARD ▶

- Continue to identify, manage and implement practices to address our changing regulatory landscape.
- Strong focus on our remediation and reclamation programs.
- Continuous initiatives to reduce our environmental footprint.

Minimizing Environmental Impacts

Birchcliff is committed to minimizing the impact our operations have on the environment. As an organization which strives for continuous improvement, we look for and develop new technology, systems and processes that will help improve efficiency and reduce our environmental footprint.

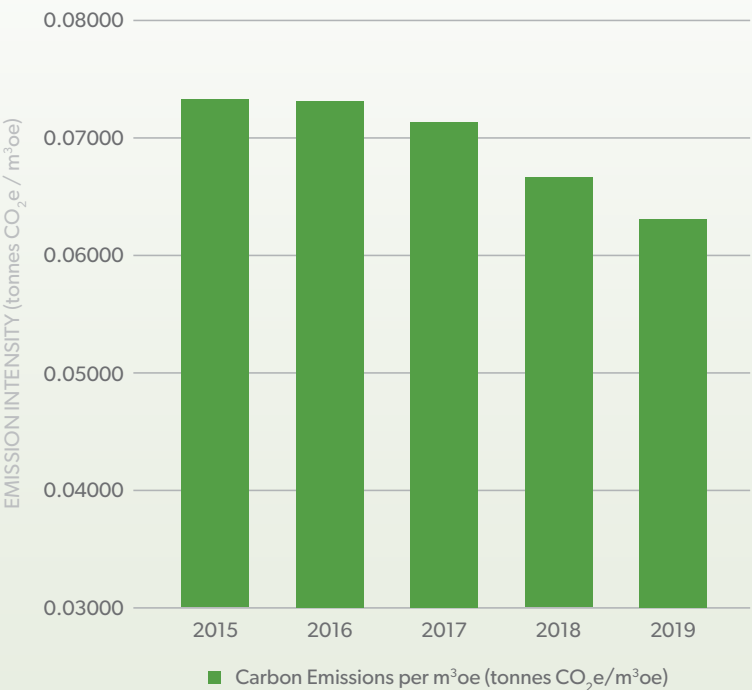
AIR

Air Emission Reduction Initiatives

Birchcliff has implemented a variety of technologies into our operations which results in more economic and environmentally friendly facilities. We comply with all provincial and federal GHG emission and reporting regulations. We monitor changing regulations regarding climate change management and our staff continually looks to identify and implement efficiency opportunities that can be applied across our business.

- The majority of our process instrumentation and control systems use electric or air-driven pneumatic devices. We have identified all remaining pneumatic devices which routinely vent fuel gas and have developed a Methane Reduction Retrofit Compliance Plan to convert those remaining devices. Each well site conversion is the equivalent of removing 142 passenger vehicles off the road each year.
- Waste heat recovery units at the Pouce Coupe Plant capture residual heat energy from compressors to be used in other applications in the plant. This has allowed us to operate some of our process and utility heaters at minimal load which results in more than 15,000 tCO₂e reduced emissions per year, the equivalent of taking more than 5,000 passenger vehicles off the road annually.

Emission Intensity Trend for Pouce Coupe Plant



As production has increased by 67% and emission reduction initiatives have been implemented at the Pouce Coupe Plant, Emission Intensity has been reduced by 14% since 2015.



Produced water and condensate tanks at some of our larger facilities do not vent vapor to atmosphere. Instead, these low pressure volumes are sent to VRUs which recycle them back into the main inlet stream. This increases sales volumes, reduces shrinkage, and significantly reduces methane vented to atmosphere.

- Birchcliff has numerous Vapor Recovery Units ("**VRUs**") at a number of facilities, which allow us to capture vented gas, or gas that might normally be flared. This increases our sales volumes while reducing vented and flared emissions at our facilities equipped with VRUs.
- In 2019, Birchcliff recovered 99.1% of our Alberta Energy Regulator ("**AER**") permitted flare volumes during completion operations by flow testing in-line. This takes the equivalent of >3,000 passenger vehicles off the road, annually.
- Acid gas injection is utilized to safely store CO₂ in an underground reservoir rather than venting to the atmosphere using a sulphur plant. We injected 7,300 tonnes of CO₂ into our acid gas wells in 2019, thus significantly reducing potential GHG emissions.

Emission Performance and Carbon Offset Credits

Alberta has systems and protocols in place that allow producers to generate Emission Performance Credits (“EPCs”) by demonstrating GHG emission reductions at existing facilities.

- Of all the natural gas producing facilities governed under the Carbon Competitiveness Incentive Regulation in Alberta, only the top few generate EPCs rather than paying into the system, and the Pouce Coupe Plant is included in that short list. The facility’s total regulated emissions were tens of thousands of tonnes less than our calculated Output Based Allocation.
- Due to all of the emission reduction initiatives undertaken at our 100% owned and operated Pouce Coupe Plant, Birchcliff generated a significant number of EPCs due to low 2018 emission intensities and was able to monetize those credits. Emissions intensity continued to be low throughout 2019 and it is expected that Birchcliff will generate substantial EPCs later this year for the Pouce Coupe Plant.
- As part of our Methane Reduction Retrofit Compliance Plan, we anticipate to start generating Carbon Offset Credits for converting our pneumatic devices that vent methane to “zero-venting” devices.



LAND

Asset Retirement & Reclamation

As part of our continuing environmental stewardship, we actively maintain our abandonment and reclamation programs to ensure non-producing assets are retired and the surface leases are restored to their natural state.

Here at Birchcliff, we have taken a proactive approach with regard to our annual well abandonment and suspension obligations. We actively monitor our producing wells and have a documented workflow process in place to ensure we are in compliance with the AER Directive 013: Suspension Requirements for Wells. This includes classifying our wells based on a risk matrix, conducting annual field inspections and abandoning wells when required.

In 2019, Birchcliff entered the area-based closure ("ABC") program. The ABC program encourages oil and gas licensees to work together to decommission, remediate, and reclaim their energy infrastructure and sites. The voluntary program benefits industry by reducing the cost of closure activity—pilot programs have shown cost savings of up to 40% and it benefits operators and Albertans by reducing the liabilities associated with inactive sites.

Since the commencement of our reclamation program in 2006, we have received 32 reclamation certificates and we are currently moving numerous sites through the various phases of our reclamation process.

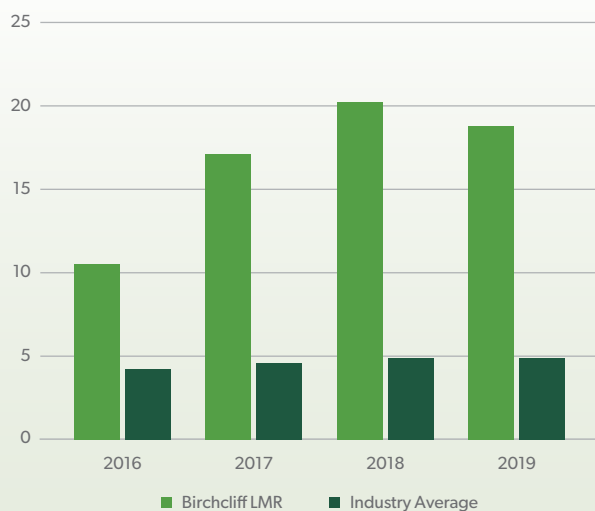
Liability Management Rating ("LMR") Program

The AER LMR program is the liability management program governing conventional upstream wells, facilities, and pipelines. The liability assessment is a measure of deemed assets to liabilities. It is designed to assess a licensee's ability to address suspension, abandonment, remediation, and reclamation liabilities. The LMR program helps protect Albertans from potential environmental issues and costs associated with the closure of energy projects.

Birchcliff is proud to report that our LMR was approximately 18.7 as of January 4, 2020. This demonstrates that our deemed assets significantly outweigh our deemed liabilities.



LMR Rating (at Year End)



Source: AER Website

BIRCHCLIFF ACHIEVED

18.7 LMR

As of January 4, 2020

INTERVIEW

MAGGIE MALAPAD

Birchcliff Supervisor, Geoscience Technical Data Integration and Analytics

Maggie Malapad believes teamwork, a focus on continuous improvement, and open conversations are key advantages of working at Birchcliff. “We strive to help everyone bring the best of themselves to work,” she confirms. Before joining Birchcliff, first as a Senior Petrophysicist and then transitioning to the geological and geophysical leadership team as a supervisor for the Geoscience Technical Data Integration and Analytics Group, Maggie spent roughly 14 years working internationally and domestically with an oilfield service provider and an energy company.

She explains: “Moving from an individual technical contributor to a leadership role requires a different skillset and mindset. A supervisor must have the ability to focus on details while knowing when and where to step back to look at the big picture. Leaders must be able to help their team members see their own value and inspire them to help each other move the ball forward. With this move to a leadership role, Birchcliff has supported my enrollment with the University of Calgary Emerging Leaders Program – the course selection focusses on leadership and management skills. In addition, Birchcliff has provided me with an opportunity to participate in the leadership coaching program available to our managers and senior executives”.

Talking about Birchcliff’s role in the community, Maggie says she’s proud of several initiatives aimed at providing funding and volunteers to support individuals and empower the community. In 2019, the Birchcliff staff raised over \$100,000 for the United Way of Calgary through the annual giving campaign and associated awareness events and also sponsors YW Calgary’s YWhisper Gala. In terms of helping the community on a very local level, “Recently, we partnered with the Calgary Police Foundation to support resource initiatives in the Calgary area,” she says. This initiative with the Calgary Police Foundation is focused on education, prevention and early intervention with the goal of reduced youth victimization and criminal activity. Birchcliff also organizes an annual volunteer day with Feed the Hungry, where nearly 100 Birchcliff staff members, friends, and family prepare and serve meals to some of Calgary’s less fortunate.

And working at Birchcliff, Maggie says, is all about this teamwork aspect and our goal to support the community.

“

And working at Birchcliff. . . is all about this teamwork aspect and our goal to support the community.

”



WILDLIFE PROTECTION

At Birchcliff, we are diligent in looking for ways to minimize our impact on wildlife and their habitat.

The following measures outline some of our efforts towards protecting wildlife:

- Our multi-well pad drilling has allowed us to increase our production while significantly reducing surface disturbance.
- We conduct wildlife sweeps on proposed developments and the surrounding area to identify important wildlife features.
- When storing flowback or produced water in above-ground storage systems (i.e. C-rings), we install fully-enclosed netting and monitor daily to prevent wildlife from coming into contact with the fluid.
- We install wire fencing and amphibian fencing around the perimeter of our lined water storage reservoirs to prevent wildlife from entering.
- We participate in the Stream Crossing & Aquatic Resource Inventory through Woodlands North with other operators in a collaborative effort to assess and mitigate structural risks and threats to fish passage on each of our watercourse crossings.
- From March 1st to November 30th, Birchcliff equips flaring operation sites with additional firefighting equipment to mitigate the risk of a forest fire.



WATER

At Birchcliff, we are committed to responsible water use for all of our operations and minimizing our impact on the watershed.

We recognize the value of water and the importance of preserving the natural environment. Water is used for many of Birchcliff's development activities including drilling, hydraulic fracturing and dust control on roads. We continually look for opportunities to minimize our impact on the watershed and maximize the use of lower quality water and alternative sources.

Birchcliff has a long-term strategy to mitigate risk and minimize impacts associated with water usage. By being proactive, we are able to secure the volume necessary for future development while meeting or exceeding regulatory requirements and ultimately minimizing our environmental impact. Recent water management initiatives include:

Understanding our Watershed

Birchcliff actively monitors the watershed in which we operate to better understand our impact and forecast water availability. We collect flow data, water level data and water quality of various water bodies through both field testing and accessing the Water Survey of Canada database. This information allows us to time water diversions to have the least impact on the watershed.

System of Water Storage Sites

Birchcliff currently has a total of 1,180,000 m³ of water storage at 11 strategically-located sites providing water security and availability for hydraulic fracturing. This storage capacity allows us to divert water from water sources using temporary surface pipelines. Water can thus be diverted to storage sites during periods of high flow conditions which protects the environmental flow needs of the watershed. Birchcliff's water storage sites have also benefited other operators in our areas through providing access to an adequate supply of source water for their operations.

Since 2017, these measures have effectively removed 35,000 truckloads of water from Alberta roads providing overall emission and cost reduction as well as safety improvements. The benefits of pumping water through these temporary pipeline systems include reduced vehicle emissions, reduced landowner disturbance and reduced traffic. In addition, many safety benefits have been realized through the reduction of tank trucks entering and exiting a location, which minimized hazards relating to water delivery.



Birchcliff's 10-27 water storage reservoir stores 135,000 m³ of fresh water transferred from multiple sources during spring freshet.

Alternative Water Source Development

Birchcliff has a 10-year term water license on three non-saline, non-potable water source wells on our 4-8-77-12W6 pad which produce a combined 994 m³/day. With the construction of an adjacent water storage reservoir in 2018 the wells have provided Birchcliff with over 140,000 m³ of a sustainable alternative to sourcing quality surface water.

Industry Collaboration

Birchcliff has engaged in several forms of water sharing activities with other companies in our operating areas. We are active in the Alberta Montney Water Operators Group which is an industry collaboration where companies share information on new technologies and look for opportunities to share water.

BIRCHCLIFF USES

42% less water to produce one boe of production

Industry average is 0.52/bbl/boe

Source: AER, 2018

Water Use Efficiency

According to the AER's Industry Water Use Performance data for hydraulic fracturing, Birchcliff's water use intensity is 0.30 bbl/boe compared to the industry average of 0.52 bbl/boe. This effectively means that Birchcliff used 42% less water to produce one boe than the average of other operators with hydraulic fracturing operations in Alberta.

◀ LOOKING BACK

- We conduct annual reviews and updates of our HSE programs. These programs incorporate Birchcliff's high standards of business with the latest occupational, health and safety ("OHS") requirements.
- We adjusted our requirements for our contractors through our Contractor Management System, allowing for small contractors Total Recordable Injury Frequency to be evaluated on a case-by-case basis.
- We maintained awareness and tracking of leading indicators, such as positive observations, hazard recognition and near hit reporting. In 2019, we saw an increase in positive observations by 235%.
- We trained employees on and put into practice Birchcliff's Safety Leadership program, ensuring cultural alignment and consistency when it comes to safety throughout the organization.
- We continued our formal investigation training program, training our production operations Joint Health and Safety Committee ("JHSC") members, our operations superintendents, operations managers and our field leadership.
- As a result of a field request made through our JHSC to create a Safety Recognition Program to promote safety awareness and to reward individuals who are "heroes", demonstrating safe behaviour or contributing to the safety of the Company. It is an acknowledgement of individuals that go "over and above the call of duty" to promote safety on a daily basis and who are always looking to grow Birchcliff's safety culture.

LOOKING FORWARD ▶

- Birchcliff continues to manage our Certificate of Recognition ("COR") action plan items. This is an opportunity to continue to develop, grow and manage our Health and Safety programs.
- We continue to look for and implement new technology and initiatives that result in a better prepared and trained workforce.
- Birchcliff will focus on the development of our injury management and modified/return to work program. We will take the existing policy and expand it into more robust programs including a safe work practice and standard operating procedures for both workers and supervisors. This work system will provide any injured worker with instructions, support and peace of mind to assist in their recovery.
- Birchcliff continues to be engaged with Energy Safety Canada ("ESC") and their industry leading initiatives. Birchcliff HSE Representatives will be working on the Supervisor Competency Task Group and sitting on the Safety Data Committee. Dave Humphreys, Birchcliff VP Operations, sits on the ESC Board of Directors as well as the Standards Safety Council.

Birchcliff continues to be committed to supporting and improving upon a culture of unconditional dedication to safety.

Birchcliff is committed to constantly growing and improving its HSE programs and conducting its activities in a manner that safeguards its employees, contractors, representatives, the environment and the public at large.

Birchcliff has a dynamic program to monitor and comply with health, safety and environmental laws, rules and regulations applicable to our operations. Birchcliff’s corporate policies require operational activities to be conducted in a manner which meets or exceeds regulatory requirements and industry standards to safeguard the environment and protect employees, contractors and all stakeholders.

MANAGING EMPLOYEE SAFETY

Management, supervisors, employees and others engaged on our behalf are all responsible and accountable for the overall health, safety and environmental program requirements and performance at Birchcliff.

All employees and contractors on Company worksites are required to follow all health, safety and environmental rules and procedures, and are required to participate in pertinent health and safety training. Birchcliff promotes practices to proactively improve safety performance.

We encourage employees, contractors and stakeholders to participate in these practices to support us in creating a culture of continuous improvement and unconditional dedication to safety.



VP Operations, Dave Humphreys, talking to front line workers during 2019 safety stand down.

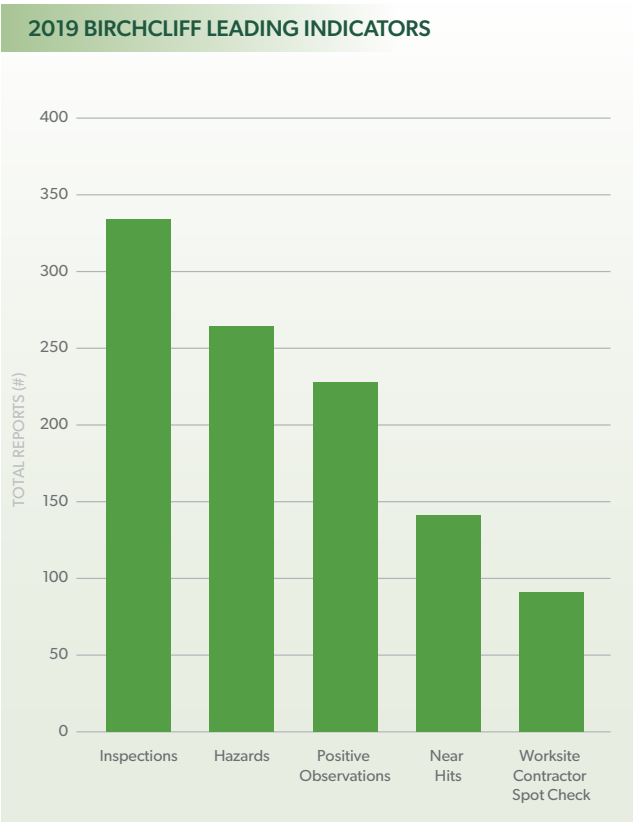
EMPLOYEE TRAINING

As our people are our greatest asset, Birchcliff has developed a very thorough training matrix for all employees. This matrix is based on the individual’s job scope and developed through the evaluation of the risk and hazards of their role. With this matrix we can ensure that our employees have the training and knowledge required to complete their job safely and effectively.

LEARNING AND INCIDENT MANAGEMENT SYSTEMS

Birchcliff’s learning management system (“**LMS**”) and incident management system (“**IMS**”) have been developed and maintained to help ensure consistent and efficient reporting. The LMS tracks the development and training for our employees. This system houses a series of training programs, tracks training certificates and supports competency management.

The IMS program allows us to better categorize, track and conduct trend analysis for incidents, near hits, hazard identifications and positive job observations.





Birchcliff Operations Leadership and HSE team accepting the Silver award for Canada's Safest Oil and Gas Employer.

CANADA'S SAFEST EMPLOYER AWARD

Launched in 2011, Canada's Safest Employers awards is presented by Canadian Occupational Safety magazine. The awards recognize companies from across Canada with outstanding accomplishments in promoting the health and safety of their workers. The awards boast 10 industry-specific categories, ranging from health care to mining and natural resources. Companies are judged on a wide range of occupational health and safety elements, including employee training, OHS management systems, incident investigation, emergency preparedness and innovative health and safety initiatives.

In 2019, Birchcliff was awarded the Silver award for Canada's Safest Oil and Gas Employer. This category is designed to recognize an employer within the oil and gas industry that has an exemplary health and safety record. Entrants must explain how they ensure the health and safety of anyone who has access to or works on or off their premises or facilities.

CERTIFICATE OF RECOGNITION

Birchcliff continues to support the Alberta Partnership in Injury Reduction. In 2020, we will be completing an external audit for Alberta's COR Safety Program through the Alberta Association for Safety Partnerships. Birchcliff has maintained its COR certification since 2011. A COR is awarded to employers who have successfully developed and implemented a health and safety program that meets provincial standards. To maintain good standing, Birchcliff's HSE Management Program is internally audited annually, with an external audit conducted every 3 years.

HEALTH AND SAFETY INDUSTRY ENGAGEMENT

In 2019, Birchcliff was instrumental in the creation of a Health and Safety Committee for the Explorers and Producers Association of Canada ("EPAC"), and a Birchcliff representative has taken on the role of Committee Chair.

This committee's primary responsibility is to support the information flow and direction for EPAC members. The committee discusses health and safety issues and makes recommendations to EPAC members and its stakeholders about ways to prevent incidents, injuries, and illness. This also includes discussion about upcoming issues and trends throughout our industry, members and peers.



VP Operations, Dave Humphreys, engaged with the field production team during 2019 safety stand down.

COMMUNICATING HEALTH AND SAFETY MESSAGES

Safety messages are communicated from the top down at Birchcliff. Each staff meeting is closed out by Birchcliff's President and CEO reminding everyone to be safe.

In the field, teams from our core operating areas meet on a monthly basis to discuss topics that impact the health and safety of the workplace. This includes reviews of safe work practices, elements of our emergency response plan, and incident reviews.

Our field leadership team meets quarterly to review HSE performance, new initiatives and upcoming regulatory changes.

At a corporate level, semi-annual meetings are held in our head office to review our HSE program and performance, as well as bi-monthly Operations HSE management meetings, which discuss Birchcliff's related HSE positive observations or concerns by department.

Birchcliff has both a corporate and field JHSC. Both of these committees meet on a bi-monthly or quarterly basis to discuss pertinent health and safety related issues. These committees have already had great success with opportunities such as the Safety Recognition Program.

INCIDENT REVIEWS

Incidents, near hits and proactive positive observation reports are communicated throughout the field and operations teams. Significant incidents are reviewed weekly with the Executive Team and when required, safety bulletins are sent to the field. Through this process, we continue to look for opportunities and corrective actions to reduce potential for future incidents.

INTERNAL HSE PERFORMANCE TARGETS

HSE goals are included in the annual performance review process for operations personnel. These goals include: HSE meeting attendance, leading indicator reporting, inspections and contractor spot checks. Birchcliff believes that these goals will help increase awareness, which will in turn help create a safer workplace.

SAFETY STAND DOWN

Every year, members of our Executive and Management Teams visit the field and meet with front-line workers to discuss the importance of health and safety. This effort supports our workers and helps outline Birchcliff's health and safety expectations.



IMPROVING CONTRACTOR SAFETY

Birchcliff has implemented a very comprehensive contractor management system in alignment with our HSE management program. This ensures all contractors working for Birchcliff not only have valid insurance and Worker's Compensation Board clearance, but also meet or exceed all governmental regulations and Birchcliff standards, including the requirement for contractors to maintain their COR. Birchcliff holds a Joint Contractor HSE meeting semi-annually with our key vendors to ensure each contractor is aware of and meeting Birchcliff HSE requirements. Significant incidents are discussed to mitigate reoccurrence, Birchcliff expectations are reiterated and any upcoming changes to work or regulations are reviewed.

Birchcliff has been a continuous supporter of Energy Safety Canada's Common Safety Orientation ("CSO"). We have embraced the CSO and have required that any employee traveling to the field must have a valid CSO certificate. All contractors working on a Birchcliff site are required to have the CSO training.

CONTRACTOR REGISTRY

Birchcliff requires all of our contractors to register with a third-party safety data management program, ComplyWorks. This system allows us to consolidate all contractor information into one system. This also helps support constant messaging of performance from our contractors to us, as well as our expectations for HSE requirements. All contractors are also notified of Birchcliff's safety requirements when they receive their onsite safety orientation. All changes to these requirements or any safety related updates are sent out via email through ComplyWorks.

EMERGENCY PREPAREDNESS AND RESPONSE

Birchcliff has developed an extensive emergency response plan ("ERP") in conjunction with local authorities, emergency services and the communities in which we operate, in order to be prepared to effectively respond to an emergency should it arise. We rigorously conduct emergency response exercises and training for our staff that far exceeds regulatory requirements. Birchcliff's ERP includes all areas of business, including environmental spills/releases, injuries, area resident concerns, security issues, rig blow outs or acts of nature. Regulatory bodies are invited and encouraged to participate in these training sessions, to ensure a cohesive relationship between Birchcliff and our regulators, in the unlikely event of an emergency.

All key responders that may be involved in an emergency have the ERP app on their mobile device, which includes access to the full ERP. All field staff have access to the ERP as well as a quick reference guide.

To ensure all new employees are trained on and informed of updates to the Company ERP, sections of the ERP are reviewed at monthly field safety meetings. Birchcliff holds full mobilization exercises and tabletop communication exercises annually as continuous training, even though full-scale exercises are only required to be conducted every three years.

Executives and management have Incident Command Structure training on various roles and participate in ERP exercises. Birchcliff holds role specific training in the field, including roadblock training, reception training and man-down exercises.

Management along with HSE and field staff are involved in the annual update of the ERP.

Birchcliff holds full mobilization exercises and tabletop communication exercises annually as continuous training, even though full-scale exercises are only required to be conducted every three years.



Birchcliff operators conducting realistic emergency response exercise.



Drilling teams conducting their emergency response exercise.

ASSET INTEGRITY

Pressure Equipment

Birchcliff follows the requirements of the pressure equipment rules regulated by Alberta Boilers Safety Association ("**ABSA**"), and is committed to the safe design and operation of all of its pressure equipment. Through our employees, contractors and our Pressure Equipment Integrity Management ("**PEIM**") program, Birchcliff exercises every reasonable effort to ensure that our pressure equipment is safe to operate and that our operating practices reflect our commitment to safety and to continually improve the program's effectiveness. Our PEIM program is reviewed by ABSA on a regular basis and our performance continues to be ranked high compared to our peers. This is due to our effective planning of required inspections and training of our personnel – driven by our highly involved senior management team.

Pipelines

Birchcliff designs, installs and operates pipelines in such a way as to maintain the value of its pipeline assets, to protect people and the environment, and to ensure compliance with the regulatory requirements (primarily CSA Z662). Birchcliff currently has 716 licensed pipelines ranging in size from 33 mm (1.5") up to 406 mm (16") with a combined total length of 1,242 km. The risk profile for each pipeline segment is evaluated on a continuous basis using current corrosion monitoring data to identify any potential risks to the system and to ensure the network has adequate protection. Additionally, all operational and integrity related aspects for every pipeline are formally reviewed by a team of Birchcliff engineers, operators, and other technical experts at annual pipeline integrity review meetings. In the last three years, Birchcliff has produced a total of ~2.85 million m³ (17.95 million barrels) of combined produced water, oil, and condensate liquid volumes through our pipeline systems without any liquid leakage from pipelines.



New Birchcliff pipeline waiting for installation.

INTERVIEW

JESSE HAINES

Contract Health, Safety and Environment Advisor

Jesse Haines was a contractor with a set job when he first started at Birchcliff. Now, he's moved into the role of an HSE Advisor. "You don't feel like a contractor here. You get the same opportunities as a lot of the employees. They want to set you up for success," he says.

From involvement in a lot of decision making to everyone pulling in the same direction to meet goals, Jesse states, Birchcliff's positive interdependent culture makes it a great company.

Jesse also mentions how CEO Jeff Tonken and VP Operations Dave Humphreys know everybody by name and take the time, once a year, to meet with the contractors that are onsite and update them as to where Birchcliff's at. "The communication from upper management to the boots on the ground makes for an incredibly unique workplace here," he says, "They are people you can sit down and talk with like you would at the dinner table with your family."

As Birchcliff has grown over the years, the safety culture has evolved with it. "We're constantly striving to achieve a higher level of safety out here," he says. He emphasizes the fact that Birchcliff pays close attention to the environmental side.

Being a very community oriented business, Jesse says, "Donations are a big thing at Birchcliff. We're a large supporter of the STARS Air Ambulance. We donate time and items around 70-80 times a year. And I like that approach."

Birchcliff supports the industry, fellow workers, and the community. To sum it up in one statement, Jesse says, "I think of it as being proud to work for a company that has the same views of society as I have."

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The communication from upper management to the boots on the ground makes for an incredibly unique workplace here. They are people you can sit down and talk with like you would at the dinner table with your family.

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COMMUNITY INVOLVEMENT



Birchcliff purchased and installed a new playground in the Bay Tree community.

◀ LOOKING BACK

- Birchcliff was integral to the establishment of the Wapiti Area Synergy Partnership and continues to be an ongoing supporter of its initiatives.
- We partnered with the County of Saddle Hills, entering into a road monitoring agreement that monitors speed on several public roads used extensively in our operations. We have also partnered on an annual dust control program with the County on roads where there are traffic impacts to local residents.

LOOKING FORWARD ▶

- Birchcliff will continue to maintain strong working relationships with local communities and support initiatives which promote education, employment and cultural preservation.
- Birchcliff continues to contribute to a number of local community initiatives that elevate and enhance quality of life at the local level, including minor hockey and other amateur sports, local schools, agricultural societies, fire departments and other emergency services.

Fostering a strong relationship with the community and our stakeholders is as integral to the success of our projects as obtaining the required regulatory approvals. At Birchcliff, cooperative, sincere and responsive consultation efforts with stakeholders in the areas where we operate create a solid foundation for our business. Birchcliff has an experienced team working with local stakeholders to learn their values and priorities and to resolve any issues or concerns that arise in the course of our field operations.

Examples of Birchcliff's ongoing commitment to community social responsibility include the following:

SUPPORT TO LOCAL COMMUNITIES

We empower our field staff to make the decisions regarding their community. Our employees are local to the area and part of the community, it is important for us to fund and support local community projects. In addition to our corporate funding we maintain a fund managed by our field staff to provide support to local groups and organizations within our operating area.

In 2019, Birchcliff provided a memorial in the Bay Tree Community Park in honour of a local resident and former Birchcliff employee, Bob MacLean. A plaque was mounted on the memorial as a reminder to the contributions that Bob made in the community and a ceremony was held to officially open the park. The previous year, Birchcliff donated \$25,000 along with labour, for construction of the local play park.

United Way of Calgary and Area

Birchcliff holds an annual fundraising campaign for the United Way of Calgary and Area. In 2019, Birchcliff raised \$105,272 for the organization and has raised a total of \$1,358,604 since fundraising began. Each year, Birchcliff chooses a specific campaign to raise funds for and in 2019, Birchcliff chose the Calgary Police Foundation ("CPF"). The CPF is an organization whose purpose is "safe kids, safe families, safe Calgary." They are an independent and unique resource for fostering community partnerships by funding initiatives to ensure the delivery of effective education, early intervention, and prevention for youth.



Birchcliff and STARS employees at Birchcliff's annual STARS Golf Tournament.

STARS Golf Tournament

As of December 31, 2019, Birchcliff has donated \$1,376,713 to STARS Air Ambulance in Grand Prairie. We host an annual golf tournament to raise local awareness and funds for STARS Air Ambulance through donations and a silent auction. In 2019, this tournament, along with matching funds from Birchcliff, raised \$165,337.

Birchcliff has also committed \$500,000 over the next 5 years to help replace the current STARS fleet of helicopters. This donation will enable STARS to purchase nine new Airbus H145 helicopters which offer the latest in safety, technology and avionics to result in significantly increased safety measures, reduced crew fatigue, fuel efficiency and increased coverage area with overall cost savings, all the while upholding STARS life-saving mission. Birchcliff is committed to ensuring that STARS will remain in operation as it is a vital health link for the remote communities in which we operate.



The following is a list of the organizations within our operating areas that we provided funding to in 2019:

ORGANIZATION	PURPOSE
Benefit for Jaspar Dokken	Silent Auction Item
Big Brothers Big Sisters of GP	Sponsorship Level – Volunteer Voice
Bezanson School Booster Club	Supporter of Playground
Bonanza Ag Society	Bonanza Fair
Bonanza Fire Dept	Firemen's Dinner Event – Prize
Bonanza School	Spring Bingo prizes
Central Peace Firefighter's Assc	Bronze Sponsorship
Central Peace Oilmen's Golf	Golf Tournament Sponsorship
Dawson Creek Choral Society	2019-20 Fundraiser
Dawson Cr Elementary Curling Club	Prizes for Bonspiel
Dawson Creek Minor Hockey	Atom Development Sponsorship
Dawson Creek Minor Hockey	Learn to Play
Dawson Creek Slow-pitch League	League Entry fee
Grande Prairie CSHM	Methane Sponsorship
In the Woods	Animal Shelter Equipment
Notre Dame School	Playground Fundraiser
Pirouetting Parents Dance Society	Silver Sponsorship
Rycroft Agricultural Society	Race the 8 – Silver Sponsorship
Rycroft Rage Men's Baseball	Ball Diamond Sponsorship
Savanna Ag Society	Fall Fair Sponsorship
Savanna Renegades Hockey Team	Entry/Bus Fee for Tournament
Savanna Renegades Hockey Team	Entry Fee/Safe Bus
Savanna School	Yearbook Silent Auction Item
Shriners Care for Kids	B.C. and Yukon Child Services
Sorrentino's Compassion House	Golf Tournament Sponsorship
Spirit River Curling Club	Prizes for Oilmen's Classic
Spirit River Curling Club	Spring Break up Dine and Dance
Spirit River Kinettes	Hole in One Golf Sponsorship
Spirit River Regional Academy	Quebec Trip
South Peace Oilmen's	Silent Auction Item
St. Marie School	School Book Donation
Wanham Plowing Match	Bronze Sponsorship
Wings of Hope	Annual Luncheon fundraiser



Safety In Schools

We have collaborated with the Safety in Schools program to fund free workplace safety training to Alberta high schools. Safety in Schools Foundation is a registered non-profit organization committed to providing young workers across Canada with the opportunity to learn the basics about workplace safety. We are committed to helping Alberta's youth get ready to work safely and avoid becoming a statistic.

Local Municipalities

We partnered with the County of Saddle Hills communities to address traffic issues related to our activity, and have proactively implemented a program to monitor and control traffic.

Calgary Community Initiatives

We maintain a fund to provide support to Calgary and the surrounding area. Our 2019 corporate donations and sponsorships totaled over \$800,000. This fund is managed by the Executive team and is allocated at their discretion.

Annually, Birchcliff staff members participate by volunteering a day of their time for Feed the Hungry held at St. Mary's Hall in Calgary on Sundays. In addition, our staff is active in supporting the communities and organizations that matter most to them.

FIRST NATION GROUPS

Birchcliff's activity is focused in the Peace River Area of Alberta, which is within the traditional area occupied by the Treaty 8 First Nations members and by the Metis people. Birchcliff recognizes and respects these Indigenous groups, their rights and their culture. Much of our activity takes place upon unoccupied crown lands that are administered by the Province of Alberta. Birchcliff is committed to open, honest and straight forward communication with the Indigenous groups who have been formally recognized as having rights within the areas in which we operate. Currently those groups include Horse Lake First Nation, Duncan's First Nation, East Prairie Metis Settlement and Gift Lake Metis Settlement.

We provide support to these communities and their ventures to enhance their human, economic and cultural development. Our support is aligned with several of their key philosophies and based upon the principle that all individuals should be treated fairly and with respect.

This principle includes the belief that the success of our children and future generations is critical. For this reason, we are strong supporters of education initiatives, from early childhood programs, programs that support adolescents, post-secondary courses, upgrading and equivalency programs and trade and technical training programs.

We believe that everyone should be aware of and proud of their culture and heritage. We support many cultural events including round dances, formal events such as Treaty 8 Days and cultural camps which bring youth and elders together for traditional learning and sharing opportunities.

Communities are most successful when their members drive the programs. We look to community members to set goals and take the initiative to plan, prepare budgets, submit the request for support and organize their events.

We have long standing agreements with the key Indigenous communities in our operating areas. We are proud of the good relationships we have with these communities and the reputation we have worked hard to build and maintain. We believe that our actions must always speak louder than our words.

Through our agreements with Indigenous groups, we make funds available on an annual basis for the purpose of supporting education, cultural and economic development initiatives. In 2019, Birchcliff supported various initiatives with the Indigenous groups totaling over \$120,000 and as of December 31, 2019, have provided just shy of \$1,000,000.

Birchcliff believes that consultation is a two-way street with the Indigenous groups, and the relationships that we have built with the communities is a testament to that.





Birchcliff employees at the 2019 Horse Lake First Nation Career Fair.

Summer Student Program, Duncan's First Nation

In partnership with Duncan's First Nation, Birchcliff is the sole sponsor of an on reserve summer student program. The continued focus of this initiative supports student success while providing students with meaningful community experiences that create and enhance understanding of Nation culture, governance and programs/services. Each year, students, along with a mature coordinator, are given the opportunity to experience working for the Nation in all areas including office administration, band programs and maintenance and community events. Students benefit from earning a wage, learning about their community, and building a variety of skills for different aspects of the band business. Birchcliff has been sponsoring this program annually.

Youth & Elders Camps, Horse Lake First Nation ("HFLN")

Birchcliff sponsors a week of camping at Pink Mountain in British Columbia for HFLN youth and elders. This event is a terrific opportunity for the youth and the elders to connect as they gather together in a traditional setting. Traditional knowledge and skills such as hunting, medicinal plants, language and stories are shared and relationships are strengthened.

This type of sharing builds close relationships between the young and the old and helps the youth to understand their cultural heritage. Birchcliff has been the sole sponsor of this event, which has been held six times since 2013. This has

been a very successful program with positive results. Birchcliff plans to continue sponsorship of this event in the years to come.

Career Fair, 2019

Each year the HFLN hosts a career fair. They invite their members, the community at large and all the high school students. HFLN kids attend the public high school in Beaverlodge. Several of our field personnel and drilling staff spent the afternoon discussing various careers in the energy industry with the students.

Other Community Projects

- Scholarships for advanced education: In 2019, Birchcliff provided \$15,000 in scholarships and bursaries to Indigenous students. Since 2009, Birchcliff has provided over \$220,000 in educational funding to Indigenous students.
- Training sessions on reserve: Life skills training.
- Youth Employment, Knowing Your Spirits Conference, Youth Recreation Room and Graduation Recognition Awards: In 2019, Birchcliff provided over \$46,000 for these programs.
- We provide employment opportunities to band members and hire band owned businesses where possible. Several of these companies have become a contractor of choice.

INTERVIEW

EUGENE HORSEMAN

Former Chief of Horse Lake First Nation

Eugene Horseman, former Chief of the Horse Lake First Nation, has been working with Birchcliff for 12 years.

Things weren't easy when the Nation first began working with Birchcliff. Eugene explains: "... the elders were really against the development of oil and gas. But because Birchcliff is such a willing company to explain how they provide to the community in several ways, things have improved over the years."

Today, Birchcliff partners with the community by offering employment and education opportunities. "Through things like fluid hauling, they're creating a lot of employment for the community, which is great, because there's a lot of unemployment here. The CEO has even told the kids that the company would sponsor groceries if they wanted to come to Calgary for work or any new studies. Education and employment to me are the long-term goals that Birchcliff really strives for," he says.

Speaking about Birchcliff's approach and relationships with Indigenous groups as compared to other similar companies the Nations work with, Eugene says, Birchcliff always goes above and beyond. He says, "They provide funding for environmental monitoring so we can make sure they aren't impacting any of the sacred sites, like unmarked burial grounds, that are meaningful to First Nations. They're great in that way."

Eugene also describes the role CEO Jeff Tonken and Andrew Fulford, Birchcliff's Manager of Surface Land, have played in building this relationship. "They take their job very seriously. And they're two individuals that stand out for me when I think of Birchcliff, so I give them credit for the kind of relationship we have. They've been outstanding, and we're very grateful for that."

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They provide funding for environmental monitoring so we can make sure they aren't impacting any of the sacred sites, like unmarked burial grounds, that are meaningful to First Nations. They're great in that way.

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Ryan Gugyelka, Andy Fulford and Eugene Horseman.

EMPLOYEES



President and CEO, Jeff Tonken (second from left), with Birchcliff field leaders and Calgary office personnel during the 2019 safety stand down.

◀ LOOKING BACK

- Support lifelong health and wellness of staff through our benefits programs, fitness & wellness policies, lunch & learn programs focusing on all aspects of health and wellness, as well as numerous other initiatives.
- Support our employees through actions, processes and programs while strengthening our Company values, culture, vision & mission.

LOOKING FORWARD ▶

- Committed to recognizing and encouraging the value of diversity in the workplace.
- Birchcliff employees, managers and executives pursue a rigorous annual review of goal setting, achievement review, department and corporate analysis regarding our best asset: our employees.
- Continued investment in our employees via training and learning opportunities.
- Continue to hold corporate functions and family events to further strengthen our corporate culture.
- Continued support of the Birchcliff Equality and Advocacy Committee.

Birchcliff has a strong record of success, built on our core belief that outstanding people, combined with a great corporate culture, creates a winning environment. Birchcliff has exceptional assets, a strong balance sheet and a well-defined future plan to continue growing our Company through the drill bit. Our success is directly attributed to the contribution of every member of our team working together to increase shareholder value.

The following initiatives are helping us achieve great success in employee excellence:

Internal Mentoring Program

A formal mentorship program was launched in 2019 with the goal of continuing to build our strong corporate culture through the exchange of skills, knowledge, experience and best practices. The program is facilitated by an external consultant and aims to continuously improve cross-discipline knowledge transfer, helping senior employees and people leaders in our Company to designate time to share valuable life and business skills with junior employees.

This program helps foster a strong unified team and helps develop leadership skills. This also increases our internal talent and maintains employee engagement.

Birchcliff Equality and Advocacy Committee ("BEAC")

BEAC was formed in 2019 with the goal of providing a safe forum for women employed by Birchcliff to participate in a critical analysis of issues affecting women in the workplace and beyond. The committee has a mandate to advocate for women's initiatives, equality and leadership, by providing inclusive and meaningful support, mentorship, education, volunteer and team building opportunities.

Employee and Family Education

Education funds and time off

All employees are encouraged to participate in seminars, courses, and conferences to enhance their knowledge and skills that relate to Birchcliff's business. If an employee has a professional designation, Birchcliff will provide them with the support necessary to remain in good standing with their governing organization.

Managers and supervisors are encouraged to actively review the development of those reporting to them, with a goal of aligning the training and education of employees with Birchcliff's corporate goals.

Birchcliff will pay for approved training and provide employees with time off to attend training and educational development. As guidance, we expect 5-10 days per year of education and training per employee.

Scholarships

To encourage and promote higher education, the Birchcliff Scholarship Program awards up to \$6,000 per year per student for employees of Birchcliff whose dependent children are enrolled in an accredited educational institution as full-time students.

Operator Progression Training Program



Our field leadership team created a progression guideline for our field staff. This provides a better understanding of where each staff member sits within our matrix, as well as creates a road map for advancement within the organization. The road map ensures our field operators know what is required of them regarding their education and accreditation for them to pursue a progression in their careers within our Company.

Birchcliff offers additional operator progression training through the Southern Alberta Institute of Technology through online courses such as Production Field Operations, Gas Production Operations and Power Engineering. All courses are paid by our Company and employees that complete their certifications are awarded with a bonus payment. This ensures our field operators have all the means they need to complete the certification they seek.

In the first year of the program, 10 operators completed their certifications and received their award, and another 10 operators are just months away from completing their courses.

Supported Education Taken On Your Own Time

Birchcliff encourages further education and may financially assist employees with educational courses taken on weekends, evenings or during their vacation time. As guidance, Birchcliff may fund educational initiatives that would assist them in better understanding Birchcliff's business or help them transition to a different role in Birchcliff's business.

AM Round Up

A daily internal newsletter created by our investor relations team is sent to the entire Company each morning. This is a morning summary of oil & gas industry highlights and includes relevant commodity price and market updates. This communication keeps employees engaged in industry activity, educates and provides up-to-date information on market trends in an effort to keep employees informed of relevant information related to our Company and the industry.

Lunch & Learns

We strive to utilize both third party and internal sources to present information on department functions, general information, directives and/or new technologies. This allows employees or departments to educate other coworkers on their job functions. This initiative creates a greater understanding and team building between coworkers and departments. It creates a huge sense of respect, involvement and support at Birchcliff. The lunch gatherings are also a great opportunity for Company-wide bonding of our employees between departments.

Service Awards

Birchcliff recognizes employee commitment and loyalty towards our Company by awarding employees who complete 5, 10 and 15 years of service with service awards.

Giving Back

On many occasions during the year Birchcliff sponsors programs and encourages staff to give back to the community. Some of the examples Birchcliff is involved in every year are: United Way campaign, backpack program/sandwich making for the Drop-In Centre, Feed The Hungry, Christmas Family Hamper Program, the Calgary Police Foundation, Momentum, Kids Up Front, and STARS Air Ambulance.

Bench Strength

As an intermediate-sized company, cross training is a key component of our success. At times there are fluctuations in work activities and projects. Having employees trained in other areas allows us to move an employee from one team to another team with efficiency, without business interruption, to better handle different workloads and allow for career development.

Annual Performance Review

During the fourth quarter, employees are asked to pursue self-discovery and analysis by reviewing their year's goals, successes, changes, personal development and deficiencies to internally optimize and understand their contribution



2019 Birchcliff Calgary staff photo

to Birchcliff's success. Each employee's supervisor then takes the time to constructively consider the employee's contribution and achievements to evaluate and mentor them in the required direction to achieve both individual and corporate goals.

All employees provide feedback related to the corporate environment and their personal goals. The objective and benefit to this process is it gives employees a forum to address their accomplishments, as well as provide constructive feedback to their supervisor and the Executive Team.

Employees receive feedback for past performance and help set the goals that will guide their work towards the coming year.

Additional Employee Health & Wellness Development

We support and encourage lifelong health and wellness of our staff. We believe wellness is an active process and aim to help our staff become more aware of, and make choices toward a healthier existence. Our health and wellness programs are designed to help achieve a state of well-being by providing services focused on the promotion and maintenance of good health.

Health Benefit Package

Birchcliff aims to provide the best health benefit package available to our employees. This is provided by an industry leading, top-of-mind health care provider. The group benefits provide coverage for health, dental and vision costs for each employee and includes coverage for their spouse and eligible dependents. In addition to the healthcare coverage, Birchcliff offers a yearly Healthcare Spending Account for employees and their families for any expense not covered by their health package.

Company Matching Savings Account

Thinking of our employees' personal finances, Birchcliff offers a Company matching savings account, where Birchcliff will match the contribution made by the employee to their own and personal investment of choice, up to a maximum percentage. This investment has no attachments and can be directed by the employee to, as an example, a retirement fund, if so chosen.

People Connect

Birchcliff has partnered with People Corporation to offer all our employees with access to People Connect, an online tool that connects our employees to mental health

professionals across the country, in addition to providing all kinds of educational resources. The program includes mental health knowledge forums, videos & podcasts, a mental health assessment tool, video therapy, virtual psychiatric collaboration, and mental health training.

These services provide affordable access to the care employees need, and the professional services are covered under our health care package.

Fitness & Wellness Policy

Employees of Birchcliff are reimbursed a specific amount per calendar year for costs incurred pursuing fitness and wellness objectives. This includes fitness equipment, sports gear, clubs and gym memberships, race registrations, drop-in classes and many others.

Employee and Family Assistance Program ("EFAP")

Birchcliff's employees and their dependent family members have access to a wide range of health and wellness services as part of our EFAP program, included in every employee benefit package.

The EFAP services include counselling and/or life smart coaching, which provides support for a variety of life balance, health and career issues, family care, financial, legal, nutrition, smoking cessation and career and pre-retirement planning.

The counselling services are available in person, by telephone or online and are designed to assist our employees in a supportive, caring and confidential environment through counselling for any challenge.

Policies and Programs

Birchcliff understands employee health and safety comes first and offers a number of policies and programs to ensure the health and wellness of employees and their life work balance. Applied as a group or on a case-by-case scenario, employees have available life insurance coverage, critical illness insurance coverage, short-term disability coverage, long-term disability insurance, amongst others.

PERFORMANCE SUMMARY

	UNIT	2017	2018	2019
REGULATORY COMPLIANCE				
External regulatory inspections	number/year	36	27	21
HEALTH & SAFETY				
Lost time injury frequency – employee	LTI*1 MM/exposure hours	0.0	0.0	2.5
Lost time injury frequency – contractor	LTI*1 MM/exposure hours	1.2	1.0	0.5
Lost time injury frequency – combined	LTI*1 MM/exposure hours	1.2	1.0	0.8
Recordable incident frequency – employee	RI*200,000/exposure hours	0.0	0.0	1.0
Recordable incident frequency – contractor	RI*200,000/exposure hours	0.7	1.1	0.3
Recordable incident frequency – combined	RI*200,000/exposure hours	0.7	1.1	0.4
Fatalities – employee	number/year	0.0	0.0	0.0
Fatalities – contractor	number/year	0.0	0.0	0.0
Number and rate of high-consequence work-related injuries (excluding fatalities) - employee	number/year	0.0	0.0	1.0
Main types of work-related injury - employee	type	n/a	n/a	falls
Number of hours worked - employee	hours	409,752	386,873	443,031
Number and rate of high-consequence work-related injuries (excluding fatalities) - contractor	number/year	1	1	0
Main types of work-related injury - contractor	type	slips and hands	struck by and exposure	hands
Number of hours worked - contractor	hours	3,271,180	1,924,118	2,010,346
ENVIRONMENT⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾				
Direct GHG emissions (scope 1)	tCO ₂ e/year	281,589	317,805	331,636
Direct GHG intensity	tCO ₂ e/boe	0.01135	0.01129	0.01165
Indirect GHG emissions (scope 2)	tCO ₂ e/year	23,021	30,239	37,691
Other indirect emissions (scope 3)	tCO ₂ e/year	n/a	n/a	n/a
Flared gas	tCO ₂ e/year	3,821	3,339	3,389
Reduction of GHG emissions	CO ₂ e/year	n/a	n/a	n/a
Emissions of ODS (ozone depleting substances)	tonnes	0.0	0.0	0.0
Nitrogen oxides (NO _x)	tonnes	570.9	633.4	626.9
Carbon monoxide (CO)	tonnes	1086.7	1235.0	1244.8
Volatile organic compounds (VOCs)	tonnes	317.6	421.8	506.0
Total particulate matter	tonnes	14.8	20.7	11.5
Fresh water withdrawal	m ³ /year	599,448	391,845	461,950
Non-fresh water withdrawal	m ³ /year	77,811	24,868	0
Solid wastes disposed	tonnes	34,432	24,155	26,768
Liquid wastes disposed	m ³	80,944	65,401	71,962
Wells abandoned	wells	4	6	15
Reclamation certificates received	count	8	0	1
Alberta licensee management rating	AER rating	17.1	20.2	18.7
Reportable releases	count	2	1	6
Total volume of releases	m ³	114.9	2.3	8.8
WORKFORCE				
Female permanent employees	percent	34	32	28
Female management	percent	4	5	5
Female senior leadership	percent	0	0	0
Voluntary turnover	percent	8	12	8
Full-time employee workforce	count	172	185	202
Part-time employee workforce	count	6	6	6
Full-time contractor & temporary workforce	count	27	27	21
COMMUNITIES				
Scholarship awards	\$	204,000	171,000	159,000
Community investment	\$	910,702	1,316,694	1,505,783
ECONOMIC				
Average daily production	boe/d	67,963	77,096	77,977
Petroleum and natural gas revenue	\$000s	556,942	621,421	613,559
Royalties – percent of sales (after transportation)	percent	6	7	6
Total capital expenditures	\$000s	276,125	298,018	300,246
Operating expense	\$/boe	4.45	3.52	3.09
General & administrative expense (net)	\$/boe	1.07	0.87	0.94
Net income (loss)	\$000s	(46,980)	102,212	(55,392)

1. Gases include in Scope 1/2/3 calculations: CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃.

2. Source of Emission Factors and Global Warming Potentials used in calculations: All Emission Factors used for Scope 1/2/3 emissions, ODS, Nitrogen Oxides, Sulfur Oxides, Other Significant Air Emissions, and Biogenic Emissions are provided by the Canadian Association of Petroleum Producers (CAPP), Canada Energy Regulator (CER), Environment Climate Change Canada (ECCC), and Alberta Environment and Parks (AEP).

3. Standards, methodologies, assumptions used in calculations: All Standards, methodologies, and assumptions used for air emission calculations are provided by the Canadian Association of Petroleum Producers (CAPP), Environment Climate Change Canada (ECCC), and Alberta Environment and Parks (AEP).

4. GHG trades: All emission figures have excluded GHG trades from the calculation of direct (Scope 1) and indirect (Scope 2) emissions.

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ABBREVIATIONS AND DEFINITIONS

2P	proved plus probable reserves	m³oe	cubic metres of oil equivalent
bbl	barrel	MMboe	millions of barrels of oil equivalent
boe	barrel of oil equivalent	Mcf	thousand cubic feet
boe/d	barrel of oil equivalent per day	mm	millimetre
CH₄	methane	MM	millions
CO	carbon monoxide	N₂O	nitrous oxide
CO₂	carbon dioxide	NF₃	nitrogen trifluoride
CO₂e	carbon dioxide equivalent	NGLs	natural gas liquids
e³m³	thousand cubic meters	NOX	nitrogen oxides
FD&A	finding, development and acquisition	ODS	ozone-depleting substance
GAAP	generally accepted accounting principles	PDP	proved developed producing reserves
GHG	greenhouse gas	PFC	perfluorocarbon
HFC	hydrofluorocarbon	SF₆	sulfur Hexafluoride
km	kilometre	tCO₂e	tonnes of carbon dioxide equivalent
m³	cubic metres		

ADVISORIES

CONVERSIONS

Boe amounts have been calculated by using the conversion ratio of 6 Mcf of natural gas to 1 bbl of oil. M³oe amounts have been converted by using a conversion ratio of 6.2898 bbl of oil to 1 m³ of oil. Natural gas is converted using a factor of 0.971 m³oe per e³m³ natural gas. NGLs are converted to m³oe from m³ using the following conversion factors: 0.480 m³oe per m³ of ethane (C2), 0.660 m³oe per m³ of propane (C3), 0.750 m³oe per m³ of butane (C4), 0.800 m³oe per m³ of pentane (C5), and 0.860 m³oe per m³ of condensate (C5+). These conversions follow the “Quantification Methodologies for the Carbon Competitiveness Incentive Regulation and the Specified Gas Reporting Regulation”, version 1.4, published by Alberta Environment and Parks in March 2020. Boe and m³oe amounts may be misleading, particularly if used in isolation. These conversion ratios are based on an energy equivalency conversion method primarily applicable at the burner tip and do not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil and NGLs as compared to natural gas is significantly different from the energy equivalency ratios, utilizing an energy equivalency conversion may be misleading as an indication of value.

NON-GAAP MEASURES

This ESG Report uses “adjusted funds flow” and “total debt”. These measures do not have standardized meanings prescribed by GAAP and therefore may not be comparable to similar measures presented by other companies where similar terminology is used. Management believes that these non-GAAP measures assist management and investors in assessing Birchcliff’s profitability, efficiency, liquidity and overall performance.

For further details on these non-GAAP measures, please see Birchcliff’s MD&A, a copy of which is available on www.birchcliffenergy.com and on www.sedar.com.

OIL AND GAS METRICS

This ESG Report contains metrics commonly used in the oil and natural gas industry, including FD&A costs. 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 shareholders 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 information on how FD&A costs are calculated, please see “Advisories – Oil and Gas Metrics” in Birchcliff’s most recent Annual Report, a copy of which is available on www.birchcliffenergy.com and on www.sedar.com.

RESERVES

The reserves information contained herein are estimates only and are based upon reports prepared for Birchcliff by two independent qualified reserves evaluators, Deloitte LLP and McDaniel & Associates Consultants Ltd., on 100% of Birchcliff’s light crude oil and medium crude oil (combined), conventional natural gas, shale gas and NGLs reserves effective December 31, 2019. Such evaluations were prepared in

accordance with the standards contained in the Canadian Oil and Gas Evaluation Handbook (the “**COGE Handbook**”) and National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* (“**NI 51-101**”). Further information regarding the Company’s reserves, including the uncertainties and variable factors and assumptions on which such reserves estimates are based, can be found in the Corporation’s Annual Information Form for the financial year ended December 31, 2019, a copy of which is available on www.birchcliffenergy.com and on www.sedar.com.

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

FORWARD-LOOKING STATEMENTS

Certain statements contained in this ESG Report constitute forward-looking statements and information (collectively referred to as “**forward-looking statements**”) within the meaning of applicable Canadian securities laws. The forward-looking statements relate to future events or Birchcliff’s future plans, operations or performance and are based on Birchcliff’s current expectations, estimates, beliefs and assumptions. All statements 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”, “expect”, “project”, “intend”, “believe”, “anticipate”, “estimate”, “forecast”, “potential”, “proposed”, “predict”, “budget”, “continue”, “targeting”, “may”, “will”, “could”, “might”, “should” and other similar words and expressions. 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. 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 therefore the forward-looking statements included in this ESG Report should not be unduly relied upon.

In particular, this ESG Report contains forward-looking statements relating to the following: Birchcliff’s plans, operations, focus, objectives, strategies, opportunities, priorities and goals (including statements in respect of continued leadership in ESG in all aspects of Birchcliff’s business and the statement that Birchcliff remains ready to supply the world with clean natural gas for decades to come); innovation (including the statement that Birchcliff continues to look for and develop new technology, systems and processes that will help improve efficiency, reduce our environmental footprint and create a safer work environment and with respect to the development of the technologies supported through NGIF); development of an Environmental Management Program, management of the changing regulatory landscape, air emission reduction initiatives and future generation of EPCs and Carbon Offset Credits, site reclamation (including benefits of the ABC program),

securing water and future water use; Birchcliff’s HSE goals, (including implementation of a new technologies, development of injury management and return to work systems and industry collaboration); local community initiatives, Indigenous relations and community engagement (including participation in the educational scholarship program and future support of STARS operations); and estimates of reserves and FD&A costs. Information relating to reserves is forward-looking as it involves the implied assessment, based on certain estimates and assumptions, that the reserves exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future.

Readers are cautioned that 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. The assumptions on which the forward-looking statements are based and the risk factors and uncertainties that could cause Birchcliff’s actual results to differ materially are discussed under “*Advisories – Forward-Looking Statements*” in Birchcliff’s MD&A. Readers are cautioned that the list of factors contained in Birchcliff’s MD&A 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 the MD&A, Birchcliff’s most recent Annual Information Form and in other reports filed with Canadian securities regulatory authorities.

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

The forward-looking statements contained in this ESG Report are expressly qualified by the foregoing cautionary statements. The forward-looking statements contained in this ESG Report are made as of the date of this ESG Report. Birchcliff is not under any duty to update or revise any of the forward-looking information except as expressly required by applicable securities law.

2019 ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

BIRCHCLIFF ENERGY LTD.

Suite 1000, 600 3rd Avenue S.W.
Calgary, Alberta T2P 0G5
Phone: 403-261-6401

birchcliffenergy.com

