BIRCHCLIFF ENERGY LTD.

Year Ended December 31, 2016

ANNUAL INFORMATION FORM

March 15, 2017

TABLE OF CONTENTS

GLOSSARY OF TERMS

In this Annual Information Form, the capitalized terms set forth below have the following meanings:

"**2015 Resource Assessment**" has the meaning set forth in Appendix A.

"**2016 Resource Assessment**" has the meaning set forth in Appendix A.

"**2017 Capital Program**" has the meaning set forth under the heading *"General Development of the Business – Recent Developments – 2017 Capital Program".*

"**ABCA**" means the *Business Corporations Act,* R.S.A. 2000, C. B-9, as amended.

"**Acquisition Agreement**" means the asset sale agreement dated June 21, 2016 between the Corporation, the Vendor and a wholly-owned subsidiary of the Vendor, as amended, providing for the Gordondale Acquisition.

"**ADOE**" means the Alberta Department of Energy.

"**AER**" means the Alberta Energy Regulator.

"**Annual Information Form**" means this annual information form of the Corporation dated March 15, 2017 for the year ended December 31, 2016.

"**Birchcliff**" or the "**Corporation**" means Birchcliff Energy Ltd.

"**Board**" means the board of directors of the Corporation.

"**Bulletin 16**" has the meaning set forth under the heading *"Risk Factors – Environmental, Regulatory and Political Risks – Liability Management Programs"*.

"**Bulletin 21**" has the meaning set forth under the heading *"Risk Factors – Environmental, Regulatory and Political Risks – Liability Management Programs"*.

"**Charlie Lake Light Oil Resource Play**" means Birchcliff's Charlie Lake formation light oil resource play located northwest of Grande Prairie, Alberta.

"**CLA**" has the meaning set forth under the heading *"Risk Factors – Environmental, Regulatory and Political Risks – Climate Change Regulation – Alberta"*.

"**CLIA**" has the meaning set forth under the heading *"Risk Factors – Environmental, Regulatory and Political Risks – Climate Change Regulation – Alberta"*.

"**CL Regulation**" has the meaning set forth under the heading *"Risk Factors – Environmental, Regulatory and Political Risks – Climate Change Regulation – Alberta"*.

"**COGE Handbook**" means the Canadian Oil and Gas Evaluation Handbook maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter), as amended from time to time.

"**Common Shares**" means the common shares of the Corporation.

"**Concurrent Private Placement**" means the private placement by the Corporation of an aggregate of 3,000,000 Subscription Receipts to The Schulich Foundation at a price of $6.25 per Subscription Receipt for aggregate gross proceeds of $18,750,000, which closed on July 13, 2016.

"**Consolidated Reserves Report**" has the meaning set forth under the heading *"Statement of Reserves Data and Other Oil and Gas Information – Disclosure of Reserves Data"*.

"**COR**" has the meaning set forth under the heading *"Description of the Business – Social and Environmental Policies – Health, Safety and Environmental Programs"*.

"**Credit Facilities**" has the meaning set forth under the heading *"General Development of the Business – Three Year History – 2016"*.

"**CSA Staff Notice 51-324**" means the Canadian Securities Administrators' Staff Notice 51-324 – *Revised Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities*.

"**Current Market Price**" has the meaning set forth under the heading *"Description of Capital Structure – Share Capital – Preferred Shares – Series C Preferred Shares"*.

"**Deloitte**" means Deloitte LLP, independent qualified reserves evaluators of Calgary, Alberta.

"**Deloitte Price Forecast**" means Deloitte's December 31, 2016 forecast price and cost assumptions set out under the heading *"Statement of Reserves Data and Other Oil and Gas Information – Pricing Assumptions – Forecast Prices used in Estimates".*

"**Deloitte Reserves Report**" has the meaning set forth under the heading *"Statement of Reserves Data and Other Oil and Gas Information – Disclosure of Reserves Data"*.

"**Elmworth Gas Plant**" has the meaning set forth under the heading *"Description of the Business – Principal Properties – Birchcliff's Resource Plays in the Peace River Arch – Montney/Doig Resource Play – Elmworth"*.

"**Fractionation Facility**" has the meaning set forth under the heading *"Description of the Business – Principal Properties – Birchcliff's Resource Plays in the Peace River Arch – Montney/Doig Resource Play – Gordondale"*.

"**FT-R**" means firm transportation receipt.

"**GAAP**" means generally accepted accounting principles.

"**GHG**" means greenhouse gases.

"**Gordondale Acquisition**" means the acquisition by the Corporation of the Gordondale Assets pursuant to the Acquisition Agreement which closed on July 28, 2016.

"**Gordondale Assets**" means the petroleum and natural gas properties, interests and related assets primarily located in the Gordondale area in the Province of Alberta, as more particularly described in the Acquisition Agreement.

"**Gordondale Facility**" has the meaning set forth under the heading *"Description of the Business – Principal Properties – Birchcliff's Resource Plays in the Peace River Arch – Montney/Doig Resource Play – Gordondale"*.

"**LLR Program**" has the meaning set forth under the heading *"Risk Factors – Environmental, Regulatory and Political Risks – Liability Management Programs"*.

"**LMR**" means liability management rating.

"**McDaniel**" means McDaniel & Associates Consultants Ltd., independent qualified reserves evaluators of Calgary, Alberta.

"**McDaniel Reserves Report**" has the meaning set forth under the heading *"Statement of Reserves Data and Other Oil and Gas Information – Disclosure of Reserves Data"*.

"**Montney/Doig Resource Play**" means Birchcliff's Montney and Doig formations resource play located northwest of Grande Prairie, Alberta.

"**MRF**" has the meaning set forth under the heading *"Risk Factors – Environmental, Regulatory and Political Risks – Royalty Regimes"*.

"**NGTL System**" means the Nova Gas Transmission Ltd. pipeline system owned by TransCanada.

"**NI 51-101**" means National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*.

“**NI 51-102**” means National Instrument 51-102 – *Continuous Disclosure Obligations*.

“**NI 52-110**” means National Instrument 52-110 – *Audit Committees*.

“**OGCA**” has the meaning set forth under the heading *“Risk Factors – Environmental, Regulatory and Political Risks – Liability Management Programs”*.

“**OPEC**” means the Organization of the Petroleum Exporting Countries.

“**Options**” means stock options to purchase Common Shares.

“**Order**” has the meaning set forth under the heading “*Directors and Officers – Cease Trade Orders, Bankruptcies, Penalties or Sanctions”.*

“**Orphan Fund**” has the meaning set forth under the heading *“Risk Factors – Environmental, Regulatory and Political Risks – Liability Management Programs”*.

“**OWA**” has the meaning set forth under the heading *“Risk Factors – Environmental, Regulatory and Political Risks – Liability Management Programs”*.

“**PC Gas Plant**” means Birchcliff’s 100% owned and operated natural gas plant located in the Pouce Coupe area.

“**Performance Warrants**” means the performance warrants of the Corporation with each performance warrant providing the right to purchase one Common Share at a price of $3.00 per Common Share, which expire on January 31, 2020.

“**PNG**” means petroleum and natural gas.

“**Preferred Shares**” means the preferred shares of Birchcliff as a class.

“**Preferred Warrants**” means the common share purchase warrants of the Corporation with each warrant providing the right to purchase one Common Share at a price of $8.30 per Common Share which preferred warrants expired on August 8, 2014.

“**Previous Framework**” has the meaning set forth under the heading *“Risk Factors – Environmental, Regulatory and Political Risks – Royalty Regimes”*.

“**Prior Deloitte Reserves Report**” means the reserves evaluation prepared by Deloitte with an effective date of December 31, 2015 which is contained in a report dated February 5, 2016.

“**Progress Charlie Lake Light Oil Resource Play**” means Birchcliff’s Charlie Lake Light Oil Resource Play located near Progress, Alberta.

“**Public Offering**” means the bought deal offering by way of short form prospectus of an aggregate of 107,520,000 Subscription Receipts at a price of $6.25 per Subscription Receipt for aggregate gross proceeds of $672,000,000, which closed on July 13, 2016.

“**Reassessment**” has the meaning set forth under the heading *“Legal Proceedings and Regulatory Actions”*.

“**Redwater**” has the meaning set forth under the heading *“Risk Factors – Environmental, Regulatory and Political Risks – Liability Management Programs”*.

“**Regulated Emitters**” has the meaning set forth under the heading *“Risk Factors – Environmental, Regulatory and Political Risks – Climate Change Regulation – Alberta”*.

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval.

“**Series A Preferred Shares**” means the Corporation’s cumulative redeemable preferred shares, Series A.

“**Series B Preferred Shares**” means the Corporation’s cumulative redeemable preferred shares, Series B.

"**Series C Preferred Shares**" means the Corporation's cumulative redeemable preferred shares, Series C.

"**SGER**" has the meaning set forth under the heading *"Risk Factors – Environmental, Regulatory and Political Risks – Climate Change Regulation – Alberta"*.

"**Shareholder**" means a holder of Common Shares.

"**Stock Option Plan**" means the Corporation's stock option plan dated January 18, 2005, as amended and restated on April 21, 2005 and May 15, 2008.

"**Study Area**" has the meaning set forth in Appendix A.

"**Subscription Receipts**" means the 110,520,000 subscription receipts of the Corporation which were issued on July 13, 2016 pursuant to the Public Offering and the Concurrent Private Placement.

"**Syndicated Credit Facility**" has the meaning set forth under the heading *"General Development of the Business – Three Year History – 2016"*.

"**TSX**" means the Toronto Stock Exchange.

"**UNFCCC**" has the meaning set forth under the heading *"Risk Factors – Environmental, Regulatory and Political Risks – Climate Change Regulation – Federal"*.

"**Vendor**" means Encana Corporation.

"**Veracel**" means Veracel Inc.

"**Veracel Arrangement**" has the meaning set forth under the heading *"Corporate Structure".*

"**Western Canadian Sedimentary Basin**" means the vast sedimentary basin underlying Western Canada that is the source of most of Western Canada's current oil and gas production.

"**Working Capital Facility**" has the meaning set forth under the heading *"General Development of the Business – Three Year History – 2016"*.

"**working interest**" means a percentage of ownership in an oil and gas property, obligating the owner to share in the costs of exploration, development and operations and granting the owner the right to share in production revenues after royalties are paid.

"**Worsley Charlie Lake Light Oil Resource Play**" means Birchcliff's Charlie Lake Light Oil Resource Play located near Worsley, Alberta.

"**Worsley Property**" means certain oil and natural gas assets in the Worsley area that were acquired by the Corporation in September 2007.

ABBREVIATIONS AND CONVERSIONS

Abbreviations

The abbreviations set forth below have the following meanings:

Oil and Natural Gas Liquids

bbl	barrel
bbls	barrels
bbls/d	barrels per day
Mbbls	thousand barrels
MMbbls	million barrels
NGLs	natural gas liquids

Natural Gas

Bcf	billion cubic feet
GJ	gigajoule
GJ/d	gigajoules per day
Mcf	thousand cubic feet
Mcf/d	thousand cubic feet per day
MMcf	million cubic feet
MMcf/d	million cubic feet per day

Other

AECO	physical storage and trading hub for natural gas on the TransCanada Alberta transmission system which is the delivery point for various benchmark Alberta index prices
Bcfe	billion cubic feet of gas equivalent
boe	barrels of oil equivalent
boe/d	barrels of oil equivalent per day
km	kilometres
km^2	square kilometres
m	metres
m^3	cubic metres
Mboe	thousand barrels of oil equivalent
Mcfe	thousand cubic feet of gas equivalent
M$	thousands of dollars
MM$	millions of dollars
MMboe	million barrels of oil equivalent
NPV	net present value of future net revenue
PIIP	petroleum initially-in-place
WTI	West Texas Intermediate oil at Cushing, Oklahoma, the benchmark for North American crude oil pricing

Conversions

The following table sets forth certain Standard Imperial Units and International System of Units conversions:

From	To	Multiply By
Mcf	m^3	28.174
m^3	cubic feet	35.494
bbls	cubic metres	0.159
acres	hectares	0.405
sections	acres	640
sections	hectares	256

CONVENTIONS

Certain terms used herein are defined in NI 51-101, CSA Staff Notice 51-324 and the COGE Handbook and, unless the context otherwise requires, shall have the same meanings in this Annual Information Form as in NI 51-101, CSA Staff Notice 51-324 or the COGE Handbook, as the case may be. Unless otherwise indicated, references in this Annual Information Form to “$”, “CDN$” or “dollars” are to Canadian dollars and references to “US$” are to United States dollars. All financial information contained in this Annual Information Form has been presented in accordance with Canadian GAAP. Words importing the singular number only include the plural, and vice versa, and words importing any gender include all genders.

PRESENTATION OF OIL AND GAS RESERVES AND RESOURCES

Deloitte prepared the Consolidated Reserves Report, the Deloitte Reserves Report, the Prior Deloitte Reserves Report, the 2016 Resource Assessment and the 2015 Resource Assessment. McDaniel prepared the McDaniel Reserves Report. Such evaluations were prepared in accordance with the standards contained in NI 51-101 and the COGE Handbook that were in effect at the relevant time.

With respect to the disclosure of reserves contained herein relating to portions of Birchcliff's properties, the estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation. Estimates of future net revenue, whether calculated without discount or using a discount rate, do not represent fair market value.

With respect to the discovered resources (including contingent resources) disclosed in this Annual Information Form, there is uncertainty that it will be commercially viable to produce any portion of the resources. With respect to the undiscovered resources (including prospective resources) disclosed in this Annual Information Form, there is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.

Unless otherwise indicated, all volumes of Birchcliff's reserves and resources presented herein are on a "gross" basis and all volumes of Birchcliff's resources presented herein are on an unrisked basis, meaning that they have not been adjusted for the chance of commerciality.

Reserves Categories

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on the analysis of drilling, geological, geophysical and engineering data; the use of established technology; and specified economic conditions, which are generally accepted as being reasonable.

Reserves are classified according to the degree of certainty associated with the estimates:

- "**Proved reserves**" are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

- "**Probable reserves**" are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

- "**Possible reserves**" are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves.

Development and Production Status of Reserves

Each of the reserves categories (proved, probable and possible) may be divided into developed and undeveloped categories:

- "**Developed reserves**" are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g., when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing.

- o “**Developed producing reserves**” are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

- o “**Developed non-producing reserves**” are those reserves that either have not been on production, or have previously been on production but are shut-in and the date of resumption of production is unknown.

- “**Undeveloped reserves**” are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves category (proved, probable, possible) to which they are assigned.

In multi-well pools it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to subdivide the developed reserves for the pool between developed producing and developed non-producing. This allocation should be based on the estimator’s assessment as to the reserves that will be recovered from specific wells, facilities, and completion intervals in the pool and their respective development and production status.

Levels of Certainty for Reported Reserves

The qualitative certainty levels referred to in the definitions above are applicable to “individual reserves entities”, which refers to the lowest level at which reserves calculations are performed, and to “reported reserves”, which refers to the highest level sum of individual entity estimates for which reserves estimates are presented. Reported reserves should target the following levels of certainty under a specific set of economic conditions:

- at least a 90% probability that the quantities actually recovered will equal or exceed the estimated proved reserves;

- at least a 50% probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves; and

- at least a 10% probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable plus possible reserves.

A quantitative measure of the certainty levels pertaining to estimates prepared for the various reserves categories is desirable to provide a clearer understanding of the associated risks and uncertainties. However, the majority of reserves estimates are prepared using deterministic methods that do not provide a mathematically derived quantitative measure of probability. In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods.

Resources and Production

Resources encompass all petroleum quantities that originally existed on or within the earth’s crust in naturally occurring accumulations, including discovered and undiscovered (recoverable and unrecoverable) plus quantities already produced. Resources are classified as follows:

- Total PIIP is that quantity of petroleum that is estimated to exist originally in naturally occurring accumulations. It includes that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations, prior to production, plus those estimated quantities in accumulations yet to be discovered. “Total resources” is equivalent to “total PIIP”.

- Discovered PIIP is that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production. The recoverable portion of discovered PIIP includes production, reserves and contingent resources; the remainder is unrecoverable.

- Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies.

- Undiscovered PIIP is that quantity of petroleum that is estimated, on a given date, to be contained in accumulations yet to be discovered. The recoverable portion of undiscovered PIIP is referred to as prospective resources; the remainder is unrecoverable.

- Prospective resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects

- Unrecoverable is that portion of discovered and undiscovered PIIP quantities which is estimated, as of a given date, not to be recoverable by future development projects. A portion of these quantities may become recoverable in the future as commercial circumstances change or technological developments occur; the remaining portion may never be recovered due to the physical/chemical constraints represented by subsurface interaction of fluids and reservoir rocks.

- Production is the cumulative quantity of petroleum that has been recovered at a given date.

Uncertainty Ranges for Resources

Estimates of resource volumes can be categorized according to the range of uncertainty associated with the estimates. Uncertainty ranges are described in the COGE Handbook as low, best and high estimates as follows:

- A "low estimate" (1C) is considered to be a conservative estimate of the quantity that will actually be recovered. It is likely that the actual remaining quantities recovered will exceed the low estimate. If probabilistic methods are used, there should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the low estimate.

- A "best estimate" (2C) is considered to be the best estimate of the quantity that will actually be recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. If probabilistic methods are used, there should be at least a 50% probability (P50) that the quantities actually recovered will equal or exceed the best estimate.

- A "high estimate" (3C) is considered to be an optimistic estimate of the quantity that will actually be recovered. It is unlikely that the actual remaining quantities recovered will exceed the high estimate. If probabilistic methods are used, there should be at least a 10% probability (P10) that the quantities actually recovered will equal or exceed the high estimate.

Project Maturity Sub-classes for Resources

The project maturity sub-classes for contingent resources are "development pending", "development on hold", "development unclarified" or "development not viable", all as defined in the COGE Handbook. "Development pending" is when resolution of the final conditions for development is being actively pursued (high chance of development). "Development on hold" is when there is a reasonable chance of development, but there are major non-technical contingencies to be resolved that are usually beyond the control of the operator. "Development unclarified" is when the evaluation is incomplete and there is ongoing activity to resolve any risks or uncertainties. "Development not viable" is when no further data acquisition or evaluation is currently planned and hence there is a low chance of development.

The project maturity sub-classes for prospective resources are "prospect", "lead" and "play", all as defined in the COGE Handbook. A "prospect" is defined as a potential accumulation within a play that is sufficiently well defined to represent a viable drilling target. A "lead" is defined as a potential accumulation within a play that requires more data acquisition and/or evaluation in order to be classified as a prospect. A "play" is defined as a family of geologically similar fields, discoveries, prospects and leads.

Interest in Reserves, Resources, Production, Wells and Properties

"**Gross**" means:

(a) in relation to Birchcliff's interest in production, reserves or resources, Birchcliff's working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of Birchcliff;

(b) in relation to wells, the total number of wells in which Birchcliff has an interest; and

(c) in relation to properties, the total area of properties in which Birchcliff has an interest.

"**Net**" means:

(a) in relation to Birchcliff's interest in production, reserves or resources, Birchcliff's working interest (operating or non-operating) share after deduction of royalty obligations, plus Birchcliff's royalty interests in production or reserves;

(b) in relation to Birchcliff's interest in wells, the number of wells obtained by aggregating Birchcliff's working interest in each of its gross wells; and

(c) in relation to Birchcliff's interest in a property, the total area in which Birchcliff has an interest multiplied by the working interest owned by Birchcliff.

Forecast Prices and Costs

"**Forecast prices and costs**" means future prices and costs that are:

(a) generally accepted as being a reasonable outlook of the future;

(b) if, and only to the extent that, there are fixed or presently determinable future prices or costs to which Birchcliff is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in paragraph (a).

SPECIAL NOTES TO READER

Non-GAAP Measures

This Annual Information Form uses "netback" and "operating netback" 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. "Netback" and "operating netback" denote petroleum and natural gas revenue less royalties, less operating expenses and less transportation and marketing expenses. All netbacks are calculated on a per unit basis. Management believes that netback and operating netback assist management and investors in assessing Birchcliff's profitability and its operating results on a per unit basis to better analyze its performance against prior periods on a comparable basis. For additional information regarding non-GAAP measures, please see the Corporation's management's discussion and analysis for the year ended December 31, 2016.

Boe and Bcfe Conversions

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

Drilling Locations

This Annual Information Form discloses net existing horizontal wells and potential net future drilling locations in four categories: (i) proved locations; (ii) proved plus probable locations; (iii) unbooked locations; and (iv) an aggregate total of (ii) and (iii). Of the 5,992.8 net existing horizontal wells and potential net future horizontal drilling locations identified herein, 721.7 are proved locations, 974.4 are proved plus probable locations and 5,018.4 are unbooked locations.

Proved locations and probable locations are proposed drilling locations identified in the Consolidated Reserves Report that have proved and/or probable reserves, as applicable, attributed to them in the Consolidated Reserves Report. Unbooked locations are internal estimates based on Birchcliff's prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal technical analysis review. Unbooked locations have been identified by management based on evaluation of applicable geologic, seismic, engineering, production and reserves information. Unbooked locations do not have proved or probable reserves attributed to them in the Consolidated Reserves Report.

Birchcliff's ability to drill and develop these locations and the drilling locations on which Birchcliff actually drills wells depends on a number of uncertainties and factors, including, but not limited to, the availability of capital, equipment and personnel, oil and natural gas prices, capital and operating costs, inclement weather, seasonal restrictions, drilling results, additional geological, geophysical and reservoir information that is obtained, production rate recovery, gathering system and transportation constraints, net prices received for commodities produced, regulatory approvals and regulatory changes. As a result of these uncertainties, there can be no assurance that the potential future drilling locations that Birchcliff has identified will ever be drilled or if Birchcliff will be able to produce oil, NGLs or natural gas from these or any other potential drilling locations. As such, Birchcliff's actual drilling activities may differ materially from those presently identified, which could adversely affect Birchcliff's business. While certain of the unbooked drilling locations have been derisked by drilling existing wells in relative close proximity to such unbooked drilling locations, some of the other unbooked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional proved or probable reserves, resources or production.

Operating Costs

References in this Annual Information Form to "operating costs" exclude transportation and marketing costs.

Forward-Looking Information

Certain statements contained in this Annual Information Form constitute forward-looking statements and information (collectively referred to as "**forward-looking information**") within the meaning of applicable Canadian securities laws. Such forward-looking information relates to future events or Birchcliff's future performance. All information other than historical fact may be forward-looking information. Such forward-looking information is often, but not always, identified by the use of words such as "seek", "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "estimated", "forecast", "potential", "proposed", "predict", "budget", "continue", "targeting", "may", "will", "could", "might", "should" and other similar words and expressions. This information involves 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 information. Birchcliff believes that the expectations reflected in the forward-looking information are reasonable in the current circumstances but no assurance can be given that these expectations will prove to be correct and such forward-looking information included in this Annual Information Form should not be unduly relied upon.

In particular, this Annual Information Form contains forward-looking information relating to the following: Birchcliff's plans and other aspects of its anticipated future operations, focus, objectives, strategies, opportunities, priorities and goals; the 2017 Capital Program, including estimated capital expenditures, capital allocation, Birchcliff's plan to drill a total of 46 (46.0 net) wells, and the focus of, the objectives of and the anticipated results from the 2017 Capital Program; statements regarding balance sheet strength and the financial flexibility of the Corporation; Birchcliff's expectation that the commodity price environment and economic conditions will continue to influence the general development of its business in 2017; that Birchcliff may adjust the 2017 Capital Program to respond to changes in commodity prices and other material changes in the assumptions underlying the 2017 Capital Program; production estimates, including estimates of the Corporation's annual average production rate for 2017; performance characteristics of the Corporation's oil and natural gas properties, expected results from its assets and the potential of Birchcliff's resource plays, including statements that its resource plays are large enough to provide Birchcliff with an extensive inventory of repeatable and low-cost drilling opportunities that the Corporation expects will provide production and reserves growth for many years; Birchcliff's future growth plans for the Elmworth area, including Birchcliff's intention to construct and operate the Elmworth Gas Plant and the anticipated processing capacity and timing of such plant; Birchcliff's expectation that its investments in infrastructure are expected to help the Corporation to control infrastructure and its per boe operating costs; proposed expansions of the PC Gas Plant, including the anticipated processing capacities of the PC Gas Plant after such expansions and the anticipated timing of such expansions; the targeted in-service dates for firm service of natural gas on TransCanada's Mainline; Birchcliff's competitive position; estimates of reserves, resources and the net present values of future net revenue associated with Birchcliff's reserves and the best estimate of Birchcliff's development pending contingent resources; price forecasts; future development plans and other proposed exploration and development activities, including those relating to the Corporation's proved and probable undeveloped reserves; potential future horizontal drilling locations; abandonment and reclamation costs and decommissioning obligations; future development costs and the anticipated funding thereof; the amount of undeveloped land on which Birchcliff expects the rights to explore, develop and exploit will expire in 2017; Birchcliff's income tax horizon; the use of risk management techniques; projections of commodity prices and costs and supply and demand for crude oil and natural gas; treatment under governmental regulatory regimes and tax laws and the future impact of regulatory measures, including under SGER and climate change legislation; expectations regarding the Corporation's ability to raise capital and to continually add to reserves through acquisitions and development; Birchcliff's dividend policy and the payment of dividends, including statements regarding the sustainability of dividends; and Birchcliff's development pending contingent resource projects, including development plans, the estimated total costs to achieve commercial production, estimated total capital costs to develop a project, the timelines of such projects and estimated dates of first commercial production. 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 profitably be produced in the future.

With respect to forward-looking information contained in this Annual Information Form, assumptions have been made regarding, among other things: Birchcliff's ability to continue to develop the Gordondale Assets and obtain the anticipated benefits therefrom; prevailing and future commodity prices and differentials, currency exchange rates, interest rates, inflation rates, royalty rates and tax rates; expected funds flow from operations; Birchcliff's future debt levels; the state of the economy and the exploration and production business; the economic and political environment in which Birchcliff operates; the regulatory framework regarding royalties, taxes and environmental laws; the sources of funding for Birchcliff's capital expenditure programs and other activities; anticipated timing and results of capital expenditures; the sufficiency of budgeted capital expenditures to carry out planned operations; future operating, transportation, marketing and general and administrative costs; the performance of existing and future wells, well production rates and well decline rates; well drainage areas; success rates for future drilling; reserves and resource volumes and Birchcliff's ability to replace and expand oil and gas reserves through acquisition, development or exploration; the impact of competition on Birchcliff; the availability of, demand for and cost of labour, services and materials; Birchcliff's ability to access capital; the ability to obtain financing on acceptable terms; the ability to obtain any necessary regulatory approvals in a timely manner, including the ability of TransCanada to obtain the approval of the National Energy Board for the transportation of natural gas on the Canadian Mainline; the ability of Birchcliff to secure adequate transportation for its products; Birchcliff's ability to market oil and gas; and the availability of hedges on terms acceptable to Birchcliff.

In addition to the foregoing assumptions, Birchcliff has made the following assumptions with respect to certain forward-looking information contained in this Annual Information Form:

- With respect to statements regarding the 2017 Capital Program, such program is based on the following commodity price and exchange rate assumptions during 2017: an annual average WTI price of US$55.00/bbl of oil; an AECO price of CDN$3.00/GJ of natural gas; and an exchange rate of CDN$/US$ of 1.29.

- With respect to statements regarding future wells to be drilled and brought on production and estimates of potential future drilling locations and opportunities, the key assumptions are: the continuing validity of the geological and other technical interpretations performed by Birchcliff's technical staff, which indicate that commercially economic volumes can be recovered from Birchcliff's lands as a result of drilling future wells; and that commodity prices and general economic conditions will warrant proceeding with the drilling of such wells.

- With respect to production estimates, the key assumptions are that: the 2017 Capital Program will be carried out as currently contemplated; no unexpected outages occur in the infrastructure that Birchcliff relies on to produce its wells and that any transportation service curtailments or unplanned outages that occur will be short in duration or otherwise insignificant; the construction of new infrastructure meets timing and operational expectations; existing wells continue to meet production expectations; and future wells scheduled to come on production meet timing, production and capital expenditure expectations.

- With respect to statements regarding Birchcliff's intention to construct and operate the Elmworth Gas Plant, including the anticipated processing capacity of such plant and the anticipated timing thereof, the key assumptions are that: future drilling in the Elmworth area is successful; the acid gas disposal well drilled by Birchcliff is capable of handling the volumes of acid gas to be produced at the plant and complies with all regulatory requirements; there is sufficient labour, services and equipment available; Birchcliff will have access to sufficient capital to fund the Elmworth Gas Plant; and commodity prices and general economic conditions warrant proceeding with the construction of the Elmworth Gas Plant and the drilling of associated wells.

- With respect to statements regarding proposed expansions of the PC Gas Plant, including the anticipated processing capacities of the PC Gas Plant after such expansions and the anticipated timing of such expansions, the key assumptions are that: future drilling is successful; there is sufficient labour, services and equipment available; Birchcliff will have access to sufficient capital to fund those projects; the key components of the plant will operate as designed; and commodity prices and general economic conditions will warrant proceeding with the construction of such facilities and the drilling of associated wells.

- With respect to estimates of reserves, resources and the net present values of future net revenue associated with Birchcliff's reserves and its best estimate of development pending contingent resources, the key assumption is the validity of the data used by Deloitte and McDaniel in their independent reserves evaluations.

Birchcliff's actual results, performance or achievements could differ materially from those anticipated in the forward-looking information as a result of both known and unknown risks and uncertainties including, but not limited to: the failure to realize the anticipated benefits of acquisitions and dispositions, including the Gordondale Acquisition; unforeseen difficulties in integrating acquired assets into Birchcliff's operations; variances in Birchcliff's actual capital costs, operating costs and economic returns from those anticipated; general economic, market and business conditions which will, among other things, impact the demand for and market prices of Birchcliff's products and Birchcliff's access to capital; volatility of crude oil and natural gas prices; fluctuations in currency and interest rates; operational risks and liabilities inherent in oil and natural gas operations; uncertainties associated with estimating oil and natural gas reserves and resources; the accuracy of oil and natural gas reserves estimates and estimated production levels as they are affected by exploration and development drilling and estimated decline rates; geological, technical, drilling, construction and processing problems; uncertainty of geological and technical data; uncertainties related to Birchcliff's future potential drilling locations; fluctuations in the costs of borrowing; changes in tax laws, crown royalty rates, environmental laws and incentive programs relating to the oil and natural gas industry and other actions by government authorities, including changes to the royalty and carbon tax regimes and the imposition or reassessment of taxes; the cost of compliance with current and future environmental laws; political uncertainty and uncertainty associated with government policy changes; uncertainties and risks associated with pipeline restrictions and outages to third-party infrastructure that could cause disruptions to production; the ability to satisfy obligations under Birchcliff's firm marketing and transportation arrangements; the inability to secure adequate production transportation for Birchcliff's products; the occurrence of unexpected events such as fires, equipment failures and other similar events affecting Birchcliff or other parties whose operations or assets directly or indirectly affect Birchcliff; potential delays or changes in plans with respect to exploration or development projects or capital expenditures; stock market volatility; loss of market demand; environmental risks, claims and liabilities; incorrect assessments of the value of acquisitions and exploration and development programs; shortages in equipment and skilled personnel; the absence or loss of key employees; uncertainties associated with the outcome of litigation or other proceedings involving Birchcliff; uncertainty that development activities in connection with its assets will be economical; competition for, among other things, capital, acquisitions of reserves, undeveloped lands, equipment and skilled personnel; uncertainties associated with credit facilities; counterparty credit risk; risks associated with Birchcliff's hedging program and the risk that hedges on terms acceptable to Birchcliff may not be available; and risks associated with the declaration and payment of dividends, including the discretion of the Board to declare dividends.

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

Any future-orientated financial information and financial outlook information (collectively, "**FOFI**") contained in this Annual Information Form, as such terms are defined by applicable securities laws, is provided for the purpose of providing information about management's current expectations and plans relating to the future and is subject to the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraphs. FOFI contained in this Annual Information Form was made as of the date of this Annual Information Form and Birchcliff disclaims any intention or obligation to update or revise any FOFI contained in this Annual Information Form, whether as a result of new information, future events or otherwise, unless required by applicable law. Readers are cautioned that any FOFI contained herein should not be used for purposes other than those for which it has been disclosed herein.

Management has included the above summary of assumptions and risks related to forward-looking information provided in this Annual Information Form 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 information contained in this Annual Information Form is expressly qualified by the foregoing cautionary statements. The forward-looking information contained in this Annual Information Form is made as of the date of this Annual Information Form. Birchcliff is not under any duty to update or revise any of the forward-looking information except as expressly required by applicable securities laws.

Access to Documents

Any document referred to in this Annual Information Form and described as being filed on the Corporation's SEDAR profile at www.sedar.com may be obtained free of charge from Birchcliff at Suite 1000, 600 – 3rd Avenue S.W., Calgary, Alberta T2P 0G5.

CORPORATE STRUCTURE

The Corporation was incorporated on July 6, 2004 under the ABCA as "1116463 Alberta Ltd." and on September 10, 2004, the Corporation amended its articles to change its name to "Birchcliff Energy Ltd." On January 18, 2005, the Corporation amalgamated under the ABCA with Scout Capital Corp., a public corporation, pursuant to a plan of arrangement under the ABCA to form an amalgamated corporation that continued under the name "Birchcliff Energy Ltd.". On May 31, 2005, the Corporation amalgamated under the ABCA with Veracel, a private company, pursuant to a plan of arrangement under the ABCA to form an amalgamated corporation that continued under the name "Birchcliff Energy Ltd." (the "**Veracel Arrangement**").

On August 3, 2012, the Corporation amended its articles to create the Series A Preferred Shares and the Series B Preferred Shares. On June 13, 2013, the Corporation amended its articles to create the Series C Preferred Shares. See *"Description of Capital Structure – Share Capital – Preferred Shares"* in this Annual Information Form.

The registered and head office of the Corporation is located at Suite 1000, 600 – 3rd Avenue S.W., Calgary, Alberta T2P 0G5. The Common Shares, the Series A Preferred Shares and the Series C Preferred Shares are listed for trading on the TSX under the trading symbols "BIR", "BIR.PR.A" and "BIR.PR.C", respectively, and the Common Shares are included in the S&P/TSX Composite Index.

The Corporation does not have any subsidiaries.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

A description of the significant developments in the business of the Corporation over the last three completed financial years is set forth below.

2014

On January 15, 2014, Birchcliff completed a strategic acquisition with an effective date of January 1, 2014, whereby it bought a partner's 30% working interest in land and production in the Pouce Coupe area for $56.0 million. The acquisition included 38 (11.3 net) sections of land on the Montney/Doig Resource Play and 1,600 boe/d of Birchcliff operated production, the majority of which was processed at the PC Gas Plant. The acquisition enabled Birchcliff to consolidate lands it formerly held at a 70% working interest, bringing Birchcliff's working interest to 100% on the acquired lands and production.

On May 9, 2014, Birchcliff's bank syndicate approved an increase of the aggregate credit facilities limit to $750 million from $600 million.

In September 2014, the Corporation completed the Phase IV expansion of the PC Gas Plant, which expanded processing capacity to 180 MMcf/d from 150 MMcf/d.

During the latter half of 2014, Birchcliff successfully drilled horizontal wells on both the Montney/Doig Resource Play (in the Pouce Coupe and Elmworth areas) and the Progress Charlie Lake Light Oil Resource Play in intervals that the Corporation had not previously drilled wells in. See *"Description of the Business – Principal Properties – Birchcliff's Resource Plays in the Peace River Arch"* in this Annual Information Form.

During 2014, there were 5,986,699 Preferred Warrants exercised at $8.30 per Common Share for total proceeds of approximately $49.7 million. Of the 6,000,000 Preferred Warrants that were originally issued on August 8, 2012, there were 13,301 Preferred Warrants that were not exercised prior to expiring on August 8, 2014. The proceeds were used to reduce outstanding indebtedness under the Corporation's revolving term credit facilities.

2015

On May 11, 2015, the aggregate limit of Birchcliff's credit facilities was increased to $800 million from $750 million. In addition to the increase in the credit facilities limit, Birchcliff's syndicate of lenders also approved the consolidation of the Corporation's previous revolving term credit facility, the non-revolving five-year term credit facility and the non-revolving five-year term credit facility, into three-year term extendible revolving credit facilities. Concurrently, the financial maintenance covenants contained in the prior credit facilities were removed.

2016

On May 11, 2016, the aggregate limit of Birchcliff's credit facilities was decreased from $800 million to $750 million.

On July 28, 2016, the Corporation completed the Gordondale Acquisition pursuant to which it acquired the Gordondale Assets for cash consideration of $613.5 million, after closing adjustments and other related costs. The Gordondale Assets are primarily located in the Gordondale area of Alberta, approximately 100 km northwest of Grande Prairie and are located within Birchcliff's Montney/Doig Resource Play in the Peace River Arch area of Alberta. The Assets include high working interest operated production and a large contiguous land base which is immediately adjacent to Birchcliff's existing Pouce Coupe properties. Pursuant to the Gordondale Acquisition, the Corporation acquired 143.5 (84.7 net) sections of land and approximately 26,000 boe/d (41% oil and NGLs) of production as at the closing date of the acquisition. The effective date of the Gordondale Acquisition was January 1, 2016.

The purchase price for the Gordondale Acquisition was primarily funded through the Public Offering and the Concurrent Private Placement which closed concurrently on July 13, 2016. The aggregate gross proceeds of approximately $690.8 million were held in escrow pending completion of the Gordondale Acquisition. In connection with the closing of the Gordondale Acquisition on July 28, 2016, each Subscription Receipt was exchanged for one Common Share and the gross proceeds from the Public Offering and the Concurrent Private Placement were released from escrow in order for Birchcliff to complete the Gordondale Acquisition. The balance of the net proceeds from the Public Offering and the Concurrent Private Placement were used to reduce indebtedness under the Credit Facilities and to pay the balance of the fees payable to the underwriters of the Public Offering.

In connection with the closing of the Gordondale Acquisition, the Corporation's extendible revolving credit facilities (the "**Credit Facilities**") were amended to increase the borrowing base to $950 million from $750 million. After giving effect to the increase in the borrowing base, the Credit Facilities are comprised of: (i) an extendible revolving syndicated term credit facility of $900 million; and (ii) an extendible revolving working capital credit facility of $50 million. For further information regarding the Credit Facilities, see *"Description of Capital Structure – Credit Facilities"* and *"Risk Factors – Credit Facilities"* in this Annual Information Form.

On November 9, 2016, the Corporation announced that the Board had approved a quarterly dividend policy in respect of its Common Shares. See *"Dividend and Distribution Policy".* In addition, the Corporation announced that it had adopted an ongoing hedging strategy. See *"Statement of Reserves Data and Other Oil and Gas Information – Forward Contracts"*.

Recent Developments

2017 Capital Program

On February 8, 2017, the Corporation announced that the Board had approved Birchcliff's 2017 capital expenditure program of $355 million (the "**2017 Capital Program**"). The 2017 Capital Program reflects Birchcliff's long-term plan to continue the exploration and development of its low-cost natural gas, crude oil and liquids-rich assets on the Montney/Doig Resource Play and achieve controlled growth, while maintaining balance sheet strength and paying a sustainable quarterly dividend. The 2017 Capital Program targets an annual average production rate for 2017 in the range of 70,000 to 74,000 boe/d. Approximately 60% of the 2017 Capital Program is directed towards Birchcliff's Pouce Coupe area, approximately 31% is directed towards its Gordondale area and approximately 4% is directed towards its Charlie Lake Light Oil Resource Play, with the remaining 5% directed towards land, seismic and other corporate costs. The 2017 Capital Program contemplates the drilling, completing, equipping and bringing on production of a total of 46 (46.0 net) wells and also includes the remaining portion of the capital associated with the completion, equipping and/or bringing on production of 10 wells drilled in 2016, with total drilling and development capital of $229.8 million (representing approximately 65% of the 2017 Capital Program). The 2017 Capital Program contemplates an investment of approximately $85.6 million for facilities and infrastructure (representing approximately 24% of the 2017 Capital Program), including a continued investment in the PC Gas Plant.

Birchcliff expects that the commodity price environment and economic conditions will continue to influence the general development of its business in 2017. Birchcliff will monitor economic conditions and commodity prices and, where deemed prudent, will adjust the 2017 Capital Program to respond to changes in commodity prices and other material changes in the assumptions underlying the 2017 Capital Program. In addition, the Corporation may make adjustments to its other business activities as appropriate. The Corporation's actual spending during 2017 may vary due to a variety of factors, including commodity prices, economic conditions, results of operations and costs of labour, services and material. Furthermore, asset acquisitions and dispositions completed during 2017 could have a material impact on the Corporation's capital expenditures, production and funds flow.

Declaration of Dividend to Holders of Common Shares

On March 1, 2017, the Corporation announced that the Board had declared a quarterly cash dividend of $0.025 per Common Share for the calendar quarter ending March 31, 2017 on the Corporation's outstanding Common Shares. The dividend is payable on March 31, 2017 to Shareholders of record at the close of business on March 15, 2017.

Significant Acquisitions

Other than the Gordondale Acquisition, the Corporation did not complete any significant acquisitions during the financial year ended December 31, 2016 for which disclosure is required under Part 8 of NI 51-102. The Corporation filed a business acquisition report in respect of the Gordondale Acquisition dated August 9, 2016, a copy of which is available on SEDAR.

The Corporation continues to evaluate potential acquisitions of all types of petroleum and natural gas and other energy-related assets and/or companies as part of its ongoing business. The Corporation is regularly in the process of evaluating several potential acquisitions at any one time, which individually or together could be material. Birchcliff cannot predict whether any current or future opportunities will result in one or more acquisitions for the Corporation. In addition, the Corporation may, in the future, complete financings of equity or debt (which may be convertible into equity) for purposes that may include financing of acquisitions, Birchcliff's operations and capital expenditures and repayment of indebtedness.

DESCRIPTION OF THE BUSINESS

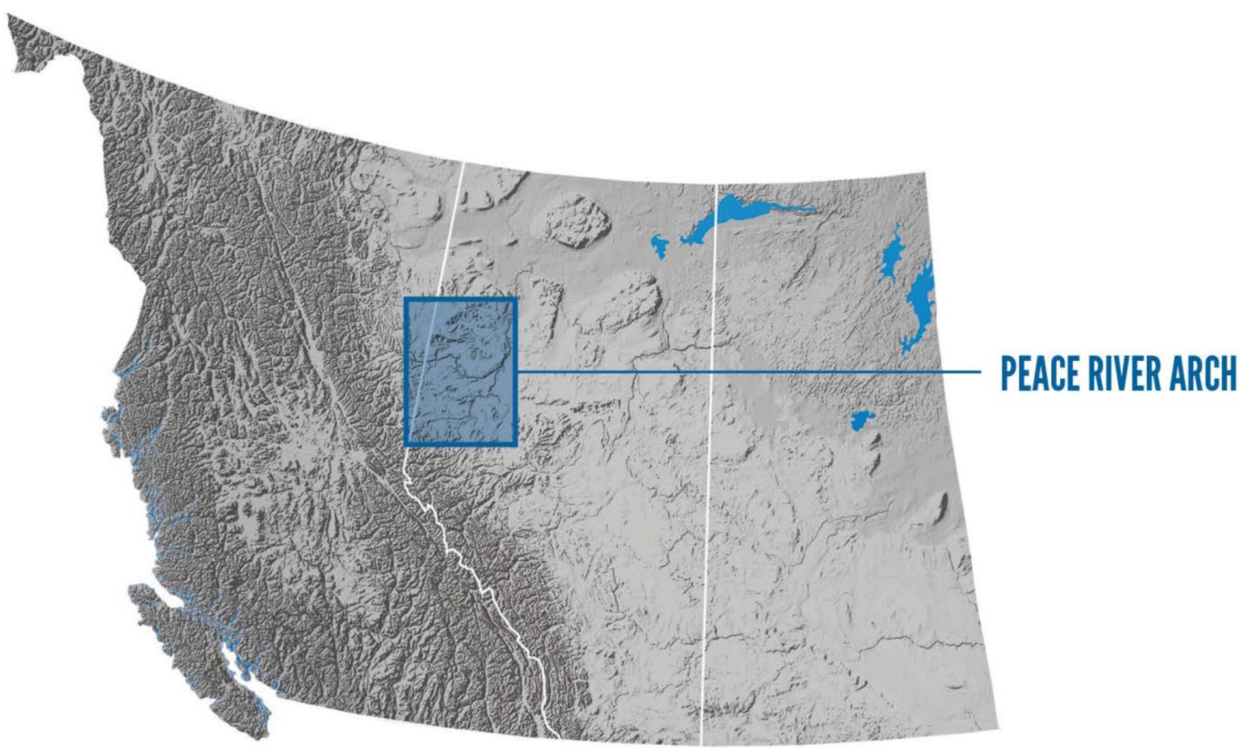
Overview

The Corporation is an intermediate oil and gas company based in Calgary, Alberta that is engaged in the business of exploring for, developing and producing oil and natural gas resources in the Western Canadian Sedimentary Basin with operations concentrated within its one core area, the Peace River Arch of Alberta. Within the Peace River Arch, Birchcliff is focused on two established resource plays: the Montney/Doig Resource Play and the Charlie Lake Light Oil Resource Play.

The Corporation is focused on achieving controlled growth, maintaining financial flexibility and providing a sustainable quarterly dividend to its Shareholders, as well as maintaining low capital and operating costs. As part of the Corporation's long-term strategy, it intends to continue to develop and expand the Montney/Doig Resource Play and the Charlie Lake Light Oil Resource Play. These resource plays are large enough to provide Birchcliff with an extensive inventory of repeatable and low-cost drilling opportunities that the Corporation expects will provide production and reserves growth for many years. The Corporation's strategy is based on the fact that it operates essentially all of its production, its current ownership of large contiguous blocks of high working interest land in its areas of operations and its high working interest or 100% ownership in the significant facilities and infrastructure its relies upon to handle the majority of its production, all of which helps the Corporation to control its costs and capital expenditures.

Principal Properties

The following is a description of the Corporation's principal oil and natural gas properties as at December 31, 2016. Unless otherwise stated, production stated is the average gross sales volumes for the period indicated in respect of the Corporation's working interest before the deduction of royalties and before royalty income volumes. Unless otherwise specified, information is provided at December 31, 2016.



Peace River Arch

Birchcliff's operations are concentrated within its one core area, the Peace River Arch, which is centred northwest of Grande Prairie, Alberta, adjacent to the Alberta/British Columbia border. The Peace River Arch is considered by management to be one of the most desirable natural gas and light oil drilling areas in North America. The Peace River Arch is one of the most prolific natural gas and oil producing areas of the Western Canadian Sedimentary Basin and is generally characterized by multiple horizons with a myriad of structural, stratigraphic and hydrodynamic traps. There is an abundance of prolific resource plays, related in part to the proximity of the area to the Deep Basin, where generation and trapping of hydrocarbons preferentially occurs. The Peace River Arch provides all-season access that allows the Corporation to drill, equip and tie-in wells on an almost continuous basis. In addition, the Corporation has excellent control of and/or access to infrastructure in the Peace River Arch, which helps the Corporation to control its costs and expand its production.

Birchcliff's Resource Plays in the Peace River Arch

Within the Peace River Arch, Birchcliff is focused on two established resource plays: the Montney/Doig Resource Play and the Charlie Lake Light Oil Resource Play.

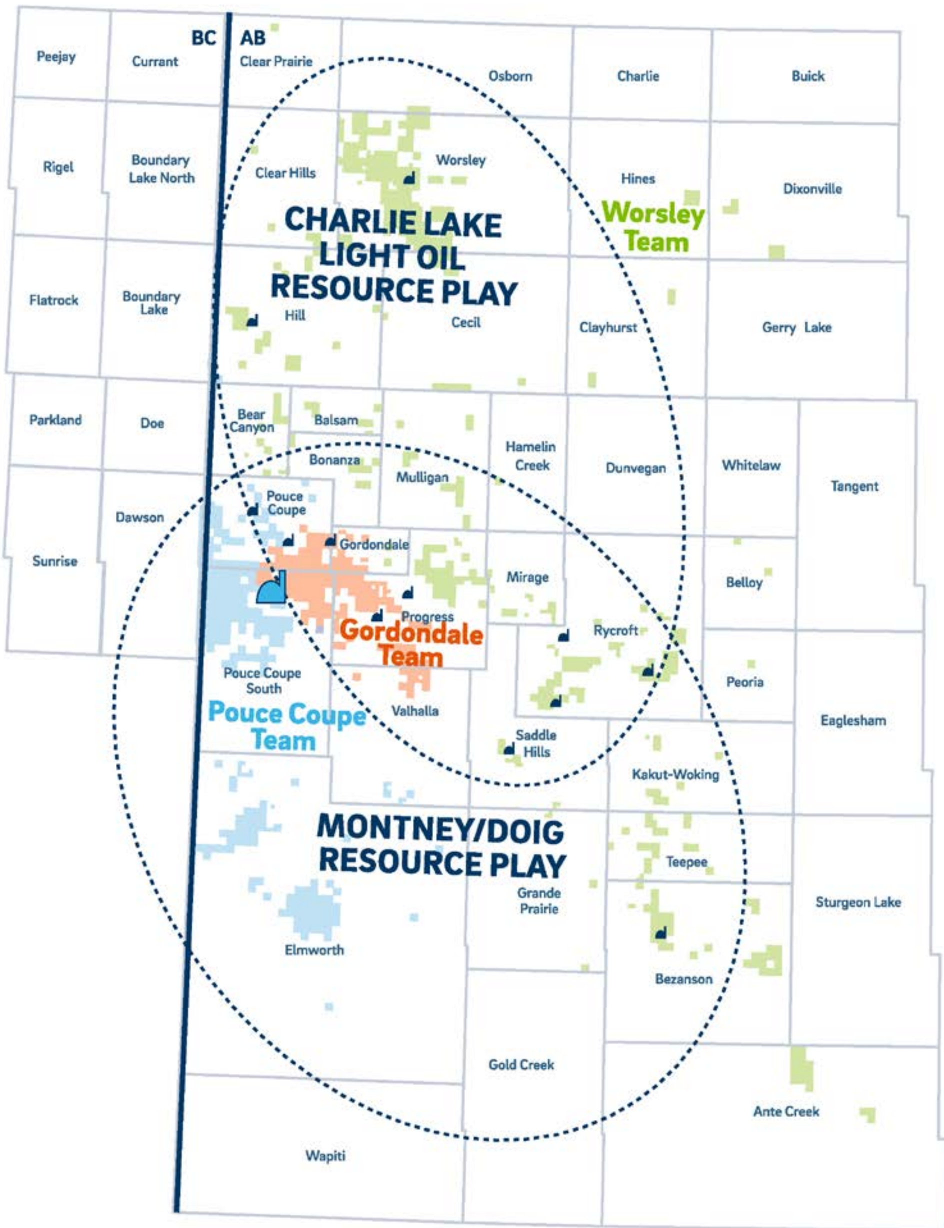
Birchcliff characterizes its resource plays as plays that have regionally pervasive, continuous, low permeability hydrocarbon accumulations or systems that usually require intensive stimulation to produce. The production characteristics of these plays include steep initial declines that rapidly trend to much lower decline rates, yielding long-life production and reserves. Resource plays exhibit a statistical distribution of estimated ultimate recoveries and therefore provide a repeatable distribution of drilling opportunities. As more wells are drilled into a resource play, there is a substantial decrease in both the geological and technical risks. Birchcliff's resource plays are ideally suited for the application of horizontal drilling and multi-stage fracture stimulation technology.

Birchcliff works to de-risk its resource plays by drilling both vertical and horizontal exploration wells to develop an in-depth understanding of oil and gas pools, rock properties and petrophysical characteristics and reservoir parameters. The Corporation designs, tests and evaluates its drilling, completion and production technologies and practices to achieve continual improvements in productivity and expected ultimate recoveries in order to drive down capital and operating costs. The Corporation's pool delineation strategy de-risks future development and reduces future costs as new well pads and infrastructure are designed and built to support multiple horizontal well locations and increased production. The Corporation has a focused strategy to acquire additional contiguous land blocks at Crown sales or through selective acquisitions. The Corporation's dominant land and infrastructure position in the Peace River Arch has helped Birchcliff develop an in-depth knowledge of the land, the geology, the reservoirs, the infrastructure and the stakeholders.

Drilling depths on a true vertical depth basis can range from 300 m for the shallower horizons to 2,700 m for the deeper, higher impact targets. The Corporation controls efficiencies for the capital cost of horizontal wells with multi-well pads, proximity to existing infrastructure and cost competitive pricing for services.

The Montney/Doig Resource Play and the Charlie Lake Light Oil Resource Play are managed by three technical teams at Birchcliff: the Pouce Coupe Team, the Gordondale Team and the Worsley Team.

Birchcliff's Resource Plays within the Peace River Arch



Montney/Doig Resource Play

Birchcliff's Montney/Doig Resource Play is centred approximately 95 km northwest of Grande Prairie, Alberta. Birchcliff's Montney/Doig Resource Play contains three primary producing regions: Pouce Coupe, Gordondale and Elmworth.

The Montney/Doig Resource Play in Birchcliff's areas of operations is approximately 300 m (1,000 feet) thick. The play has a large areal extent covering in excess of 50,000 square miles. The Montney/Doig is composed of a high percentage of hard minerals and a very low percentage of clay minerals resulting in exceptional "fracability". This, combined with the current stress regime, results in the rock shattering more like glass in a complex fracture style versus a simple bi-wing style. The rock parameters also yield exceptional fracture stability; the fractures stay open due to low proppant embedment. This is a key contributing factor to the low terminal declines and large estimated ultimate recoveries of the play. Unlike most shale gas plays that are predominantly shale, the Montney/Doig is classified by management as a hybrid resource play because it is comprised of gas saturated rock with both tight silt and sand reservoir rock interlayered with shale gas source rock. This results in relatively high permeability and productivity rates.

Hydrodynamics is another important attribute for resource plays. A large portion of the Montney/Doig Resource Play is over-pressured which reduces the potential for significant water production. The Pouce Coupe and Gordondale areas are predominantly over-pressured which also results in higher gas in-place. The Montney and a majority of the Doig were deposited in a lower to middle shore face environment that is regionally extensive and results in a widespread style deposit that provides for more repeatable results.

Part of Birchcliff's long-term strategy is to continue to explore and delineate the Montney/Doig Resource Play, both geographically and stratigraphically. The Montney/Doig Resource Play exists in two geological formations, the Montney and the Doig, and Birchcliff has divided the geologic column in its areas of operations into six drilling intervals from the youngest (top) to the oldest (bottom): (i) the Basal Doig/Upper Montney; (ii) the Montney D4; (iii) the Montney D3; (iv) the Montney D2; (v) the Montney D1; and (vi) the Montney C. At December 31, 2016, 295 (289.7 net) Montney/Doig horizontal wells have been successfully drilled and cased on Birchcliff's lands (which includes 87 (81.8 net) wells acquired in the Gordondale Acquisition), consisting of 67 wells in the Basal Doig/Upper Montney interval, 9 wells in the Montney D4 interval, 4 wells in the Montney D2 interval, 214 wells in the Montney D1 interval and 1 well in the Montney C interval. To date, the Corporation has not drilled any wells in the Montney D3 interval.

In 2016, the Montney/Doig Resource Play accounted for approximately:

- 99% of total corporate exploration and development expenditures (including acquisitions and dispositions).
- 92% of total corporate production volumes.
- 96% of total natural gas production, 42% of total light oil production and 97% of total NGLs production.
- 94% of total corporate proved plus probable reserves.

In 2016, production from the Montney/Doig Resource Play averaged approximately 45,311 boe/d and the operating netback for this production was $10.73/boe. Average operating costs on the Montney/Doig Resource Play were $3.53/boe.

The following is a brief overview of the Corporation's three primary producing regions on the Montney/Doig Resource Play.

Pouce Coupe

In 2016, the Corporation drilled 14 (14.0 net) Montney/Doig horizontal natural gas wells in Pouce Coupe. Average production in 2016 was approximately 34,407 boe/d (96% natural gas and 4% light oil and NGLs). At December 31, 2016, Birchcliff held 190.9 (169.5 net) sections of land in Pouce Coupe. Significant infrastructure being used by Birchcliff in the area includes the PC Gas Plant.

Gordondale

The Corporation's assets in the Gordondale area primarily include the Gordondale Assets acquired by the Corporation pursuant to the Gordondale Acquisition, as well as other properties held by the Corporation prior to the acquisition. In 2016, the Corporation drilled 6 (6.0 net) Montney horizontal oil and natural gas wells and 1 (1.0 net) water disposal well in Gordondale. Average production in 2016 was approximately 10,510 boe/d (59% natural gas, 15% light oil and 26% NGLs). At December 31, 2016, Birchcliff held 188.5 (132.0 net) sections of land in Gordondale.

Significant infrastructure being used by Birchcliff in the area includes a deep cut sour gas processing facility in Gordondale which is owned and operated by AltaGas (the "**Gordondale Facility**") and Pembina's fractionation facility at Redwater, Alberta (the "**Fractionation Facility**"). See *" – Processing and Transportation"* for information regarding Birchcliff's processing arrangements at these facilities.

Elmworth

In the fourth quarter of 2014, Birchcliff drilled its first successful Montney/Doig horizontal exploration well in the Montney D4 interval in the Elmworth area. Birchcliff subsequently drilled its second successful horizontal exploration well in the Elmworth area in the Montney D4 interval in the first quarter of 2015, which was brought on production in June 2015. At December 31, 2016, Birchcliff held 142.5 (142.5 net) sections of land in Elmworth. Average production in 2016 was approximately 394 boe/d.

As part of Birchcliff's future growth plans for its Montney/Doig Resource Play, Birchcliff is continuing to prove up the play in the Elmworth area and intends to construct and operate a 100% owned and operated natural gas plant in the Elmworth area (the "**Elmworth Gas Plant**"). This plant is currently planned to be on-stream in the fall of 2021 and have a processing capacity of 40 MMcf/d. Birchcliff has commenced the preliminary planning for this plant and a critical requirement is a nearby acid gas disposal well which Birchcliff drilled in the first quarter of 2015. Birchcliff received regulatory approval for the acid gas disposal scheme in August 2016.

Charlie Lake Light Oil Resource Play

Birchcliff's Charlie Lake Light Oil Resource Play is centred approximately 150 km north of Grande Prairie, Alberta and contains two primary producing regions: Worsley and Progress.

The Charlie Lake Light Oil Resource Play is described by Birchcliff as a regionally extensive variety of restricted to nearshore marine facies. The Charlie Lake reservoirs are heterogeneous and consist of varying quantities of laminated and dolomitic, silty to fine-grained sandstones. The reservoir intervals typically exhibit porosity in the order of 8% to 15% and net reservoir thickness of 3 to 30 m. A critical component of the play is the main trapping mechanism, comprised of a regional hydrodynamic trap setting up a large regional hydrocarbon column.

At December 31, 2016, Birchcliff has successfully drilled and cased 61 (61.0 net) horizontal wells on the Charlie Lake Light Oil Resource Play, 59 wells in the Worsley area and 2 wells in the Progress area.

In 2016, the Charlie Lake Light Oil Resource Play accounted for approximately:

- 1% of total corporate exploration and development expenditures (including acquisitions and dispositions).
- 8% of total corporate production volumes.
- 4% of total natural gas production, 57% of total light oil production and 2% of total NGLs production.
- 4% of total corporate proved plus probable reserves.

In 2016, production from the Charlie Lake Light Oil Resource Play averaged approximately 3,754 boe/d and the operating netback for this production was $14.99/boe. Average operating costs on this play were $11.37 /boe.

The following is a brief overview of the Corporation's two primary producing regions on the Charlie Lake Light Oil Resource Play.

Worsley

The Corporation entered the Charlie Lake Light Oil Resource Play through the acquisition of the Worsley Property in September 2007. The Worsley Property is located approximately 150 km north of Grande Prairie, which is in close proximity to Birchcliff's other assets. The Worsley Property is characterized by large contiguous blocks of mainly 100% working interest lands containing a very large Charlie Lake light oil pool. Essentially all of the production is operated by Birchcliff and the related infrastructure is owned by Birchcliff.

Early in 2016, Birchcliff drilled 1 (1.0 net) Charlie Lake horizontal light oil well in the Worsley area that continued 18 sections of land and delineated the pool to the northeast. Additional activities during 2016 included the conversion of two wells in the waterflood area to injectors to further enhance the waterflood scheme.

The majority of the production from the Worsley Charlie Lake Light Oil Resource Play flows through the Corporation's 100% owned and operated Worsley oil battery and gas plant, which is located in the core of the Worsley area. This facility helps Birchcliff to manage the operating costs associated with the production from this area. Clean oil is trucked from the Worsley facility to truck terminals located in the towns of High Prairie, Valleyview and Gordondale, Alberta and Taylor, British Columbia, to be transported on the Pembina Peace pipeline to Edmonton.

At December 31, 2016, Birchcliff held 214.5 (197.2 net) sections of land in the Worsley Charlie Lake Light Oil Resource Play.

Progress

In the fourth quarter of 2014, Birchcliff drilled its first successful 100% working interest Charlie Lake horizontal exploration well in the Progress area, which was brought on production in December 2014. In the second quarter of 2015, Birchcliff drilled its second successful 100% working interest Charlie Lake horizontal light oil well in its Progress area, which was brought on production in August 2015. At December 31, 2016, Birchcliff held 28 (27.5 net) sections of land in the Progress area on the Charlie Lake Light Oil Resource Play.

Landholdings

Birchcliff's land base primarily consists of large contiguous blocks of high working interest acreage located near facilities owned and/or operated by Birchcliff or near third party infrastructure. Birchcliff's land activities during 2016 included: (i) the acquisition of 265.7 (225.3 net) sections, including 143.5 (84.7 net) sections pursuant to the Gordondale Acquisition; and (ii) the disposition of 22.8 (12.5 net) sections, including 6.5 (4.1 net) sections of land pursuant to a disposition in the Progress area in April 2016. Birchcliff's undeveloped land base at December 31, 2016 was 709.6 (658.2 net) sections, with a 93% average working interest.

The following table sets forth Birchcliff's land holdings on the following resource plays at December 31, 2016:

Resource Play	Working Interest	Gross (sections)	Net (sections)
Montney/Doig Resource Play			
Basal Doig/Upper Montney Interval	93.7%	433.9	406.6
Montney D4 Interval	97.1%	328.1	319.3
Montney D2 Interval	97.1%	399.9	388.4
Montney D1 Interval	97.1%	395.4	383.9
Montney C Interval	97.1%	395.4	383.9
Charlie Lake Light Oil Resource Play	92.7%	242.5	224.7
Duvernay Resource Play	100%	59.3	59.3
Nordegg Resource Play	83.5%	687.3	573.6
Banff/Exshaw Resource Play	98.8%	326.0	322.2

Drilling Program and Technology

Birchcliff's 2016 drilling program was focused on capital efficiencies and land retention on the Montney/Doig Resource Play and the Charlie Lake Light Oil Resource Play. Birchcliff drilled a total of 22 (22.0 net) wells during 2016, consisting of 14 (14.0 net) Montney/Doig horizontal natural gas wells in the Pouce Coupe area, 6.0 (6.0 net) Montney horizontal oil and natural gas wells in the Gordondale area, 1 (1.0 net) water disposal well in the Gordondale area and 1 (1.0 net) Charlie Lake horizontal light oil well in the Worsley area.

Birchcliff actively employs the evolving technology utilized by the industry regarding horizontal well drilling and the related multi-stage fracture stimulation (MSF) technology. Birchcliff is currently utilizing multi-well pad drilling which allows it to reduce its per well costs, as well as its environmental footprint. Industry is continuing to evolve MSF technology and its application to resource plays. The industry trends continue to be toward longer wells, more stages, larger fracs and less inter-well distances, both laterally and vertically. Birchcliff has invested significant capital and time in researching and studying the reservoirs it is drilling. This leading edge science includes core derived analytical work, sophisticated petrophysical algorithms, geophysical attribute analysis and reservoir engineering. One of the technologies Birchcliff relies heavily on is the interpretation of three dimensional seismic (3-D) data. In 2016, Birchcliff acquired 512 km^2 of 3-D data and now has a total of 2,610 km^2 of 3-D data. All wells drilled in 2017 will be covered with 3-D data. Birchcliff then integrates these learnings into its operations to design the best drilling technique and engineered completion it can. This is a multi-discipline process that involves a lot of time, effort and money.

Facilities

During 2016, the Corporation spent approximately $66.8 million on infrastructure projects. In 2017, the Corporation expects to spend approximately $85.6 million on infrastructure projects, including the expansions of the PC Gas Plant as discussed in further detail below. These investments are expected to help the Corporation to control infrastructure and its per boe operating costs.

The table below sets forth those major facilities in which the Corporation held an interest at December 31, 2016:

Facility Description	Area and Location	Birchcliff Operated?	Working Interest
PC Gas Plant	Pouce Coupe (03-22-78-12W6M)	Yes	100%
Oil Battery	Gordondale (02-06-79-11W6M)	Yes	100%
Oil Battery	Gordondale (07-29-78-11W6M)	Yes	100%
Gas Plant	Gordondale (01-01-78-10W6M)	No	~13%
Gas Plant/Oil Battery	Worsley (08-21-87-09W6M)	Yes	100%

At December 31, 2016, Birchcliff also held various interests in numerous other gas plants, oil batteries, compressors, facilities and infrastructure.

The following is a more detailed description of the PC Gas Plant.

PC Gas Plant

Birchcliff's 100% owned and operated PC Gas Plant, which is currently licensed to process up to 180 MMcf/d of natural gas, is located in the heart of the Corporation's Montney/Doig Resource Play in the Pouce Coupe area. The PC Gas Plant is the cornerstone of the Corporation's strategy to develop its Montney/Doig Resource Play, to control and expand its production in the play and to further reduce the Corporation's operating costs on a per boe basis. The strategically situated site for the PC Gas Plant enables the Corporation to control and operate all essential infrastructure from wellhead to sales point. The low per unit operating costs of the PC Gas Plant and related infrastructure give the Corporation a strong competitive advantage over others paying for third-party natural gas processing.

The PC Gas Plant is a state-of-the-art facility and meets or exceeds all AER and Alberta Environment requirements. The facility employs energy efficient equipment to optimize performance and keep operating costs low. The PC Gas Plant uses an amine system to remove sulphur content and refrigeration to meet pipeline dew point specifications. Acid gas is injected into a high quality reservoir via two wells located at or adjacent to the site of the PC Gas Plant.

On March 20, 2010, Phase I commenced operation with processing capacity of 30 MMcf/d. On November 2, 2010, Phase II of the PC Gas Plant commenced operation bringing the processing capacity to 60 MMcf/d. On October 2, 2012, Phase III of the PC Gas Plant commenced operation bringing the licensed processing capacity to 150 MMcf/d.

In September 2014, the Corporation completed the Phase IV expansion of the PC Gas Plant which increased the processing capacity to 180 MMcf/d.

The Corporation is actively working to further expand the PC Gas Plant, which will significantly increase the current processing capacity. Field installation of the Phase V expansion (which will increase processing capacity to 260 MMcf/d) commenced in January 2017 and it is expected that Phase V will be on-stream in October 2017. In addition, the engineering and licensing work has been completed for the Phase VI expansion (which will increase processing capacity to 340 MMcf/d). Fabrication of the major components has commenced and it is currently expected that Phase VI will be on-stream in October 2018.

Processing and Transportation

The majority of the Corporation's production from the Montney/Doig Resource Play (excluding Gordondale) is processed at the PC Gas Plant, which currently has a processing capacity of approximately 180 MMcf/d. With respect to Gordondale, the Corporation has access to 90 MMcf/d of firm processing capacity at the Gordondale Facility and a right of first refusal with respect to any capacity in excess of 90 MMcf/d. These arrangements contain a take-or-pay obligation. In addition, the Corporation has access to and is responsible for the costs of 9,000 bbls/d of fractionation capacity at the Fractionation Facility. With respect to the Charlie Lake Light Oil Resource Play, the majority of the Corporation's production is processed at the Corporation's 100% owned and operated natural gas plant and oil battery located in Worsley. Other production is processed at various other facilities owned and operated by the Corporation or third party processors.

Virtually all of Birchcliff's natural gas and NGLs production is delivered through pipelines and the Corporation employs a combination of firm and interruptible receipt pipeline service to deliver its production. Most of the Corporation's natural gas production is transported on the NGTL System. With respect to crude oil, the vast majority of the Corporation's crude oil is trucked to the sales point to be transported on the Pembina Peace pipeline to Edmonton.

Birchcliff recently submitted a binding bid to TransCanada Pipelines ("**TCPL**") for the firm service transportation of 175,000 GJ/d in aggregate (approximately 155 MMcf/d) of natural gas on TCPL's Canadian Mainline, whereby natural gas will be transported from the Empress receipt point in Alberta to the Dawn trading hub located in Southern Ontario. The term is for ten years and has early termination rights that can be exercised following the initial five years of service (upon payment of an increased toll for the final two years of the contract). The toll for the Empress to Dawn portion of the service is $0.77/GJ plus fuel. Subject to regulatory approval, this service is expected to become available in three tranches on November 1 of each of 2017, 2018 and 2019. Provision of the service is conditional on, among other things, TCPL receiving National Energy Board approval on terms and conditions satisfactory to TCPL.

See *"Risk Factors – Business and Operational Risks – Gathering and Processing Facilities and Pipeline Systems"* in this Annual Information Form.

Production, Marketing and Sales Revenues

During 2016, the Corporation's annual average production was 49,236 boe/d and the only products produced and sold by the Corporation were light crude oil, natural gas and NGLs.

The Corporation's natural gas production is primarily sold to third-party natural gas marketers at the AECO Daily Index. None of the Corporation's natural gas production is currently sold to natural gas aggregators who accumulate production from various producers and market the gas on behalf of the group. In order to risk manage and hedge natural gas prices, the Corporation has entered into fixed price physical delivery sales contracts for the 2017 calendar year that relate an aggregate of 122,500 GJ/d of natural gas at an average price of $3.02/GJ.

Crude oil production is primarily sold to crude oil marketers on a monthly basis. The pricing is either based on an index price or is a netback or posted price provided by the marketer. Birchcliff monitors the relative prices provided by marketers and adjusts the volumes allocated to individual marketers to ensure that it is achieving market pricing for its crude oil.

The majority of NGLs are sold to marketers under contracts that commence on April 1 of calendar year and run for one or two years. The pricing is typically based on available index prices. The Corporation also sells ethane and propane under a contract extending to 2026. Ethane is sold at an indexed based price and propane is priced at the buyer's posted propane price.

The Corporation also engages in risk management hedging which is done using pure financial instruments separate from the Corporation's marketing contracts. For further information regarding the Corporation's risk management activities, see *"Statement of Reserves and Other Oil and Gas Information – Other Oil and Gas Information – Forward Contracts"* and the Corporation's audited annual financial statements and related management's discussion and analysis for the year ended December 31, 2016.

None of the Corporation's products are sold to non-arm's length parties.

Excluding the effects of hedges using financial instruments, the Corporation's average sales price during 2016 for light oil was $51.40/bbl (2015: $53.68/bbl), $2.41/Mcf for natural gas (2015: $2.90/Mcf) and $31.23/bbl for NGLs (2015: $50.76). The following table sets forth the aggregate PNG sales for the Corporation's natural gas, light crude oil and NGLs for the years ended December 31, 2016 and December 31, 2015:

Product	**2016 PNG Sales**(1)	**2015 PNG Sales**(2)
Natural Gas	$218,432,044	$213,494,338
Light Crude Oil	$70,144,458	$72,635,618
NGLs	$48,900,685	$30,991,526

(1) The amounts set forth in the table above for 2016 exclude the effects of financial instruments and excludes royalty revenues.

(2) During 2015, the Corporation had no financial hedges in place.

The Corporation's revenues are highly dependent upon the prices that it receives for oil, natural gas and NGLs and such prices are closely correlated to the price of crude oil and natural gas. See *"Risk Factors – Financial Risks and Risks Relating to Economic Conditions – Commodity Price Volatility"* in this Annual Information Form.

Competitive Conditions

The oil and natural gas industry is highly competitive in all of its phases. The Corporation competes with numerous other entities for land, acquisitions of reserves, access to drilling and service rigs and other equipment, access to transportation and skilled technical and operating personnel, among other things. The Corporation's competitors include companies that have more financial resources, staff and facilities than those of the Corporation.

Management believes that the Corporation has a competitive advantage in its focus area of the Peace River Arch area of Alberta based upon the infrastructure and land base it controls. In addition, management believes that it has a competitive advantage based on the experience it has developed on its resource plays. The Corporation attempts to enhance its competitive position by operating in areas where it believes its technical personnel are able to reduce some of the risks associated with exploration, production and marketing because such personnel are familiar with the areas. See "*Risk Factors – Business and Operational Risks – Competition*" in this Annual Information Form.

Seasonal and Cyclical Factors

The exploration for and development of oil and natural gas is dependent on access to areas where operational activities are to be conducted. Seasonal weather variations, including freeze-up and break-up, can delay such access. See *"Risk Factors – Business and Operational Risks – Seasonality"* in this Annual Information Form.

The Corporation's operational results and financial condition are highly dependent on the prices it receives for its oil and natural gas production. Crude oil and natural gas prices have fluctuated widely during recent years and are subject to fluctuations in response to changes in supply, demand, market uncertainty and numerous other factors that are beyond the control of the Corporation. See *"Risk Factors – Financial Risks and Risks Relating to Economic Conditions – Commodity Price Volatility"* in this Annual Information Form.

Environmental Protection

The oil and natural gas industry is currently subject to environmental regulation pursuant to a variety of local, provincial and federal legislation and regulations. Compliance with such legislation may require significant expenditures or result in operational restrictions. Breach of such requirements may result in civil liability for pollution damage and the imposition of material fines and penalties, all of which might have a significant negative impact on earnings and overall competitiveness of the Corporation. In addition, a breach may result in the suspension or revocation of necessary licences and authorizations and/or the Corporation being subject to interim compliance measures, all of which may restrict the Corporation's ability to conduct operations. See *"Risk Factors – Environmental, Regulatory and Political Risks"* in this Annual Information Form.

The costs of complying with existing or future environmental legislation or regulations, including those relating to climate change and GHG emissions, may have a material adverse effect on the Corporation's financial condition or results of operations. Future changes in environmental legislation could occur and result in stricter standards and enforcement, larger fines and liability and increased capital expenditures and operating costs. See *"Risk Factors – Environmental, Regulatory and Political Risks"* in this Annual Information Form.

At December 31, 2016, the Corporation has not recorded any material costs and liabilities relating to environmental protection legislation or any material environmental incidents. As a result of its net ownership interest in oil and natural gas properties and equipment, including well sites, processing facilities and gathering systems, the Corporation incurs decommissioning obligations. The Corporation's decommissioning obligation at December 31, 2016 was $133.5 million, calculated on a discounted fair value basis using a risk-free rate of 2.36% and an inflation rate of 2.0%. Additional information on the Corporation's decommissioning obligations is available in the Corporation's audited annual financial statements for the year ended December 31, 2016.

Social and Environmental Policies

Health, Safety and Environmental Programs

Birchcliff is committed to constantly evolving and improving its health, safety and environmental management program and conducting its activities in a manner that safeguards its employees, contractors, representatives, the environment and the public at large. The Corporation has an active program to monitor and comply with health, safety and environmental laws, rules and regulations applicable to its operations.

The Corporation'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 the public at large. Employees receive pertinent health, safety and environmental training for his or her role. Birchcliff conducts operational audits and assessments to identify risks and takes steps to reduce or prevent incidents. In addition, the Corporation has developed emergency response plans in conjunction with local authorities, emergency services and the communities in which it operates in order to be prepared to effectively respond to an environmental incident should it arise and rigorously conducts exercises and training for its staff.

Birchcliff participates in Alberta's Certificate of Recognition ("**COR**") Safety Program and has received and maintained a COR certification since 2011. A COR certification demonstrates that the employer's health and safety management system has been evaluated by a certified auditor and meets provincial standards, as established by Occupational Health and Safety (Alberta). The COR Health and Safety Auditing and the COR Safety Program requires a commitment to continuous improvement in the health, safety and environment management practices, including sound planning and implementation. The program is audited externally every 3 years and internally every other year.

Birchcliff works hard to maintain the safety and integrity of its facility and pipeline infrastructure. The Corporation's Asset Integrity staff manages its Pressure Equipment Integrity Program in compliance with the Alberta Boilers Safety Association (ABSA) requirements and its Pipeline Integrity Program in compliance with AER requirements. These programs are audited internally on an annual basis and externally on a periodic basis to evaluate their effectiveness and are updated based on the findings from such audits. Birchcliff has received high audit scores from ABSA on two recent audits of its program. The Corporation's Chief Inspector and pipeline Asset Integrity Coordinator make use of databases and associated work tracking systems to ensure that all integrity tasks (inspections, pigging, etc.) are scheduled and completed according to its programs.

As part of its fundamental values, the Corporation recognizes the importance of and its responsibility for environmental stewardship. The Corporation endeavors to maintain excellence in environmental reporting and response and to take proactive steps to eliminate or reduce its environmental impact. As an organization which strives for continuous improvement, Birchcliff continues to look for and develop new technology, systems and processes that will help improve efficiency, reduce its environmental footprint and create a safer work environment. For example, the Corporation utilizes multi-well pads in many of its drilling operations and tries to use recycled water for its fracing operations.

Environmental assessments are undertaken for new projects or when acquiring new properties or facilities in order to identify, assess and minimize environmental risks and operational exposures. The Corporation conduct audits of operations to confirm compliance with internal standards and to stimulate improvement in practices where needed. Documentation is maintained to support internal accountability and measure operational performance against recognized industry indicators to assist in achieving the objectives of the described policies and programs.

See "*Risk Factors – Business and Operational Risks – Health, Safety and Environment*" in this Annual Information Form.

Community Programs

Fostering a strong relationship with the community and its stakeholders is as integral to the success of the Corporation's projects as obtaining the required regulatory approvals. The Corporation believes cooperative, sincere and responsive consultation efforts with stakeholders in the areas in which Birchcliff operates creates a solid foundation for its 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 its field operations.

Birchcliff recognizes the role that communities play in its success and looks for opportunities to "give back". The Corporation is a staunch supporter of the community and the business and educational initiatives of the First Nations who live in areas in which Birchcliff operates. Every year, the Corporation participates in a number of community support endeavours in the areas surrounding its field operations and in Calgary. In 2016, the Corporation contributed 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 and fire departments. To date, Birchcliff has helped raise approximately $930,000 to support STARS Air Ambulance in the Grande Prairie area, which is an important partner in trauma care for the Grande Prairie region. Each year, the Corporation raises funds for the United Way and the YWCA. Birchcliff makes an annual contribution to Home Front Calgary, a community-justice response team dedicated to helping families experiencing domestic violence. Through Birchcliff's support of Momentum, Calgarians living in poverty learn how to achieve a sustainable livelihood. The Corporation donates to the OneSight program and supports the Canadian Cancer Society daffodil campaign. The Corporation volunteers with Feed the Hungry, providing healthy meals in an atmosphere of dignity and respect. During the holiday season, Birchcliff employees "adopt" a number of families in need and donate gifts, food and decorations to help make the holidays special. The Corporation also fills backpacks with living essentials and gifts for the Mustard Seed and prepares sandwiches for the homeless for the Calgary Drop-In Centre.

Through these activities and numerous others, Birchcliff creates and maintains long-term, positive partnerships and relationships, while promoting employee engagement in the communities where it operates.

Specialized Skill and Knowledge

The Corporation employs individuals with various professional skills and knowledge in the course of pursuing its business plan. In addition, various specialized consultants are available to assist the Corporation in areas where it believes it doesn't need full time employees. These professional skills include, but are not limited to, geology, geophysics, engineering, financial and business skills, which are generally available in the industry. Drawing on significant experience in the oil and natural gas business, the Corporation believes that its management team has a demonstrated track record of bringing together all of the key components to a successful exploration and production company: strong technical skills; expertise in planning and financial controls; ability to execute on business development opportunities; and capital markets expertise.

Employees

The following table sets forth Birchcliff's employees at December 31, 2016:

	Employees
Head Office Employees	130
Field Employees	52

In addition, the Corporation hires skilled contractors to perform drilling operations, well completions and other field service operations.

See "*Risk Factors – Other Risks – Reliance on Key Personnel*" in this Annual Information Form.

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

All of the Corporation's reserves are located in the Province of Alberta. Birchcliff retained two independent qualified reserves evaluators, Deloitte and McDaniel, to evaluate and prepare reports on 100% of Birchcliff's light crude oil and medium crude oil (combined), conventional natural gas, shale gas and NGLs reserves. Deloitte evaluated all of Birchcliff's properties other than the Gordondale Assets, representing approximately 76% of the assigned total proved plus probable reserves and 73% of the total proved plus probable future net revenue discounted at 10%. McDaniel evaluated the reserves attributable to the Gordondale Assets, representing approximately 24% of the assigned total proved plus probable reserves and 27% of the total proved plus probable future net revenue discounted at 10%.

The statement of reserves data and other oil and gas information set forth below is dated March 15, 2017. The effective date of the reserves and future net revenue information provided is December 31, 2016, unless otherwise indicated. The preparation date in respect of the disclosure contained herein is February 8, 2017.

Supplemental disclosure of the Corporation's contingent resources data and prospective resources data has been included as Appendix A to this Annual Information Form. The Report on Reserves Data, Contingent Resources Data and Prospective Resources Data by Deloitte and the Report on Reserves Data by McDaniel in Form 51-101F2 are attached to this Annual Information Form as Appendix B and the Report of Management and Directors on Oil and Gas Disclosure in Form 51-101F3 is attached to this Annual Information Form as Appendix C.

Disclosure of Reserves Data

The reserves data set forth below is based upon the evaluation by Deloitte with an effective date of December 31, 2016 as contained in the report of Deloitte dated February 3, 2017 (the "**Deloitte Reserves Report**") and the evaluation by McDaniel with an effective date of December 31, 2016 as contained in the report of McDaniel dated February 8, 2017 (the "**McDaniel Reserves Report**"), which are contained in the consolidated report of Deloitte with an effective date of December 31, 2016 (the "**Consolidated Reserves Report**"). Deloitte prepared the Consolidated Reserves Report by consolidating the properties evaluated by Deloitte in the Deloitte Reserves Report with the properties evaluated by McDaniel in the McDaniel Reserves Report, in each case using the Deloitte Price Forecast. Hedging gains and losses have been incorporated into the Consolidated Reserves Report.

Deloitte and McDaniel have confirmed to the Reserves Evaluation Committee of the Board that their respective evaluations were prepared in accordance with the standards contained in the COGE Handbook and NI 51-101. In the course of preparing the reserves reports, Birchcliff provided Deloitte and McDaniel with basic information which included land, well and accounting (product prices and operating costs) information, reservoir and geological studies, estimates of on-stream dates for certain properties, contract information, budget forecasts and financial data. Other engineering, geological or economic data required to conduct the evaluations and upon which the reserves reports are based, were obtained from public records, other operators and from Deloitte's and McDaniel's non-confidential files. The extent and character of ownership and accuracy of all factual data supplied to Deloitte and McDaniel was accepted by each of Deloitte and McDaniel as presented. A field inspection and environmental/safety assessment of the properties that were the subject of the reserves evaluations was not conducted.

The net present value of future net revenue attributable to the Corporation's reserves is based on the Deloitte Price Forecast and is determined before provision for interest, debt servicing and general and administrative expense and after the deduction of royalties, operating costs, development costs and abandonment and reclamation costs.

The after-tax net present value of the Corporation's oil and natural gas properties reflects the income tax burden on the properties on a stand-alone basis and takes into account the Corporation's existing tax pools. It does not consider the business-entity-level tax situation or tax planning. It does not provide an estimate of the value at the level of the business entity, which may be significantly different. The Corporation's audited annual financial statements and related management's discussion and analysis for the year ended December 31, 2016 should be consulted for information at the level of the business entity.

There are numerous uncertainties inherent in estimating quantities of oil, natural gas and NGLs reserves and the future net revenue attributed to such reserves, including many factors beyond the control of the Corporation. The reserves and associated future net revenue information set forth in this Annual Information Form are estimates only. In general, estimates of economically recoverable oil, natural gas and NGLs reserves and the future net revenue therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, initial production rates, production decline rates, ultimate reserves recovery, the timing and amount of capital expenditures, the success of future development activities, future commodity prices, marketability of oil, natural gas and NGLs, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially from actual results. For those reasons, estimates of the economically recoverable oil, natural gas and NGLs reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenue associated with reserves prepared by different engineers, or by the same engineer at different times, may vary substantially. The Corporation's actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates thereof and such variations could be material.

It should not be assumed that the undiscounted or discounted net present value of future net revenue attributable to the Corporation's reserves estimated by the Corporation's independent qualified reserves evaluators represent the fair market value of those reserves. There is no assurance that the forecast prices and costs assumptions will be attained and variances could be material. The recovery and reserves estimates of Birchcliff's oil, natural gas and NGLs reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual oil, natural gas and NGLs reserves may be greater than or less than the estimates provided herein and variances could be material. Estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.

As the tables below summarize the data contained in the Consolidated Reserves Report, they may contain slightly different numbers than the Consolidated Reserves Report due to rounding. Also due to rounding, certain columns may not add exactly.

The information relating to the Corporation's oil, natural gas and NGLs reserves contains forward-looking information, including information relating to future net revenue, forecast capital expenditures, future development plans and costs related thereto, forecast operating costs, anticipated production and abandonment and reclamation costs. See *"Special Notes to Reader – Forward-Looking Information"* in this Annual Information Form.

For additional information, please see *"Presentation of Oil and Gas Reserves and Resources", "Risk Factors – Business and Operational Risks – Uncertainty of Reserves and Resource Estimates"* and *"Special Notes to Reader"* in this Annual Information Form.

Reserves Summary

The following table sets forth the Corporation's light crude oil and medium crude oil, conventional natural gas, shale gas and NGLs reserves at December 31, 2016, estimated using the Deloitte Price Forecast:

Summary of Reserves at December 31, 2016
(Forecast Prices and Costs)

	Light Crude Oil and Medium Crude Oil		**Conventional Natural Gas**		**Shale Gas**		**NGLs**		**Total Boe**	
Reserves Category	***Gross (Mbbls)***	***Net (Mbbls)***	***Gross (MMcf)***	***Net (MMcf)***	***Gross (MMcf)***	***Net (MMcf)***	***Gross (Mbbls)***	***Net (Mbbls)***	***Gross (Mboe)***	***Net (Mboe)***
Proved										
Developed Producing	12,618.3	10,722.4	28,107.7	25,546.5	772,961.6	707,425.5	19,377.2	14,467.0	165,507.0	147,351.4
Developed Non-Producing	1,971.0	1,736.4	11,328.6	10,400.4	16,276.5	14,898.2	286.7	195.1	6,858.5	6,148.0
Undeveloped	17,202.7	14,796.2	19,957.5	18,478.0	1,952,217.2	1,744,899.5	30,259.7	24,396.4	376,158.3	333,088.8
Total Proved	31,791.9	27,255.0	59,393.8	54,424.9	2,741,455.3	2,467,223.2	49,923.6	39,058.5	548,523.8	486,588.1
Probable	26,655.8	22,186.7	62,289.1	56,862.9	1,532,149.2	1,321,933.2	39,544.5	30,455.0	331,940.0	282,441.0
Total Proved Plus Probable	58,447.7	49,441.7	121,682.9	111,287.8	4,273,604.6	3,789,156.4	89,468.2	69,513.5	880,463.8	769,029.2

Net Present Value of Future Net Revenue

The following table sets forth the net present value of future net revenue attributable to Birchcliff's reserves at December 31, 2016, estimated using the Deloitte Price Forecast, before and after deducting future income tax expenses and calculated at various discount rates:

Summary of Net Present Value of Future Net Revenue at December 31, 2016
(Forecast Prices and Costs)

	Net Present Value of Future Net Revenue Before Income Taxes Discounted At (%/year)					
Reserves Category	**0** *(MM$)*	**5** *(MM$)*	**10** *(MM$)*	**15** *(MM$)*	**20** *(MM$)*	**Unit Value Discounted at 10%/year** *($/boe)*
Proved						
Developed Producing	3,503.2	2,457.0	1,877.4	1,521.6	1,284.7	12.74
Developed Non-Producing	176.2	121.8	91.5	72.5	59.4	14.89
Undeveloped	6,659.1	3,593.3	2,085.6	1,255.3	758.6	6.26
Total Proved	10,338.4	6,172.1	4,054.5	2,849.3	2,102.7	8.33
Probable	7,488.7	3,364.7	1,756.4	1,011.5	622.0	6.22
Total Proved Plus Probable	17,827.2	9,536.8	5,810.8	3,860.7	2,724.7	7.56

	Net Present Value of Future Net Revenue After Income Taxes Discounted At (%/year)(1)				
Reserves Category	**0** *(MM$)*	**5** *(MM$)*	**10** *(MM$)*	**15** *(MM$)*	**20** *(MM$)*
Proved					
Developed Producing	3,107.8	2,243.1	1,751.9	1,443.5	1,233.8
Developed Non-Producing	129.3	91.2	70.4	57.2	48.1
Undeveloped	4,853.0	2,558.9	1,425.0	800.7	428.8
Total Proved	8,090.1	4,893.1	3,247.3	2,301.4	1,710.7
Probable	5,461.5	2,415.8	1,225.7	677.2	393.5
Total Proved Plus Probable	13,551.6	7,308.9	4,473.0	2,978.6	2,104.3

(1) The after-tax net present value of Birchcliff's oil and natural gas properties reflects the income tax burden on the properties on a stand-alone basis and takes into account Birchcliff's existing tax pools. It does not consider the business-entity-level tax situation or tax planning. It does not provide an estimate of the value at the level of the business entity, which may be significantly different. The Corporation's audited annual financial statements and related management's discussion and analysis for the year ended December 31, 2016 should be consulted for information at the level of the business entity.

Elements of Future Net Revenue

The following table sets forth the various elements of the Corporation's future net revenue attributable to the Corporation's reserves as estimated by Deloitte at December 31, 2016, estimated using the Deloitte Price Forecast and calculated without discount:

Elements of Future Net Revenue (Undiscounted) at December 31, 2016
(Forecast Prices and Costs)

Reserves Category	**Revenue** *(MM$)*	**Royalties** *(MM$)*	**Operating Costs** *(MM$)*	**Develop-ment Costs** *(MM$)*	**Abandon-ment and Reclamation Costs** *(MM$)*	**Future Net Revenue Before Future Income Tax Expenses** *(MM$)*	**Future Income Tax Expenses** *(MM$)*	**Future Net Revenue After Future Income Tax Expenses** *(MM$)*
Total Proved	19,151.2	2,232.7	3,883.7	2,501.1	195.3	10,338.4	2,248.3	8,090.1
Total Proved Plus Probable	33,606.4	4,343.9	6,992.5	4,150.1	292.7	17,827.2	4,275.6	13,551.6

Net Present Value of Future Net Revenue by Product Type

The following table sets forth by product type the future net revenue associated with the Corporation's reserves at December 31, 2016, estimated using the Deloitte Price Forecast, before deducting future income tax expenses and calculated using a 10% discount rate:

Net Present Value of Future Net Revenue by Product Type at December 31, 2016
(Forecast Prices and Costs)

Reserves Category	**Product Type**	**Future Net Revenue Before Income Taxes (Discounted at 10%/year)** *(MM$)*	**Unit Value** *($/boe)*(1)
Total Proved	Light Crude Oil and Medium Crude Oil (including solution gas and other by-products)	1,080.6	39.92
	Conventional Natural Gas (including by-products but excluding solution gas and by-products from oil wells)	9.8	3.36
	Shale Gas (including by-products)	2,964.1	7.86
	Total	**4,054.5**	**9.98**
Total Proved Plus Probable	Light Crude Oil and Medium Crude Oil (including solution gas and other by-products)	1,822.8	37.04
	Conventional Natural Gas (including by-products but excluding solution gas and by-products from oil wells)	21.5	4.26
	Shale Gas (including by-products)	3,966.6	6.96
	Total	**5,810.8**	**9.34**

(1) Unit amounts are derived using net reserves volumes.

Pricing Assumptions

Forecast Prices Used in Estimates

The following table sets forth the forecast price and cost assumptions used in the Consolidated Reserves Report as contained in the Deloitte Price Forecast:

Deloitte Price Forecast

	Crude Oil		Natural Gas	NGLs					
Year	WTI at Cushing Oklahoma *($US/bbl)*	Edmonton City Gate *($CDN/bbl)*	Natural Gas at AECO *($CDN/Mcf)*	Edmonton Ethane *($CDN/bbl)*	Edmonton Propane *($CDN/bbl)*	Edmonton Butane *($CDN/bbl)*	Edmonton Pentanes + Condensate *($CDN/bbl)*	Currency Exchange Rate *($CDN/$US)*	Price and Cost Inflation Rates *(%)*
2017	55.00	68.90	3.25	9.10	13.80	41.35	68.90	0.740	0.0
2018	58.15	71.15	3.35	9.45	21.35	42.70	71.15	0.760	2.0
2019	62.40	74.70	3.50	9.80	29.85	44.85	74.70	0.780	2.0
2020	69.00	79.90	3.55	10.00	31.95	47.95	79.90	0.810	2.0
2021	75.75	84.05	3.70	10.30	33.60	50.45	84.05	0.850	2.0
2022	82.80	92.25	3.90	11.00	36.90	55.35	92.25	0.850	2.0
2023	84.45	94.10	4.15	11.65	37.60	56.50	94.10	0.850	2.0
2024	86.15	95.95	4.50	12.50	38.35	57.60	95.95	0.850	2.0
2025	87.85	97.90	4.70	13.10	39.15	58.75	97.90	0.850	2.0
2026	89.65	99.85	4.85	13.55	39.90	59.95	99.85	0.850	2.0
2027	91.40	101.85	5.00	14.00	40.70	61.15	101.85	0.850	2.0
2028	93.25	103.90	5.10	14.30	41.55	62.35	103.90	0.850	2.0
2029	95.10	105.95	5.20	14.60	42.35	63.60	105.95	0.850	2.0
2030	97.00	108.10	5.30	14.90	43.20	64.85	108.10	0.850	2.0
2031	98.95	110.25	5.40	15.15	44.05	66.15	110.25	0.850	2.0
2032	100.95	112.45	5.50	15.50	44.95	67.50	112.45	0.850	2.0
2033	102.95	114.70	5.65	15.80	45.85	68.85	114.70	0.850	2.0
2034	105.00	117.00	5.75	16.10	46.75	70.20	117.00	0.850	2.0
2035	107.10	119.35	5.85	16.40	47.70	71.65	119.35	0.850	2.0
2036	109.25	121.70	5.95	16.75	48.65	73.05	121.70	0.850	2.0
2036+	2%/yr	2%/yr	2%/yr	2%/yr	2%/yr	2%/yr	2%/yr	0.850	2.0/yr

The pricing and cost assumptions used were determined by Deloitte based on information available from numerous governmental agencies, industry publications, oil refineries, natural gas marketers and industry trends. These long-term price forecasts are subject to the many uncertainties that affect long-term future forecasts.

Weighted Average Commodity Prices

The Corporation’s weighted average realized commodity prices for the year ended December 31, 2016, excluding the effects of financial hedges, were as follows:

- Light Crude Oil and Medium Crude Oil (Combined): $51.40/bbl.
- Shale Gas: $2.41/Mcf (includes conventional natural gas, which represented less than 2% of the Corporation’s total corporate natural gas production during 2016).
- NGLs: $31.23/bbl.

Reconciliation of Changes in Reserves

The following table sets forth a reconciliation of the Corporation's gross reserves at December 31, 2016 set forth in the Consolidated Reserves Report, using the Deloitte Price Forecast, to the Corporation's gross reserves at December 31, 2015 set forth in the Prior Deloitte Reserves Report, using Deloitte's forecast price and cost assumptions effective December 31, 2015:

Reconciliation of Gross Reserves from December 31, 2015 to December 31, 2016
(Forecast Prices and Costs)

Factors	Light Crude Oil and Medium Crude Oil *(Mbbls)*	Conventional Natural Gas *(MMcf)*	Shale Gas *(MMcf)*	NGLs *(Mbbls)*	Oil Equivalent *(Mboe)*
GROSS TOTAL PROVED					
Opening balance December 31, 2015	**18,534.0**	**59,094.7**	**1,839,366.7**	**16,301.2**	**351,245.4**
Discoveries	0.0	0.0	0.0	0.0	0.0
Extensions & Improved Recovery	359.3	695.4	413,357.8	2,883.8	72,252.0
Technical Revisions	375.8	(194.9)	195,709.6	996.9	33,958.5
Acquisitions(1)	14,450.5	11,707.8	385,468.9	31,511.3	112,157.9
Dispositions	(474.0)	(5,834.0)	(4,971.4)	(197.5)	(2,472.4)
Economic Factors	(82.2)	(1,140.8)	(1,047.9)	(20.1)	(467.1)
Production(2)	(1,371.4)	(4,934.4)	(86,428.3)	(1,552.0)	(18,150.5)
Closing balance December 31, 2016	**31,792.0**	**59,393.8**	**2,741,455.4**	**49,923.6**	**548,523.8**
GROSS TOTAL PROBABLE					
Opening balance December 31, 2015	**17,468.1**	**64,897.0**	**1,093,750.0**	**11,117.5**	**221,693.4**
Discoveries	0.0	0.0	0.0	0.0	0.0
Extensions & Improved Recovery	268.8	353.0	88,360.9	771.7	15,826.2
Technical Revisions	(1,107.6)	(2,370.3)	63,326.4	2,561.1	11,612.9
Acquisitions(1)	10,527.7	2,566.1	309,674.2	25,705.5	88,273.3
Dispositions	(470.0)	(2,723.9)	(22,749.7)	(603.8)	(5,319.4)
Economic Factors	(31.3)	(432.8)	(212.6)	(7.4)	(146.3)
Production(2)	0.0	0.0	0.0	0.0	0.0
Closing balance December 31, 2016	**26,655.7**	**62,289.1**	**1,532,149.2**	**39,544.6**	**331,940.0**
GROSS TOTAL PROVED PLUS PROBABLE					
Opening balance December 31, 2015	**36,002.1**	**123,991.7**	**2,933,116.7**	**27,418.7**	**572,938.9**
Discoveries	0.0	0.0	0.0	0.0	0.0
Extensions & Improved Recovery	628.1	1,048.4	501,718.7	3,655.5	88,078.1
Technical Revisions	(731.8)	(2,565.2)	259,036.0	3,558.0	45,571.3
Acquisitions(1)	24,978.2	14,273.9	695,143.1	57,216.8	200,431.2
Dispositions	(944.0)	(8,557.9)	(27,721.1)	(801.3)	(7,791.8)
Economic factors	(113.5)	(1,573.6)	(1,260.5)	(27.5)	(613.4)
Production(2)	(1,371.4)	(4,934.4)	(86,428.3)	(1,552.0)	(18,150.5)
Closing balance December 31, 2016	**58,447.7**	**121,682.9**	**4,273,604.6**	**89,468.2**	**880,463.8**

(1) The amount for "Acquisitions" relates solely to the reserves acquired pursuant to the Gordondale Acquisition. The acquisitions amount is the estimate of reserves at December 31, 2016. Any production since July 28, 2016, being the date of the closing of the Gordondale Acquisition, is included in "Production".

(2) Represents the independent qualified reserves evaluators' estimates of actual production for the year ended December 31, 2016 before year-end results were available.

Additional Information Relating to Reserves Data

Undeveloped Reserves

Undeveloped reserves are attributed by Deloitte and McDaniel in accordance with standards and procedures contained in the COGE Handbook. Proved undeveloped reserves are those reserves that can be estimated with a high degree of certainty and are expected to be recovered from known accumulations where a significant expenditure is required to render them capable of production. Probable undeveloped reserves are those reserves that are less certain to be recovered than proved reserves and are expected to be recovered from known accumulations where a significant expenditure is required to render them capable of production. Proved and probable undeveloped reserves have been assigned in accordance with engineering and geological practices as defined under NI 51-101.

The following table sets forth for each product type the volumes of each of the proved undeveloped reserves and the probable undeveloped reserves from the applicable reserves evaluations that were first attributed as reserves in each of the three most recent financial years:

Undeveloped Reserves

	Proved Undeveloped Reserves				**Probable Undeveloped Reserves**			
Year of first attribution	**Light Crude Oil and Medium Crude Oil *(Mbbls)***	**Conventional Natural Gas *(MMcf)***	**Shale Gas *(MMcf)***	**NGLs *(Mbbls)***	**Light Crude Oil and Medium Crude Oil *(Mbbls)***	**Conventional Natural Gas *(MMcf)***	**Shale Gas *(MMcf)***	**NGLs *(Mbbls)***
2016	8,921	633	578,861	18,275	10,092	1,860	628,657	26,426
2015	1,082	2,677	242,811	1,884	613	4,660	283,730	2,949
2014	640	1,214	131,384	1,351	1,612	3,897	125,596	2,008

The Corporation has a large inventory of development opportunities in its portfolio and its capital spending activities are prioritized to optimize development plans, achieve strategic goals and maximize shareholder value.

There are 511 (501.6 net) potential future horizontal drilling locations to which the Consolidated Reserves Report has attributed proved undeveloped reserves.

Approximately 98% of the proved undeveloped reserves are attributed to the Montney/Doig Resource Play and the Consolidated Reserves Report has attributed proved undeveloped reserves to each potential future horizontal drilling location that is proximal to an existing well to which the Corporation's independent qualified reserves evaluators have attributed proved developed reserves. Deloitte and McDaniel have estimated such proved undeveloped reserves using forecast production rates that are based on a statistical analysis of production rates of existing wells operated by the Corporation or others on the Montney/Doig Resource Play in the regional area.

There are 449 (440.0 net) potential future horizontal drilling locations in the Montney/Doig Resource Play to which the Consolidated Reserves Report has attributed proved undeveloped reserves. In the Consolidated Reserves Report, the Corporation's independent qualified reserves evaluators forecast that 48 net wells and 85 net wells would be drilled in 2017 and 2018, respectively. The 2017 Capital Program contemplates the drilling of 46 (46.0 net) Montney/Doig horizontal wells during 2017. Birchcliff anticipates that drilling activities in 2017 will utilize available capacity at the PC Gas Plant (currently 180 MMcf/d, which is expected to be increased to 260 MMcf/d in October 2017), as well as capacity as it becomes available from third party processors. Over the next two years, the Corporation expects that it will continue to develop its proved undeveloped reserves on the Montney/Doig Resource Play as processing capacity at the PC Gas Plant is expanded to 260 MMcf/d and 340 MMcf/d (currently expected to come on-stream in October 2018). See *"Description of the Business – Facilities – The PC Gas Plant".*

Approximately 1.6% of the proved undeveloped reserves are attributed to the Corporation's Worsley Charlie Lake Light Oil Resource Play and of those, approximately 0.8% are based on Deloitte's forecast of increased recoveries from the waterflood enhanced recovery scheme that has been underway for a number of years and Deloitte's forecast areal expansion of the waterflood. The balance of the proved undeveloped reserves attributed to the Worsley Charlie Lake Light Oil Resource Play relate in part to 55 (54.6 net) potential future drilling locations. In the Consolidated Reserves Report, Deloitte forecast that approximately 20 (20.0 net) of these potential future drilling locations would be drilled in 2018 and the balance of these potential future drilling locations would be drilled thereafter, in each case to the extent that their production could be accommodated at the Corporation's Worsley facilities. Approximately 0.4% of the proved undeveloped reserves are attributed to the Progress Charlie Lake Light Oil Resource Play and relate to 7 (7.0 net) potential future drilling locations. In the Consolidated Reserves Report, Deloitte forecast that approximately 1 (1.0 net) of these potential future drilling locations would be drilled in 2017 and the balance of these potential future drilling locations would be drilled thereafter, in each case to the extent that their production could be accommodated at the existing facilities. The 2017 Capital Program does not contemplate the drilling of any wells on the Charlie Lake Light Oil Resource Play during 2017.

With respect to the probable undeveloped reserves, on both the Montney/Doig Resource Play and the Charlie Lake Light Oil Resource Play, the Corporation's development plans are largely dependent on the development of the proved undeveloped reserves discussed above. The development of the probable undeveloped reserves is planned to occur during the ensuing 8 years, on a schedule consistent with the Corporation's access to required processing capacity.

The pace of development of the Corporation's proved and probable undeveloped reserves is influenced by many factors, including the outcomes of the yearly drilling and reservoir evaluations, the price for oil and natural gas, and a variety of economic factors and conditions. There are a number of factors that could result in delayed or cancelled development, including the following: (i) changing economic conditions (due to pricing, operating and capital expenditure fluctuations); (ii) changing technical conditions (including production anomalies, such as water breakthrough or accelerated depletion); (iii) multi-zone developments (for instance, a prospective formation completion may be delayed until the initial completion is no longer economic); (iv) a larger development program may need to be spread out over several years to optimize capital allocation and facility utilization; and (v) surface access issues (including those relating to land owners, weather conditions and regulatory approvals).

Significant Factors or Uncertainties Affecting Reserves Data

The process of estimating reserves is complex. It requires significant judgments and decisions based on available geological, geophysical, engineering and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting oil and natural gas prices and costs change. The reserves estimates contained in this Annual Information Form are based on current production forecasts, prices and economic conditions.

As circumstances change and additional data becomes available, reserves estimates also change. Estimates are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required due to changes in well performance, prices, economic conditions and governmental restrictions.

Although every reasonable effort is made to ensure that reserves estimates are accurate, reserves estimation is an inferential science. As a result, the subjective decisions, new geological or production information and a changing environment may impact these estimates. Revisions to reserves estimates can arise from changes in year-end oil and natural gas prices and reservoir performance. Such revisions can be either positive or negative.

Changes in future commodity prices relative to the forecasts described above under *''Pricing Assumptions''* could have a negative impact on the Corporation's reserves, and in particular on the development of undeveloped reserves, unless future development costs are adjusted in parallel. The Corporation has a significant amount of proved and probable undeveloped reserves. At the forecast prices and costs used in the Consolidated Reserves Report, these development activities are expected to be economic. However, should oil and natural gas prices decrease materially, these activities may not be economic and the Corporation may need to be defer their implementation. In addition, reserves can be significantly affected by fluctuations in product pricing, capital expenditures, operating costs, royalty regimes, abandonment and reclamation costs and well performance that is beyond the Corporation's control. Other than the foregoing and the factors disclosed or described herein, the Corporation does not anticipate any other significant economic factors or other significant uncertainties which may affect any particular components of its reserves data.

See also *"Risk Factors – Business and Operational Risks – Uncertainty of Reserves and Resource Estimates"* in this Annual Information Form.

Abandonment and Reclamation Costs

In connection with its operations, the Corporation will incur abandonment and reclamation costs for surface leases, wells, facilities and pipelines.

Abandonment and reclamation costs have been estimated by Deloitte and McDaniel in their respective evaluations, are attributed to all existing and future wells that were assigned reserves in their respective evaluations and do not include abandonment and reclamation costs for wells, facilities and pipelines to which no reserves were assigned. Well abandonment and reclamation costs used by Deloitte and McDaniel were not independently evaluated and were assumed to be equal to the average costs for the Corporation's regional reclamation cost area set forth in AER *Directive 011 – Licensee Liability Rating (LLR) Program: Updated Industry Parameters and Liability Costs*.

The Corporation budgets for and recognizes as a liability the estimated present value of the future decommissioning liabilities associated with its oil and natural gas properties and equipment, including wells sites, processing facilities and gathering systems. Abandonment and reclamation costs for wells, facilities and pipelines to which no reserves were assigned have been considered by the Corporation in its calculation of decommissioning liabilities. See Note 8 – *Decommissioning Obligations* of the Corporation's audited annual financial statements for the year ended December 31, 2016.

There are no unusually significant abandonment and reclamation costs associated with the Corporation's properties to which reserves have been attributed.

Future Development Costs

The following table sets forth the future development costs that have been deducted in the estimation of the future net revenue attributable to the reserves categories noted below:

Future Development Costs
(Forecast Prices and Costs)

	Proved *(MM$)*	**Proved Plus Probable** *(MM$)*
2017	322.7	386.0
2018	527.5	657.7
2019	534.0	709.0
2020	374.2	511.3
2021	491.8	640.6
Thereafter	250.9	1,245.5
Total undiscounted	**2,501.1**	**4,150.1**

The Corporation expects to be able to fund the development costs required in the future primarily from internally generated funds flow, as well as its existing credit facilities. Future development costs may also be funded through the proceeds realized from property dispositions and debt or equity financings. Planned activity levels vary each year due to factors such as capital availability, commodity prices, processing and transportation capacity and regulatory processes.

There can be no guarantee that funds will be available or that the Corporation will allocate funding to develop all of the reserves attributed in the Consolidated Reserves Report. Failure to develop those reserves would have a negative impact on the future production and future net revenue estimated by the Corporation's independent qualified reserves evaluators.

Interest and other costs of external funding are not included in the estimates of reserves and future net revenue and would reduce reserves and future net revenue to some degree depending upon the funding sources utilized. The Corporation currently does not anticipate that interest or other funding costs would make the development of any of its properties uneconomic.

Other Oil and Gas Information

Oil and Gas Properties and Wells

The Corporation's important properties and facilities are described under the heading *"Description of the Business".* All of the Corporation's properties are located in Alberta and are onshore.

The following table sets forth the Corporation's producing and non-producing oil and natural gas wells at December 31, 2016, all of which are in Alberta:

Producing and Non-Producing Wells at December 31, 2016[(1)]

	Oil Wells				Natural Gas Wells			
	Producing		Non-producing		Producing		Non-producing	
	Gross	*Net*	*Gross*	*Net*	*Gross*	*Net*	*Gross*	*Net*
Alberta	268	232.9	133	106.0	369	335.7	204	137.4

(1) Does not include water injection wells, service wells, capped wells and wells that have not been categorized as either oil wells or natural gas wells.

Properties with No Attributed Reserves

At December 31, 2016, the Corporation held 454,002 (421,111 net) acres of undeveloped land. The Corporation has 130,188 (130,188 net) undeveloped acres where the rights to explore, develop and exploit are expected to expire prior to the end of 2017. The Corporation expects that the majority of this acreage will expire; however, such expiries will not materially affect the reserves attributable to Birchcliff's lands.

Significant Factors or Uncertainties Relevant to Properties with No Attributed Reserves

There are several economic factors and significant uncertainties that affect the anticipated development of the Corporation's properties to which no reserves have been attributed. The Corporation will be required to make substantial capital expenditures in order to prove, exploit, develop and produce oil and natural gas from these properties in the future. If the Corporation's funds flow from operations is not sufficient to satisfy its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or, if available, that the terms will be acceptable to the Corporation. Failure to obtain such financing on a timely basis could cause the Corporation to forfeit its interest in certain properties, miss certain opportunities, reduce its pace of development or terminate its operations on such properties. An inability of the Corporation to access sufficient capital for its exploration and development purposes could have a material adverse effect on the Corporation's ability to execute its business strategy to develop its prospects.

The significant economic factors that affect the Corporation's future development of its lands to which no reserves have been attributed are:

(i) future commodity prices for crude oil and natural gas (and the Corporation's outlook relating to such prices);

(ii) the future capital costs of drilling, completing, tying in and equipping the wells necessary to develop such lands at the relevant times;

(iii) the future costs of operating wells at the relevant times; and

(iv) the levels of royalties applicable to productions from such lands.

The significant uncertainties that affect the Corporation's development of its lands to which no reserves have been attributed are:

(i) the ability of the Corporation to obtain the capital necessary to fund the development of such lands at the relevant times;

(ii) the future drilling and completion results the Corporation achieves in its development activities (e.g. with respect to the development of particular intervals or geographic areas, the uncertainty would be whether the initial drilling and completion results are sufficient to justify the development of such interval or geographic area);

(iii) drilling and completion results achieved by others on lands in proximity to the Corporation's lands;

(iv) transportation and processing infrastructure becoming available in a timeline consistent with proposed development plans;

(v) the availability of regulatory approvals for development of the lands and the necessary infrastructure; and

(vi) governmental actions and future changes to applicable regulatory or royalty regimes that affect timing or economics of proposed development activities.

All of these uncertainties have the potential to delay the development of such lands. On the other hand, uncertainty as to the timing and nature of the evolution of better exploration, drilling, completion and production technologies have the potential to accelerate development activities and enhance the economics relating to the development of such lands.

There are no unusually significant abandonment and reclamation costs associated with the Corporation's properties to which no reserves have been attributed.

For a description of the Corporation's contingent and prospective resources, including a discussion of the development plans for the Corporation's development pending contingent resource projects and the contingencies which prevent the Corporation's contingent resources from being classified as reserves, see Appendix A to this Annual Information Form. See also "*Risk Factors*" in this Annual Information Form.

Forward Contracts

The Corporation has used and may continue to use various types of derivative financial instruments and fixed price physical sales contracts to manage the risks related to fluctuating commodity prices. The Board has authorized the Corporation to hedge such portion of its forecast production as is permitted by the Corporation's Credit Facilities which permit the Corporation to hedge up to 65% of forecast production over the following four fiscal quarters.

Currently, the Corporation has hedged approximately 57% of its current natural gas production and approximately 32% of its current crude oil production using a combination of financial derivative swaps and physical fixed price commodity sales contracts. For details of the Corporation's hedging arrangements, please refer to Note 16 – *Financial Risk Management* of the Corporation's audited annual financial statements for the year ended December 31, 2016.

Other than as disclosed in the Corporation's audited annual financial statements for the year ended December 31, 2016, the Corporation is not bound by any agreement (including any transportation agreement), directly or through an aggregator, under which it is precluded from fully realizing, or may be protected from the full effect of, future market prices for crude oil or natural gas.

The Corporation is committed to Nova Gas Transmission for FT-R service on the NGTL System for natural gas volumes which currently slightly exceed the Corporation's natural gas production volumes for which it has processing capacity. This excess transportation capacity represents approximately 9% of the aggregate FT-R service the Corporation is currently committed to and is therefore not material in amount. This excess FT-R service has been and will continue to be used by the Corporation to mitigate the impact of the frequent curtailments of firm service that occur on the NGTL System. The Corporation intends to continue to maintain slightly more FT-R service than it needs to transport its natural gas production, for the purposes of mitigating future firm service curtailments on the NGTL System.

See *''Risk Factors''* for additional information on the risks and uncertainties relating to the Corporation's hedging activities. In addition, please see the Corporation's audited annual financial statements for the year ended December 31, 2016 and related management's discussion and analysis for additional details regarding the Corporation's hedging arrangements and strategy.

Tax Horizon

The Corporation was not required to pay any cash income taxes for the year ended December 31, 2016. The Corporation estimates that based on its current expenditure plans and the current price environment, no income taxes will become payable on the Corporation's income for the financial year ended December 31, 2017. As at December 31, 2016, the Corporation had accumulated tax pools and loss carry forwards of approximately $2.1 billion which can be used to offset taxable income in future years. Based on anticipated capital investment, which further augments the tax pools, it is likely that the Corporation will not become taxable within the next five years as long commodity prices remain consistent with today's environment.

Costs Incurred

The following table sets forth the Corporation's property acquisition costs for proved and unproved properties, exploration costs and development costs for the year ended December 31, 2016:

2016 Acquisition, Exploration and Development Costs

Acquisition Costs			
Proved Properties *(MM$)*	**Unproved Properties *(MM$)***	**Exploration Costs *(MM$)***	**Development Costs *(MM$)***
614.3	–	6.3	159.2

Exploration and Development Activities

The following table sets forth a summary of the exploratory and development wells that were completed by the Corporation during the year ended December 31, 2016:

2016 Exploration and Development Activities

	Exploratory Wells		**Development Wells**		**Total**	
	Gross	***Net***	***Gross***	***Net***	***Gross***	***Net***
Oil Wells	–	–	4.0	4.0	4.0	4.0
Natural Gas Wells	–	–	17.0	17.0	17.0	17.0
Service Wells	–	–	1.0	1.0	1.0	1.0
Stratigraphic Test Wells	–	–	–	–	–	–
Dry Holes	–	–	–	–	–	–
Total	**–**	**–**	**22.0**	**22.0**	**22.0**	**22.0**

The Corporation's most important current and likely exploration and development activities for 2017 will focus on the drilling of wells on the Montney/Doig Resource Play and the funding of key infrastructure required for future growth, including the expansion of the PC Gas Plant. The 2017 Capital Program contemplates the drilling of 46 (46.0 net) wells, consisting of 32 (32.0 net) wells in the Pouce Coupe area and 14 (14.0 net) wells in the Gordondale area. See *"General Development of the Business – Recent Developments – 2017 Capital Program"* for further information regarding the Corporation's capital spending plans for 2017.

Birchcliff will monitor economic conditions and commodity prices and, where deemed prudent, will adjust the 2017 Capital Program to respond to changes in commodity prices and other material changes in the assumptions underlying the 2017 Capital Program. Actual spending may vary due to a variety of factors, including commodity prices, economic conditions, results of operations and costs of labour, services and material.

Production Estimates

The following table sets forth the volume of production estimated for the year ending December 31, 2017 as evaluated by Deloitte and McDaniel, which is reflected in the estimate of future net revenue disclosed in the tables under the heading *"Net Present Value of Future Net Revenue"* above:

2017 Production Volume Estimates

	Light Crude Oil and Medium Crude Oil *(Mbbls)*	Conventional Natural Gas *(MMcf)*	Shale Gas *(MMcf)*	NGLs *(Mbbls)*	Oil Equivalent *(Mboe)*
Gross Proved	2,466	4,384	111,516	3,030	24,813
Gross Probable	753	286	5,114	326	1,979

The estimated production volumes for the fields that account for more than 20% of the estimated production volumes for the year ending December 31, 2017 are set forth in the table below:

2017 Production Volume Estimates for Important Fields

Field Name	Gross Proved Reserves *(Mboe)*	Gross Probable Reserves *(Mboe)*
Pouce Coupe	13,878	275
Gordondale	9,124	1,565

Production History

2016 Average Daily Production

The following table sets forth, by product type, the Corporation's average gross daily production volumes, quarterly and for the year ended December 31, 2016:

2016 Quarterly Production History

	Three months ended				Year ended
Product Type	**March 31, 2016**	**June 30, 2016**	**September 30, 2016**	**December 31, 2016**	**December 31, 2016**
Light Crude Oil and Medium Crude Oil *(bbls/d)*	3,232	2,504	4,504	4,656	3,729
Shale Gas *(Mcf/d)*[(1)]	222,478	213,130	263,652	289,587	247,373
NGLs *(bbls/d)*	1,646	1,488	6,092	7,830	4,279
Total *(boe/d)*	**41,958**	**39,513**	**54,538**	**60,750**	**49,236**

(1) Conventional natural gas volumes have been included in the shale gas volumes as conventional natural gas volumes represented less than 2% of the Corporation's total corporate natural gas production in 2016 and are therefore not considered material.

2016 Annual Production

The following table sets forth, by product type, the Corporation's annual production volumes for the year ended December 31, 2016, in total and for each field comprising more than 10% of the Corporation's total production:

2016 Production Volumes

	Light Crude Oil and Medium Crude Oil *(bbls)*	Shale Gas *(Mcf)*[(1)]	NGLs *(bbls)*	Oil Equivalent *(boe)*
Pouce Coupe	2,844	72,496,571	507,391	12,592,996
Gordondale	572,285	13,569,675	1,012,754	3,846,652
Other	789,685	4,472,272	45,969	1,580,728
Total Annual Production Volumes	**1,364,814**	**90,538,518**	**1,566,114**	**18,020,376**

(1) Conventional natural gas volumes have been included in the shale gas volumes as conventional natural gas volumes represented less than 2% of the Corporation's total corporate natural gas production in 2016 and are therefore not considered material.

2016 Prices Received, Royalties Paid, Production Costs and Netbacks

The following table sets forth, by product type, the prices received, royalties paid, production costs incurred, transportation and marketing costs incurred and the resulting netback (with and without royalty income) on a per unit of volume basis, quarterly and for the year ended December 31, 2016:

2016 Quarterly Price, Royalty, Production Cost and Netback History

	Three months ended				Year ended
	March 31, 2016	**June 30, 2016**	**September 30, 2016**	**December 31, 2016**	**December 31, 2016**
Light Crude Oil and Medium Crude Oil *($/bbl)*					
Price Received	36.93	51.20	52.12	60.75	51.40
Royalties Paid	(2.71)	(2.81)	(9.80)	(11.92)	(7.77)
Production Costs	(11.74)	(19.39)	(20.66)	(26.23)	(20.19)
Transportation and Marketing	(7.65)	(8.52)	(10.83)	(12.00)	(10.13)
Netback	14.83	20.48	10.83	10.60	13.31
Royalty Income	0.05	0.05	0.00	0.02	0.03
Netback Including Royalty Income	14.88	20.53	10.83	10.62	13.34
Shale Gas *($/Mcf)* (1)					
Price Received	1.99	1.48	2.53	3.31	2.41
Royalties Paid	(0.05)	(0.03)	(0.04)	(0.04)	(0.03)
Production Costs	(0.51)	(0.39)	(0.53)	(0.45)	(0.47)
Transportation and Marketing	(0.29)	(0.33)	(0.29)	(0.26)	(0.29)
Netback	1.14	0.79	1.67	2.56	1.62
Royalty Income	0.00	0.00	0.00	0.00	0.00
Netback Including Royalty Income	1.14	0.79	1.67	2.56	1.62
NGLs *($/bbl)*					
Price Received	42.06	50.77	25.82	29.50	31.23
Royalties Paid	(4.44)	(5.49)	(4.01)	(5.38)	(4.81)
Production Costs	(3.15)	(2.54)	(3.51)	(3.15)	(3.15)
Transportation and Marketing	(1.86)	(2.03)	(1.98)	(1.88)	(1.93)
Netback	32.61	40.71	16.32	19.09	21.34
Royalty Income	0.02	0.03	0.02	0.03	0.02
Netback Including Royalty Income	32.63	40.74	16.34	19.12	21.36

(1) Conventional natural gas volumes have been included in the shale gas volumes as conventional natural gas volumes represented less than 2% of the Corporation's total corporate natural gas production in 2016 and are therefore not considered material.

RISK FACTORS

The Corporation’s operations are exposed to a number of risks, some that impact the oil and natural gas industry as a whole and others that are unique to the Corporation. The impact of any risk or a combination of risks may adversely affect the Corporation’s business, financial condition, results of operations, prospects, cash flows and reputation, which may reduce or restrict the Corporation’s ability to pay dividends and may materially affect the market price of the Corporation’s securities.

Investors should carefully consider the risk factors set out below and consider all other information contained herein and in the Corporation’s other public filings before making an investment decision. The risks set out below are not an exhaustive list and should not be taken as a complete summary or description of all the risks associated with the Corporation’s business and the oil and natural gas business generally.

Financial Risks and Risks Relating to Economic Conditions

Commodity Price Volatility

The Corporation’s revenues, operating results, financial condition and ability to borrow funds or obtain additional capital depend substantially on prevailing prices for oil and natural gas. Prices for oil and natural gas are subject to wide fluctuations in response to relatively minor changes in the supply of and demand for oil and natural gas, market uncertainty and a variety of additional factors that are beyond the Corporation’s control. These factors include but are not limited to the following:

- global energy supply and demand, production and policies, including (without limitation) the ability of OPEC to set, maintain and reduce production levels in order to influence prices for crude oil;
- political conditions, instability and hostilities;
- domestic and foreign supplies of crude oil, NGLs and natural gas;
- the level of consumer demand, including demand for different qualities and types of crude oil and liquids;
- the production and storage levels of North American natural gas and crude oil and the supply and price of imported oil;
- the ability, considering regulation, taxation, and market demand, to export oil and liquefied natural gas and NGLs from North America;
- the availability, proximity and capacity of gathering, transportation, processing and/or refining facilities in regional or localized areas that may affect the realized price for oil and natural gas;
- weather conditions;
- government regulations, including existing and proposed changes to such regulations;
- the effect of world-wide environmental regulations and energy conservation and GHG reduction measures;
- the price and availability of alternative energy supplies; and
- global and domestic economic conditions, including currency fluctuations.

Oil and natural gas prices are expected to remain volatile for the near future because of market uncertainties over the supply and demand of these commodities due to the current state of the world economy, OPEC actions, sanctions imposed on certain oil producing nations by other countries and ongoing credit and liquidity concerns. Volatile oil, NGLs and natural gas prices make it difficult to estimate the value of producing properties for acquisitions and often cause disruption in the market for oil and natural gas producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for and project the return on acquisitions and development and exploitation projects.

A material decline in oil and natural gas prices could result in a reduction of the Corporation's net production revenue. The economics of producing from some wells may change because of lower prices, which could result in reduced production of oil or natural gas. The Corporation might also elect not to produce from certain wells at lower prices. In addition, any prolonged period of low crude oil or natural gas prices could result in a decision by the Corporation to suspend or slow exploration and development activities or the construction or expansion of new or existing facilities or reduce its production levels. Any substantial and prolonged decline in the price of oil and natural gas would have an adverse effect on the carrying value of the Corporation's assets, borrowing capacity, revenues, profitability and funds flows from operations and may have a material adverse effect on the Corporation's business, financial condition, results of operations, prospects, its ability to pay dividends and ultimately on the market prices of the Corporation's securities.

The Corporation's financial performance also depends on revenues from the sale of commodities which differ in quality and location from underlying commodity prices quoted on financial exchanges. Of particular importance are the price differentials between the Corporation's realized prices for light/medium oil and natural gas and quoted market prices. Not only are these discounts influenced by regional supply and demand factors, they are also influenced by other factors such as transportation costs, capacity and interruptions and the quality of the oil and natural gas produced, all of which are beyond the Corporation's control. Oil and natural gas producers in North America currently receive significantly discounted prices for some of their production due to regional constraints on the ability to transport and sell such production to international markets. Additionally, limited natural gas and NGLs processing capacity may result in producers not realizing the full price for liquids associated with their natural gas production. A failure to resolve such constraints may result in continued reduced commodity prices received by oil and natural gas producers such as the Corporation.

The Corporation's reserves at December 31, 2016 are estimated using forecast prices and costs. These prices are above current crude oil and natural gas prices. If crude oil and natural gas prices stay at current levels, the Corporation's reserves may be substantially reduced as economic limits of developed reserves are reached earlier and undeveloped reserves become uneconomic at such prices. Even if some reserves remain economic at lower price levels, sustained low prices may compel the Corporation to re-evaluate its development plans and reduce or eliminate various projects with marginal economics. In addition, lower commodity prices have restricted, and are anticipated to continue to restrict, the Corporation's cash flow. The Corporation's capital expenditure plans are impacted by the Corporation's cash flow. If commodity prices deteriorate and the Corporation reduces its capital expenditures, the Corporation may not be able to replace its production with additional reserves and both its production and reserves could be reduced on a year-over-year basis.

Birchcliff conducts an assessment of the carrying value of its assets to the extent required by International Financial Reporting Standards. If forecasted oil or natural gas prices decline, the carrying value of the Corporation's assets could be subject to downward revision, and the Corporation's earnings could be adversely affected by any reduction in such carrying value.

Weakness in the Oil and Gas Industry

Recent market events and conditions, including global excess oil and natural gas supply, recent actions taken by OPEC, slowing growth in China and other emerging economies, market volatility and disruptions in Asia, sovereign debt levels and political upheavals in various countries have caused significant weakness and volatility in commodity prices. These events and conditions have caused a significant decrease in the valuation of oil and gas companies and a decrease in confidence in the oil and gas industry. Recent changes in the Canadian federal government and, in the case of Alberta, at the provincial level have resulted in uncertainty surrounding regulatory, tax, royalty changes and environmental regulation that have been announced or may be implemented. In addition, the difficulty or inability to obtain the necessary approvals and other delays to build pipelines and other facilities to provide better access to markets for the oil and gas industry in western Canada has led to additional downward price pressure on crude oil and natural gas produced in western Canada and uncertainty and reduced confidence in the oil and gas industry in western Canada. Given the current market conditions and the lack of confidence in the Canadian oil and gas industry, the Corporation may have difficulty raising additional funds or if it is able to do so, it may be on unfavourable and/or highly dilutive terms.

Substantial Capital Requirements

The Corporation anticipates that it will make substantial capital expenditures for the acquisition, exploration development and production of oil and natural gas reserves and resources in the future. If the Corporation's future revenues or reserves decline, the Corporation may have limited ability to expend the capital necessary to undertake or complete future drilling programs. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Corporation. Moreover, future activities may require the Corporation to alter its capitalization significantly. The inability of the Corporation to access sufficient capital for its operations could have a material adverse effect on the Corporation's financial condition, results of operations or prospects.

Additional Funding Requirements and Access to Credit

Due to the nature of the Corporation's business, it is necessary from time to time for the Corporation to access other sources of capital beyond its internally generated cash flow in order to fund its acquisition, exploration and development activities. The Corporation obtains some of this necessary capital by incurring debt; therefore, the Corporation is dependent to a certain extent on the continued availability to the Corporation of credit. The continued availability of credit to the Corporation is primarily dependent on the state of the economy and the health of the banking industry in Canada and the United States. There is a risk that if the economy and banking industry experienced unexpected or prolonged deterioration, the Corporation's access to credit may contract or disappear altogether. The Corporation tries to mitigate this risk by dealing with reputable lenders and tries to structure its lending agreements to give it the most flexibility possible should these situations arise. However, situations that give rise to credit tightening or disappearing are largely beyond the Corporation's control.

Due to the conditions in the oil and natural gas industry and/or global economic volatility, the Corporation may from time to time have restricted access to capital and increased borrowing costs. The current conditions in the oil and natural gas industry have negatively impacted the ability of oil and natural gas companies to access additional financing. Failure to obtain such financing on a timely basis could cause the Corporation to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations. Continued depressed oil and natural gas prices have caused decreases, and may cause further decreases, in the Corporation's revenues from its production, which may affect its ability to expend the necessary capital to replace its reserves or to maintain its production. To the extent that external sources of capital become limited, unavailable or available on onerous terms, the Corporation's ability to make capital investments and maintain existing assets may be impaired, and its assets, liabilities, business, financial condition and results of operations may be affected materially and adversely as a result. In addition, the future development of the Corporation's oil and natural gas properties may require additional financing and there are no assurances that such financing will be available or, if available, will be available upon acceptable terms. Failure to obtain any financing necessary for the Corporation's capital expenditure plans may result in a delay in the development of the Corporation's properties.

The Corporation is also dependent, to a certain extent, on continued access to equity capital markets. The Common Shares are listed on the TSX and management maintains an active investor relations program. In addition to the other factors outlined herein, continued access to capital is dependent on the Corporation's ability to continue to perform at a level that meets market expectations.

Issuance of Debt

From time to time, the Corporation may enter into transactions to acquire assets or shares of other entities. These transactions may be financed in whole or in part with debt, which may increase the Corporation's debt levels above industry standards for oil and natural gas companies of similar size. Depending on future exploration and development plans, the Corporation may require additional debt financing that may not be available or, if available, may not be available on favourable terms. Neither the Corporation's articles nor its by-laws limit the amount of indebtedness that the Corporation may incur. The level of the Corporation's indebtedness from time to time could impair the Corporation's ability to obtain additional financing on a timely basis to take advantage of business opportunities that may arise.

Credit Facilities

The amount authorized under the Credit Facilities is dependent on the borrowing base determined by the Corporation's lenders. At December 31, 2016, the borrowing base limit under the Credit Facilities was $950 million and long-term bank debt was $572.5 million. The Credit Facilities are subject to a semi-annual review of the borrowing base limit by Birchcliff's syndicate of lenders, which limit is directly impacted by the value of Birchcliff's oil and natural gas reserves. The Corporation's lenders use the Corporation's reserves, commodity prices, applicable discount rate and other factors to determine the Corporation's borrowing base. A material decline in commodity prices could result in a reduction in the Corporation's borrowing base, thereby reducing the funds available to the Corporation under the Credit Facilities. As the borrowing base is determined based on the lender's interpretation of the Corporation's reserves and future commodity prices, there can be no assurance as to the amount of the borrowing base determined at each review. In addition, the lenders are able to request one additional borrowing base redetermination in between scheduled redeterminations and the borrowing base may be reduced in connection with asset dispositions. If, at the time of a borrowing base redetermination, the outstanding borrowings under the Credit Facilities were to exceed the borrowing base as a result of any such redetermination, the Corporation would be required to eliminate this excess. If the Corporation is forced to repay a portion of its indebtedness under the Credit Facilities, it may not have sufficient funds to make such repayments. If it does not have sufficient funds and is otherwise unable to negotiate renewals of its borrowings or arrange new financing, it may have to sell significant assets. Any such sale could have a material adverse effect on the Corporation's business and financial results.

The maturity date of the Credit Facilities is May 11, 2018. The Corporation may each year, at its option, request an extension to the maturity date of the Syndicated Credit Facility and the Working Capital Facility, or either of them, for an additional period of up to three years from May 11 of the year in which the extension request is made. In the event that either of the Credit Facilities is not extended before the maturity date, all outstanding indebtedness under such Credit Facility will be repayable at the maturity date. There is also a risk that the Credit Facilities will not be renewed for the same principal amount or on the same terms. Any of these events could adversely affect the Corporation's ability to fund its ongoing operations and to pay dividends.

The Corporation is required to comply with covenants under the Credit Facilities. In the event that the Corporation does not comply with these covenants, the Corporation's access to capital could be restricted or repayment could be required. Events beyond the Corporation's control may contribute to the failure of the Corporation to comply with such covenants. A failure to comply with covenants could result in default under the Credit Facilities, which could result in the Corporation being required to repay amounts owing thereunder. Even if the Corporation is able to obtain new financing, it may not be on commercially reasonable terms or terms that are acceptable to the Corporation. If the Corporation is unable to repay amounts owing under the Credit Facilities, the lenders under the Credit Facilities could proceed to foreclose or otherwise realize upon the collateral granted to them to secure the indebtedness. The acceleration of the Corporation's indebtedness under one agreement may permit acceleration of indebtedness under other agreements that contain cross default or cross-acceleration provisions. In addition, the Credit Facilities impose certain restrictions on the Corporation, including, but not limited to, restrictions on the payment of dividends, incurring of additional indebtedness, dispositions of properties and the entering into of amalgamations, mergers, plans of arrangements, reorganizations or consolidations with any person.

Dividends

The declaration and payment of dividends in any quarter is subject to the discretion of the Board and may vary depending on a variety of factors and conditions existing from time to time, including fluctuations in commodity prices, the financial condition of Birchcliff, production levels, results of operations, capital expenditure requirements, working capital requirements, debt service requirements, operating costs, royalty burdens, foreign exchange rates, interest rates, contractual restrictions, Birchcliff's hedging activities or programs, available investment opportunities, Birchcliff's business plan, strategies and objectives, the satisfaction of the solvency and liquidity tests imposed by the ABCA for the declaration and payment of dividends and other factors that the Board may deem relevant. Depending on these and various other factors, many of which are beyond the control of Birchcliff, the dividend policy of the Corporation may vary from time to time and, as a result, future cash dividends could be reduced or suspended entirely.

Pursuant to the ABCA, the Corporation may not declare or pay a dividend if there are reasonable grounds for believing that: (i) the Corporation is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realizable value of its assets would thereby be less than the aggregate of its liabilities and stated capital of its outstanding shares. Additionally, pursuant to the agreement governing the Credit Facilities, the Corporation is not permitted to make any distribution (which includes dividends) at any time when an event of default exists or would reasonably be expected to exist upon making such distribution, unless such event of default arose subsequent to the ordinary course declaration of the applicable distribution.

Dividends may be reduced or suspended during periods of lower funds from operations. The timing and amount of Birchcliff's capital expenditures, and the ability of the Corporation to repay or refinance existing debt as it becomes due, directly affects the amount of cash dividends that may be declared by the Board. Future acquisitions, expansions of Birchcliff's assets, and other capital expenditures and the repayment or refinancing of existing debt as it becomes due may be financed from sources such as funds flow from operations, the issuance of additional shares or other securities of Birchcliff, and borrowings. Dividends may be reduced, or even eliminated, at times when significant capital or other expenditures are made. There can be no assurance that sufficient capital will be available on terms acceptable to Birchcliff, or at all, to make additional investments, fund future expansions or make other required capital expenditures. To the extent that external sources of capital, including the issuance of additional shares or other securities or the availability of additional credit facilities, become limited or unavailable on favourable terms or at all due to credit market conditions or otherwise, the ability of the Corporation to make the necessary capital investments to maintain or expand its operations, to repay outstanding debt and to invest in assets, as the case may be, may be impaired. To the extent Birchcliff is required to use funds flow to finance capital expenditures or acquisitions or to repay existing debt as it becomes due, the level of dividends declared may be reduced.

The market value of the Corporation's securities may deteriorate if dividends are reduced or suspended. Furthermore, the future treatment of dividends for tax purposes will be subject to the nature and composition of dividends paid by Birchcliff and potential legislative and regulatory changes.

See *"Dividend and Distribution Policy"* in this Annual Information Form.

Hedging

From time to time, the Corporation may enter into agreements that fix the prices on its oil and natural gas production to offset the risk of revenue losses if commodity prices decline. However, to the extent that the Corporation engages in fixed price risk management activities to protect it from commodity price declines, the Corporation may also be prevented from realizing the full benefits of commodity price increases above the prices established by the Corporation's hedging contracts. In addition, the Corporation's hedging arrangements may expose it to the risk of financial loss in certain circumstances, including instances in which:

- production falls short of the hedged volumes;
- there is a widening of price-basis differentials between delivery points for production and the delivery point assumed in the hedge arrangement;
- the counterparties to the hedging arrangements or other price risk management contracts fail to perform under those arrangements; or
- a sudden unexpected event materially increases oil and natural gas prices.

Similarly, from time to time the Corporation may enter into agreements to fix the exchange rate of Canadian dollars to United States dollars in order to offset the risk of revenue losses if the Canadian dollar increases in value compared to the United States dollar. However, if the exchange rate is fixed and the Canadian dollar declines in value compared to the United States dollar, the Corporation will not benefit from the declining exchange rate.

Credit Risk

The Corporation may be exposed to third-party credit risk through its contractual arrangements with its current or future joint venture partners, marketers of its petroleum and natural gas production and other parties. In addition, the Corporation may be exposed to third party credit risk from operators of properties in which the Corporation has a working or royalty interest. In the event such entities fail to meet their contractual obligations to the Corporation, such failures may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. In addition, poor credit conditions in the industry and of joint venture partners may affect a joint venture partner's willingness to participate in the Corporation's ongoing capital program, potentially delaying the program and the results of such program until the Corporation finds a suitable alternative partner. To the extent that any of such third parties go bankrupt, become insolvent or make a proposal or institute any proceedings relating to bankruptcy or insolvency, it could result in the Corporation being unable to collect all or a portion of any money owing from such parties. Any of these factors could materially adversely affect the Corporation's financial and operational results.

Conversely, the Corporation's counterparties may deem the Corporation to be at risk of defaulting on its contractual obligations. These counterparties may require that the Corporation provide additional credit assurances by prepaying anticipated expenses or posting letters of credit, which would decrease the Corporation's available liquidity.

Variations in Foreign Exchange Rates and Interest Rates

World oil and natural gas prices are quoted in United States dollars. The Canadian/United States dollar exchange rate, which fluctuates over time, consequently affects the price received by Canadian producers of oil and natural gas. Material increases in the value of the Canadian dollar relative to the United States dollar may negatively affect the Corporation's production revenues. Future Canadian/United States exchange rates could also impact the future value of the Corporation's reserves as determined by independent evaluators. Although a low value of the Canadian dollar relative to the United States dollar may positively affect the price the Corporation receives for its oil and natural gas production, it could also result in an increase in the price for certain goods used for the Corporation's operations, which may have a negative impact on the Corporation's financial results.

To the extent that the Corporation engages in risk management activities related to foreign exchange rates, there is a credit risk associated with counterparties with which the Corporation may contract. The Corporation has not hedged any of its foreign exchange risk at the date hereof. Please see *"– Hedging"* in this Annual Information Form.

An increase in interest rates could result in a significant increase in the amount the Corporation pays to service debt, resulting in a reduced amount available to fund its exploration and development activities and the cash available for dividends and could negatively impact the market price of the Corporation's securities.

Business and Operational Risks

Exploration, Development and Production Risks

Oil and natural gas operations involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long-term commercial success of the Corporation depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. Without the continual addition of new reserves, any existing reserves the Corporation may have at any particular time and the production therefrom, will decline over time as such existing reserves are produced. A future increase in the Corporation's reserves will depend on both the ability of the Corporation to explore and develop its existing properties and its ability to select and acquire suitable producing properties or prospects. There is no assurance that the Corporation will be able to continue to find satisfactory properties to acquire or participate in. Moreover, management of the Corporation may determine that current markets, terms of acquisition, participation or pricing conditions make potential acquisitions or participations uneconomic. There is also no assurance that the Corporation will discover or acquire further commercial quantities of oil and natural gas. In addition, the success of the Corporation's business is highly dependent on its ability to acquire or discover new reserves in a cost efficient manner as substantially all of the Corporation's cash flow is derived from the sale of the petroleum and natural gas reserves that it accumulates and develops. In order to remain financially viable, the Corporation must be able to replace reserves over time at a lesser cost on a per unit basis than its cash flow on a per unit basis.

Future oil and natural gas exploration may involve unprofitable efforts from dry wells as well as from wells that are productive but do not produce sufficient petroleum substances to return a profit after drilling, completion, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs.

Drilling hazards, environmental damage and various field operating conditions could greatly increase the cost of operations and adversely affect the production from successful wells. Field operating conditions include, but are not limited to, delays in obtaining governmental approvals or consents, shut-ins of wells resulting from extreme weather conditions, insufficient storage or transportation capacity or geological and mechanical conditions. While diligent well supervision and effective maintenance operations can contribute to maximizing production rates over time, it is not possible to eliminate production delays and declines from normal field operating conditions, which can negatively affect revenue and cash flow levels to varying degrees.

Oil and natural gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including, but not limited to, fire, explosion, blowouts, cratering, sour gas releases, spills and other environmental hazards. These typical risks and hazards could result in substantial damage to oil and natural gas wells, production facilities, other property, the environment and personal injury. Particularly, the Corporation may explore for and produce sour natural gas in certain areas. An unintentional leak of sour natural gas could result in personal injury, loss of life or damage to property and may necessitate an evacuation of populated areas, all of which could result in liability to the Corporation.

Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations. Losses resulting from the occurrence of any of these risks may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. The Corporation also remains subject to the risk that the production rate of a significant well may decrease in an unpredictable and uncontrollable manner, which could result in a decrease in the Corporation's overall production and associated cash flows.

As is standard industry practice, the Corporation is not fully insured against all risks, nor are all risks insurable. Although the Corporation maintains liability insurance in an amount that it considers consistent with industry practice, liabilities associated with certain risks could exceed policy limits or not be covered. In either event, the Corporation could incur significant costs. Please see *"– Other Risks – Insurance"* in this Annual Information Form.

Project Risks

The Corporation manages a variety of small and large projects in the conduct of its business. Project delays may delay expected revenues from operations. Significant project cost over-runs could make a project uneconomic. The Corporation's ability to execute projects and market oil and natural gas depends upon numerous factors beyond the Corporation's control, including:

- the availability of processing capacity;
- the availability and proximity of pipeline capacity;
- the availability of storage capacity;

- the availability of, and the ability to acquire, water supplies needed for drilling and hydraulic fracturing at a reasonable cost and in accordance with applicable environmental regulations;
- the Corporation's ability to dispose of water used or removed from strata;
- the supply of and demand for oil and natural gas;
- the availability of alternative fuel sources;
- the effects of inclement weather;
- the availability of drilling and related equipment;
- unexpected cost increases;
- accidental events;
- currency fluctuations;
- regulatory changes;
- the availability and productivity of skilled labour; and
- the regulation of the oil and natural gas industry by various levels of government and governmental agencies.

Because of these factors, the Corporation could be unable to execute projects on time, on budget, or at all, and may be unable to effectively market the oil and natural gas that it produces.

Gathering and Processing Facilities and Pipeline Systems

The Corporation primarily delivers its products through gathering and processing facilities and pipeline systems, some of which it does not own. The amount of oil and natural gas that the Corporation can produce and sell is subject to the accessibility, availability, proximity and capacity of these gathering and processing facilities and pipeline systems. A lack of availability of capacity in any of the gathering and processing facilities and pipeline systems could result in the Corporation's inability to realize the full economic potential of its production or in a reduction of the price offered for the Corporation's production. Although pipeline expansions are ongoing, the lack of firm pipeline capacity continues to affect the oil and natural gas industry and limit the ability to produce and market oil and natural gas production. In addition, the pro-rationing of capacity on pipeline systems within Alberta continues to affect the ability to export oil and natural gas. Unexpected shut downs or curtailment of capacity of pipelines for maintenance or integrity work or because of actions taken by regulators could also affect the Corporation's production, operations and financial results. Any significant change in market factors or other conditions affecting these infrastructure systems and facilities, as well as any delays in constructing new infrastructure systems and facilities could harm the Corporation's business and, in turn, the Corporation's financial condition, results of operations and cash flows. The federal government has signaled that it plans to review the National Energy Board approval process for large projects. This may cause the timeframe for project approvals to increase for current and future applications.

The Corporation's production passes through Birchcliff owned or third party infrastructure prior to it being ready for sale. There is a risk that should this infrastructure fail causing a significant portion of the Corporation's production to be shut-in and unable to be sold, this could have a material adverse effect on the Corporation's available cash flow. With respect to facilities owned by third parties and over which the Corporation has no control, these facilities may discontinue or decrease operations either as a result of normal servicing requirements or as a result of unexpected events. A discontinuation or decrease of operations could have a material adverse effect on the Corporation's ability to process its production and deliver the same for sale.

Uncertainty of Reserves and Resource Estimates

There are numerous uncertainties inherent in estimating quantities of oil, natural gas and NGLs reserves and the future net revenue attributed to such reserves, including many factors beyond the control of the Corporation. The reserves and associated future net revenue information set forth in this Annual Information Form are estimates only. In general, estimates of economically recoverable oil, natural gas and NGLs reserves and the future net revenue therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, initial production rates, production decline rates, ultimate reserves recovery, the timing and amount of capital expenditures, the success of future development activities, future commodity prices, marketability of oil, natural gas and NGLs, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially from actual results. For those reasons, estimates of the economically recoverable oil, natural gas and NGLs reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenue associated with reserves prepared by different engineers, or by the same engineer at different times, may vary substantially. The Corporation's actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates thereof and such variations could be material.

Estimates with respect to reserves that may be developed and produced in the future are often based upon volumetric calculations and upon analogy to similar types of reserves rather than actual production history. Recovery factors and drainage areas were estimated by experience and analogy to similar producing pools. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history and production practices will result in variations in the estimated reserves, which may be substantial.

In accordance with applicable securities laws in Canada, the Corporation's independent qualified reserves evaluators have used forecast prices and costs in estimating the reserves and future net revenue as summarized herein. Actual future net revenue will be affected by other factors such as actual production levels, supply and demand for oil and natural gas, curtailments or increases in consumption by oil and natural gas purchasers, changes in governmental regulations or taxation and the impact of inflation on costs.

Actual production and cash flows derived from the Corporation's reserves will vary from the estimates contained in the Consolidated Reserves Report and such variations could be material. The Consolidated Reserves Report is based in part on the expected success of the Corporation's forecast operations. The reserves and estimated future net revenue to be derived therefrom and contained in the Consolidated Reserves Report may be reduced to the extent that such activities do not achieve the expected level of success.

This Annual Information Form contains estimates of the volumes of the Corporation's contingent resources and prospective resources, as well as the net present value of the future net revenue associated with the best estimate of development pending contingent resources. The same uncertainties inherent in estimating quantities of reserves apply to estimating quantities of contingent resources. The uncertainty in estimating prospective resources is even greater. Actual results may vary significantly from these estimates and such variances could be material. In addition, there are contingencies that prevent contingent resources from being classified as reserves. With respect to the Corporation's contingent resources, there is uncertainty that it will be commercially viable to produce any portion of the resources. With respect to the Corporation's prospective resources, there is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the prospective resources.

The Consolidated Reserves Report and the 2016 Resource Assessment are effective as of December 31, 2016 and, expect as may be specifically stated or required by applicable securities laws, have not been updated since that date.

Costs and Availability of Equipment and Services

Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment (typically leased from third parties) and skilled personnel trained to use such equipment in the areas where such activities will be conducted. Demand for such limited equipment and skilled personnel, or access restrictions, may affect the availability of such equipment and skilled personnel to the Corporation and may delay exploration and development activities.

During times of high commodity prices for oil and natural gas, there is a risk of substantially increased costs of operations, which impacts both the amount of capital required to perform operations and the netback the Corporation achieves from its production sales. Although the Corporation strives for continuous improvement in its planning, operations and procurement of materials, unexpected changes in the market for such equipment and services could negatively affect the Corporation's business, financial condition, results of operations and prospects.

Hydraulic Fracturing

Some of the Corporation's operations use hydraulic fracturing. Hydraulic fracturing involves the injection of water, sand and small amounts of additives under pressure into rock formations to stimulate the production of oil and natural gas. Specifically, hydraulic fracturing enables the production of commercial quantities of oil and natural gas from reservoirs that were previously unproductive. While hydraulic fracturing has been in use and improved upon for many years, there has been increased focus on environmental aspects of hydraulic fracturing practices in recent years. Increased regulation and attention given to the hydraulic fracturing process could lead to greater opposition (including litigation) to oil and natural gas production activities using hydraulic fracturing techniques. Any new laws, regulations or permitting requirements regarding hydraulic fracturing could lead to operational delays, increased operating costs, third party or governmental claims, and could increase the Corporation's costs of compliance and doing business as well as delay the development of oil and natural gas resources from certain formations which are not commercial without the use of hydraulic fracturing. Restrictions on hydraulic fracturing could also reduce the amount of oil and natural gas that the Corporation is ultimately able to produce from its reserves.

Potential Future Drilling Locations

The Corporation's identified potential future drilling locations represent a significant part of the Corporation's future growth. Birchcliff's ability to drill and develop these locations and the drilling locations on which Birchcliff actually drills wells depends on a number of uncertainties and factors, including, but not limited to, the availability of capital, equipment and personnel, oil and natural gas prices, capital and operating costs, inclement weather, seasonal restrictions, drilling results, additional geological, geophysical and reservoir information that is obtained, production rate recovery, gathering system and transportation constraints, net prices received for commodities produced, regulatory approvals and regulatory changes. As a result of these uncertainties, there can be no assurance that the potential future drilling locations that the Corporation has identified will ever be drilled or if Birchcliff will be able to produce oil, NGLs or natural gas from these or any other potential drilling locations. As such, Birchcliff's actual drilling activities may differ materially from those presently identified, which could adversely affect Birchcliff's business.

Operational Dependence

Other companies operate some of the assets in which the Corporation has an interest. The Corporation has limited ability to exercise influence over the operation of those assets or their associated costs, which could adversely affect the Corporation's business, financial condition, results of operations and prospects. The Corporation's return on assets operated by others depends upon a number of factors that may be outside of the Corporation's control, including, but not limited to, the timing and amount of capital expenditures, the operator's expertise and financial resources, the approval of other participants, the selection of technology and risk management practices.

In addition, due to the current low and volatile commodity prices, many companies, including companies that may operate some of the assets in which the Corporation has an interest, may be in financial difficulty, which could impact their ability to fund and pursue capital expenditures, carry out their operations in a safe and effective manner and satisfy regulatory requirements with respect to abandonment and reclamation obligations. If companies that operate some of the assets in which the Corporation has an interest fail to satisfy regulatory requirements with respect to abandonment and reclamation obligations, the Corporation may be required to satisfy such obligations and to seek recourse from such companies. To the extent that any of such companies go bankrupt, become insolvent or make a proposal or institute any proceedings relating to bankruptcy or insolvency, it could result in such assets being shut-in, the Corporation potentially becoming subject to additional liabilities relating to such assets and the Corporation having difficulty collecting revenue due to it from such operators. Any of these factors could materially adversely affect the Corporation's financial and operational results.

Cost of New Technologies

The oil and natural gas industry is characterized by rapid and significant technological advancements and introductions of new products and services utilizing new technologies. Other oil and natural gas companies may have greater financial, technical and personnel resources that allow them to enjoy technological advantages and may in the future allow them to implement new technologies before the Corporation. There can be no assurance that the Corporation will be able to respond to such competitive pressures and implement such technologies on a timely basis or at an acceptable cost. If the Corporation implements such technologies, there is no assurance that the Corporation will do so successfully. One or more of the technologies currently utilized by the Corporation or implemented in the future may become obsolete. In such case, the Corporation's business, financial condition, results of operations and prospects could be affected adversely and materially. If the Corporation is unable to utilize the most advanced commercially available technology, its business, financial condition, results of operations and prospects could also be adversely affected in a material way.

Alternatives to and Changing Demand for Petroleum Products

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas and technological advances in fuel economy and energy generation devices could reduce the demand for oil, natural gas and other liquid hydrocarbons. The Corporation cannot predict the impact of changing demand for oil and natural gas products, and any major changes may have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Health, Safety and Environment

Health, safety and environmental risks influence the workforce, operating costs and the establishment of regulatory standards. These risks include, but are not limited to, encountering unexpected formations or pressures; premature declines of reservoirs; blow-outs; equipment failures; human error or wilful misconduct by field workers; other accidents such as, cratering, sour gas releases, uncontrollable flows of oil, natural gas or well fluid spills; adverse weather conditions; pollution; fires; and other environmental risks. The Corporation provides staff with the training and resources they need to complete work safely and effectively; incorporates hazard assessment and risk management as an integral part of everyday operations; monitors performance to ensure its operations comply with legal obligations and internal standards; and identifies and manages environmental liabilities associated with its existing asset base. The Corporation has a site inspection program and a corrosion risk management program designed to ensure compliance with environmental laws and regulations. The Corporation carries insurance to cover a portion of property losses, liability to third parties and business interruption resulting from unusual events.

The Corporation is subject to the risk that the unexpected failure of its equipment used in drilling, completing or producing wells or in transporting production could result in release of fluid substances that pollute or contaminate lands at or near its facilities, which could result in significant liability to the Corporation for costs of clean up, remediation and reclamation of contaminated lands. The Corporation conducts its operations with due regard for the potential impact on the environment. This includes hiring skilled personnel, providing adequate training to all staff involved with operations, and by retaining expert advice and assistance to deal with environmental remediation and reclamation work where such expertise is needed.

Seasonality

The level of activity in the Canadian oil and natural gas industry is influenced by seasonal weather patterns. Wet weather and spring thaw may make the ground unstable and municipalities and provincial transportation departments may enforce road bans that restrict the movement of rigs and other heavy equipment, all of which may result in limited access and a reduction in or cessation of operations. In addition, certain oil and gas producing areas are located in areas that are inaccessible other than during the winter months because the ground surrounding the sites in these areas consists of swampy terrain. In addition, extreme cold weather and heavy snowfall and rainfall may restrict the Corporation's ability to access it properties and cause operational difficulties. Seasonal factors and unexpected weather patterns may lead to declines in exploration and production activity and also to volatility in commodity prices as the demand for natural gas rises during cold winter months and hot summer months.

Expiration of Licences and Leases

The Corporation's properties are held in the form of licences and leases and working interests in licences and leases held by others. If the Corporation or the holder of the licence or lease fails to meet the specific requirements of a licence or lease, the licence or lease may terminate or expire. There can be no assurance that any of the obligations required to maintain each licence or lease will be met. The termination or expiration of licences or leases may have a material adverse effect on the business, financial condition, results of operations and prospects of the Corporation. To mitigate this risk, the Corporation carefully monitors its undeveloped land position and plans operations in order to keep key licences and leases from terminating or expiring.

Competition

The oil and natural gas industry is highly competitive in all of its phases. The Corporation competes with numerous other entities for land, acquisitions of reserves, access to drilling and service rigs and other equipment, access to transportation and skilled technical and operating personnel, among other things. The Corporation's competitors include oil and natural gas companies that have substantially greater financial resources, staff and facilities than those of the Corporation. Some of these companies not only explore for, develop and produce oil and natural gas, but also carry on refining operations and market oil and natural gas on an international basis. As a result of these complementary activities, some of these competitors may have greater and more diverse competitive resources to draw on than the Corporation. The Corporation's ability to increase its reserves in the future will depend not only on its ability to explore and develop its present properties, but also on its ability to select and acquire other suitable producing properties or prospects for exploratory drilling.

All Assets in One Area

All of the Corporation's producing properties are geographically concentrated in the Peace River Arch area of Alberta. As a result of this concentration, the Corporation may be disproportionately exposed to the impact of delays or interruptions of production from that area caused by significant governmental regulation in Alberta, transportation capacity constraints, curtailment of production, natural disasters, availability of equipment, facilities or services, adverse weather conditions or other events which impact that area. Due to the concentrated nature of the Corporation's portfolio of properties, a number of the Corporation's properties could experience any of the same conditions at the same time, resulting in a relatively greater impact on the Corporation's results of operations than they might have on other companies that have a more diversified portfolio of properties. Such delays or interruptions could have a material adverse effect on the Corporation's financial condition and results of operations.

Expansion into New Activities

The operations and expertise of the Corporation's management are currently focused primarily on oil and natural gas production, exploration and development in Peace River Arch area of Alberta. In the future, the Corporation may acquire or move into new industry related activities or new geographical areas or may acquire different energy related assets, and as a result may face unexpected risks or alternatively, significantly increase the Corporations exposure to one or more existing risk factors, which may in turn result in the Corporation's future operational and financial conditions being adversely affected.

Information Security and Cybersecurity

The Corporation relies heavily on information technology, such as computer hardware and software systems, in order to properly operate its business. In the event the Corporation is unable to regularly deploy software and hardware, effectively upgrade systems and network infrastructure, and take other steps to maintain or improve the efficiency and efficacy of systems, the operation of such systems could be interrupted or result in the loss, corruption, or release of data. In addition, information systems could be damaged or interrupted by natural disasters, force majeure events, telecommunications failures, power loss, acts of war or terrorism, computer viruses, malicious code, physical or electronic security breaches, intentional or inadvertent user misuse or error, or similar events or disruptions. Any of these or other events could cause interruptions, delays, loss of critical and/or sensitive data or similar effects, which could have a material adverse impact on the protection of intellectual property, and confidential and proprietary information, and on Birchcliff's business, financial condition, results of operations and cash flows.

In the ordinary course of business, the Corporation collects, uses and stores sensitive data, including intellectual property, proprietary business information and personal information of Birchcliff's employees and third parties. Despite Birchcliff's security measures, Birchcliff's information systems, technology and infrastructure may be vulnerable to attacks by hackers and/or cyberterrorists or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise information used or stored on the Corporation's systems and/or networks and, as a result, the information could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties or other negative consequences, including disruption to Birchcliff's operations and damage to Birchcliff's reputation, which could have a material adverse effect on Birchcliff's business, financial condition, results of operations and cash flows.

Although to date the Corporation has not experienced any material losses relating to cyber attacks or other information security breaches, there can be no assurance that the Corporation will not incur such losses in the future.

Environmental, Regulatory and Political Risks

Environmental

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on the spill, release or emission of various substances produced in association with certain oil and natural gas industry operations. In addition, such legislation sets out the requirements with respect to oilfield waste handling and storage, habitat protection and the satisfactory operation, maintenance, abandonment and reclamation of well and facility sites.

Compliance with environmental legislation can require significant expenditures and a breach of applicable environmental legislation may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require the Corporation to incur costs to remedy such discharge. Although the Corporation believes that it will be in material compliance with current applicable environmental legislation, no assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Political and economic events may significantly affect the scope and timing of climate change measures that are put in place. Some of the Corporation's facilities may be subject to existing or future provincial or federal climate change regulations to manage emissions and there can be no assurance that the compliance costs will be immaterial. The implementation of new environmental regulations or the modification of existing environmental regulations affecting the oil and natural gas industry generally could reduce demand for oil and natural gas and increase costs. Please also see *"– Climate Change Regulation"* in this Annual Information Form.

Regulatory

Various levels of governments impose extensive controls and regulations on oil and natural gas operations (including exploration, development, production, pricing, marketing and transportation). Governments may regulate or intervene with respect to exploration and production activities, prices, taxes, royalties and the exportation of oil and natural gas. Amendments to these controls and regulations may occur from time to time in response to economic or political conditions. The implementation of new regulations or the modification of existing regulations affecting the oil and natural gas industry could reduce demand for crude oil and natural gas and increase the Corporation's costs, either of which may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. In order to conduct oil and natural gas operations, the Corporation will require regulatory permits, licences, registrations, approvals and authorizations from various governmental authorities. There can be no assurance that the Corporation will be able to obtain all of the permits, licences, registrations, approvals and authorizations that may be required to conduct operations that it may wish to undertake. In addition, the Corporation may have to comply with the requirements of certain federal legislation such as the *Competition Act* (Canada) and the *Investment Canada Act* (Canada), which may adversely affect its business and financial condition and the market value of its securities or assets, particularly when undertaking or attempting to undertake an acquisition or disposition.

Royalty Regimes

The Corporation's cash flows are directly affected by changes to royalty regimes. The Government of Alberta receives royalties on the production of hydrocarbons from lands in which they own the mineral rights. On January 29, 2016, the Government of Alberta announced a new modernized royalty framework (the "**MRF**") based on recommendations of the Royalty Review Advisory Panel. The MRF will apply to all conventional wells spud on or after January 1, 2017. Wells spud prior to January 1, 2017 will continue to operate under the previous royalty framework (the "**Previous Framework**"). Wells spud between July 13, 2016 and December 31, 2016 may elect to opt-in to the MRF if certain criteria are met. After December 31, 2026, all wells will be subject to the MRF.

Under the MRF, royalties are determined on a "revenue-minus-costs" basis, with the cost component based on a drilling and completion cost allowance formula for each well, which is dependent on the true vertical depth of the well, total lateral length of the well and the total proppant placed. The formula is based on the industry's average drilling and completion costs as determined by the ADOE on an annual basis. Producers pay a flat royalty rate of 5% of gross revenue from each well that is subject to the MRF until the well reaches payout. Payout for a well is the point at which cumulative revenues from the well equals the drilling and completion cost allowance for the well set by the ADOE. After payout, producers pay an increased post-payout royalty on revenues determined by reference to the then current commodity prices of the various hydrocarbons. Once production in a mature well drops below a threshold level where the rate of production is too low to sustain the full royalty burden, its royalty rate will move to a sliding scale (based on volume and commodity prices) with a minimum royalty rate of 5%.

There can be no assurance that the Government of Alberta will not adopt a new royalty regime or modify the existing royalty regime, which may have an impact on the economics of the Corporation's projects. Further changes to the royalty regime in Alberta, changes to how the existing royalty regime is interpreted and applied by the Government of Alberta or an increase in disclosure obligations for the Corporation could have a significant impact on the Corporation's financial condition, results of operations, prospects and cash flows. An increase in the royalty rates in Alberta would reduce the Corporation's earnings and could make future capital expenditures or existing operations less economic or uneconomic.

Climate Change Regulation

The Corporation's exploration and production facilities and other operations and activities emit GHG. Various federal and provincial governments have announced intentions to regulate GHG emissions and other air pollutants. Some of these regulations are in effect while others remain in various phases of review, discussion or implementation, as discussed in further detail below. Uncertainties exist relating to the timing and effects of these regulations. Additionally, lack of certainty regarding how any future federal legislation will harmonize with provincial regulations makes it difficult to accurately determine the cost estimate of climate change legislation compliance with certainty.

<u>*Alberta*</u>

As part of its efforts to reduce GHG emissions, the Government of Alberta introduced legislation to address GHG emissions: the *Climate Change and Emissions Management Act* (Alberta) enacted on December 4, 2003 and amended through the *Climate Change and Emissions Management Amendment Act* (Alberta), which received royal assent on November 4, 2008. The accompanying regulations include the *Specified Gas Emitters Regulation* ("**SGER**"), which imposes GHG limits, and the *Specified Gas Reporting Regulation*, which imposes GHG emissions reporting requirements. SGER applies to facilities emitting more than 100,000 tonnes of GHG emissions in 2003 or any subsequent year ("**Regulated Emitters**") and requires reductions in GHG emissions intensity (e.g. the quantity of GHG emissions per unit of production) from emissions intensity baselines established in accordance with SGER.

On June 25, 2015, the Government of Alberta renewed SGER for a period of two years with significant amendments while Alberta's newly formed Climate Advisory Panel conducted a comprehensive review of the province's climate change policy. Regulated Emitters are required to reduce their emissions intensity by 2% from their baseline in the fourth year of commercial operation, 4% of their baseline in the fifth year, 6% of their baseline in the sixth year, 8% of their baseline in the seventh year, 10% of their baseline in the eighth year, and, as of January 1, 2017, 20% of their baseline in the ninth or subsequent years. A Regulated Emitter can meet its emissions intensity targets through a combination of the following: (i) producing its products with lower carbon inputs; (ii) purchasing emissions offset credits from non-regulated emitters (generated through activities that result in emissions reductions in accordance with established protocols); (iii) purchasing emissions performance credits from other Regulated Emitters that earned credits through the reduction of their emissions below the 100,000 tonne threshold; (iv) cogeneration compliance adjustments; and (v) by contributing to the Climate Change and Emissions Management Fund at a rate of $30 per tonne of GHG emissions.

On November 22, 2015, as a result of the Climate Advisory Panel's Climate Leadership report, the Government of Alberta announced its Climate Leadership Plan. The Climate Leadership Plan includes certain initiatives that the Government will implement to address climate change, including: (i) the complete phase-out of coal-fired sources of electricity by 2030; (ii) implementing an Alberta economy-wide price on GHG emissions of $30 per tonne; (iii) reducing oil sands emissions to a province-wide total of 100 megatonnes per year, with certain exceptions for cogeneration power sources and new upgrading capacity; and (iv) reducing methane emissions from oil and gas activities by 45% by 2025. On June 7, 2016, the *Climate Leadership Implementation Act* (Alberta) (the "**CLIA**") was passed into law. The CLIA enacted the *Climate Leadership Act* (Alberta) (the "**CLA**") introducing a carbon tax on all sources of GHG emissions, subject to certain exemptions. The CLA received royal assent on June 13, 2016 and came into force on January 1, 2017. The Climate Leadership Regulation ("**CL Regulation**"), which provides further detail in respect of the carbon levy regime set out in the CLA, was released on November 3, 2016, and also came into force on January 1, 2017.

The CLA and the CL Regulation impose registration, payment, remittance, reporting and administrative obligations on applicable persons throughout the fuel supply chain. Pursuant to the CLA, an initial economy-wide carbon levy of $20 per tonne of GHG emissions was implemented on January 1, 2017, increasing to $30 per tonne in January of 2018. The application of the carbon levy depends on the type and quantity of fuel purchased and how such fuel is used by the purchaser. With certain exemptions, all fuel consumption, including gasoline and natural gas, will be subject to the carbon levy. Activities integral to oil and gas production processes are exempt until 2023. The Corporation currently expects that its operations will have minimal direct carbon levy exposure until 2023. It is not known what will occur in 2023 when the current exemptions are expected to end. In addition, under the CLA and the CL Regulation, facilities subject to SGER are exempt from the carbon levy. Regulated Emitters will remain subject to the SGER framework until the end of 2017 and are exempt from paying the carbon levy on fuels used in operations until this time. Upon the expiry of SGER, the Government of Alberta intends to transition to a proposed

Carbon Competitiveness Regulation, in which sector specific output-based carbon allocations will be used to ensure competitiveness. Details of such proposed regulation have not yet been released.

Federal

As a signatory to the United Nations Framework Convention on Climate Change (the "**UNFCCC**") and a participant to the Copenhagen Agreement (a non-binding agreement created by the UNFCCC), the Government of Canada announced on January 29, 2010 that it would seek a 17% reduction in GHG emissions from 2005 levels by 2020; however, these GHG emission reduction targets were not binding. Canada and 193 other countries that are members of the UNFCCC met in Paris, France in December, 2015, and signed the Paris Agreement on climate change. The stated objective of the Paris Agreement is to hold "the increase in global average temperature to well below 2 degrees Celcius above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5 degrees Celcius". Signatory countries agreed to meet every five years to review their individual progress on GHG emissions reductions and to consider amendments to individual country targets, which are not legally binding. Canada is required to report and monitor its GHG emissions, though details of how such reporting and monitoring will take place have yet to be determined. Additionally, the Paris Agreement contemplates that, by 2020, the parties will develop a new market-based mechanism related to carbon trading. As a result of the UNFCCC adopting the Paris Agreement on December 12, 2015, which Canada ratified on October 3, 2016, the Government of Canada implemented new GHG emission reduction targets of a 30% reduction from 2005 levels by 2030.

In addition, on December 9, 2016, the Government of Canada formally announced the Pan-Canadian Framework on Clean Growth and Climate Change. As a result, the federal government will implement a Canada-wide carbon pricing scheme beginning in 2018. This may be implemented through either a cap and trade system or a carbon tax regime at the option of each province or territory. The federal government will impose a price on carbon of $10 per tonne on any province or territory which fails to implement its own system by 2018. This amount will increase by $10 annually until it reaches $50 per tonne in 2022, at which time the program will be reviewed. For those provinces, including Alberta, which have already established a carbon tax or a cap and trade regime, or both, the national price on carbon will likely have little additional impact in the short-term.

Impact on the Corporation

Adverse impacts to the Corporation's business as a result of comprehensive GHG legislation or regulations may include, but are not limited to: increased compliance costs; permitting delays; increased operating costs and capital expenditures; and reduced demand for the oil, natural gas and NGLs that the Corporation produces.

The Corporation is not currently considered a Regulated Emitter under SGER in respect of any of its facilities. However, should any of the Corporation's facilities emit 100,000 tonnes or more of GHG per year, such facilities will be subject to the GHG reduction targets and reporting requirements under SGER. It is likely that the PC Gas Plant will become a Regulated Emitter later in 2017 upon completion of the Phase V expansion, which is currently scheduled to be completed in October 2017. The Corporation currently expects that the costs will not be material to the Corporation.

Beyond existing legal requirements, the extent and magnitude of any adverse impacts of any additional programs or additional regulations cannot be reliably or accurately estimated at this time because specific legislative and regulatory requirements have not been finalized and uncertainty exists with respect to the additional measures being considered and the time frames for compliance. Additional changes to climate change legislation may adversely affect the Corporation's business, financial condition, results of operations and cash flows which cannot be reliably or accurately estimated at this time.

Liability Management Programs

In Alberta, the AER administers the Licensee Liability Rating Program (the "**LLR Program**") which is a liability management program governing most conventional upstream oil and gas wells, facilities and pipelines. The *Oil and Gas Conservation Act* (Alberta) (the "**OGCA**") establishes an orphan fund (the "**Orphan Fund**") to pay the costs to suspend, abandon, remediate and reclaim a well, facility or pipeline included in the LLR Program if a licensee or working interest participant becomes defunct or is unable to meet its obligations. The Orphan Fund is administered by the Orphan Well Association (the "**OWA**") and is funded by licensees in the LLR Program (including Birchcliff) through a levy administered by the AER. The LLR Program is designed to minimize the risk to the Orphan Fund posed by unfunded liability of licensees and to prevent the taxpayers of Alberta from incurring costs to suspend, abandon, remediate and reclaim wells, facilities or pipelines.

The LLR Program requires a licensee whose deemed liabilities exceed its deemed assets to provide the AER with a security deposit. The ratio of deemed liabilities to deemed assets is assessed once each month and failure to post the required security deposit may result in the initiation of enforcement action by the AER. Although the Corporation does not have to currently post security under the existing LLR Program, changes to the ratio of the Corporation's deemed assets to deemed liabilities or changes to the requirements of the LLR Program may result in the requirement for security to be posted in the future.

In May 2016, the Alberta Court of Queen's Bench issued a decision in the case of *Redwater Energy Corporation (Re),* 2016 ABQB 278 ("**Redwater**"). The Court found that there was an operational conflict between the abandonment and reclamation provisions of the OGCA and the *Bankruptcy and Insolvency Act* (Canada) and that receivers and trustees of insolvent parties have the right to disclaim or renounce uneconomic oil and gas assets within insolvency proceedings. Accordingly, these wells and facilities become "orphans" to be remediated by the OWA. The Alberta Court of Appeal heard the appeal of the Redwater decision on October 11, 2016, with the Court reserving its decision.

In response to the Redwater decision, the AER issued Bulletin 2016-16: *Licensee Eligibility—Alberta Energy Regulator Measures to Limit Environmental Impacts Pending Regulatory Changes to Address the Redwater Decision* ("**Bulletin 16**") on June 20, 2016, which provided that the following interim measures will govern pending the earlier of the outcome of Redwater or the implementation of appropriate regulatory measures:

(i) The AER will consider and process all applications for licence eligibility under Directive 067: *Applying for Approval to Hold EUB Licences* as non-routine and may exercise its discretion to refuse an application or impose terms and conditions on a licencee eligibility approval if appropriate in the circumstances.

(ii) For holders of existing but previously unused licence eligibility approvals, prior to approval of any application (including licence transfer applications), the AER may require evidence that there have been no material changes since approving the licence eligibility. This may include evidence that the holder continues to maintain adequate insurance and that the directors, officers, and/or shareholders are substantially the same as when licence eligibility was originally granted.

(iii) As a condition of transferring existing AER licences, approvals, and permits, the AER will require all transferees to demonstrate that they have an LMR, being the ratio of a licensee's deemed assets to deemed liabilities, of 2.0 or higher immediately following the transfer.

The AER subsequently issued Bulletin 2016-21*: Revision and Clarification on Alberta Energy Regulator's Measures to Limit Environmental Impacts Pending Regulatory Changes to Address the Redwater Decision* ("**Bulletin 21**") on July 8, 2016. In Bulletin 21, the AER stated that an LMR of 1.0 is not sufficient to ensure that licensees will be able to address their obligations throughout the life cycle of energy development; therefore transferees must either demonstrate an LMR of 2.0 or higher or provide other evidence that the transferee will be able to meet with obligations with an LMR of less than 2.0. Bulletin 21 did provide the AER with additional flexibility to permit licensees to acquire additional AER-licensed assets if:

(i) the licensee already has an LMR of 2.0 or higher;

(ii) the acquisition will improve the licensee's LMR to 2.0 or higher; or

(iii) the licensee is able to satisfy the AER by other means that they will be able to meet their obligations throughout the life cycle of energy development with an LMR of less than 2.0.

The LLR Program may prevent or interfere with the Corporation's ability to acquire or dispose of assets as both the vendor and the purchaser of oil and gas assets must be in compliance with the LLR Program (both before and after the transfer of the assets) for the applicable regulatory agency to allow for the transfer of such assets. While the impact on Birchcliff of any legislative, regulatory or policy decisions as a result of the Redwater decision and its pending appeal cannot be reliably or accurately estimated, any cost recovery or other measures taken by applicable regulatory bodies may impact Birchcliff and materially and adversely affect, among other things, Birchcliff's business, financial condition, results of operations and cash flows. There remains a great deal of uncertainty as to what new regulatory measures will be developed.

In addition, because of the current economic environment, the number of orphaned wells in Alberta has increased significantly and, accordingly, the aggregate value of the abandonment and reclamation liabilities assumed by the OWA has increased and may continue to increase. The OWA may seek funding for such liabilities from industry participants, including the Corporation, through an increase in its annual levy, further changes to regulations or other means.

Political Uncertainty

Political events throughout the world that cause disruptions in the supply of oil continuously affect the marketability and price of oil and natural gas acquired or discovered by the Corporation. Conflicts, or conversely peaceful developments, arising outside of Canada, including changes in political regimes or the parties in power, have a significant impact on the price of oil and natural gas. Any particular event could result in a material decline in prices and result in a reduction of the Corporation's net production revenue.

In the last several years, the United States and certain European countries have experienced significant political events that have cast uncertainty on global financial and economic markets. During the recent presidential campaign in the United States a number of election promises were made and the new American administration has begun taking steps to implement certain of these promises. Included in the actions that the administration has discussed are the renegotiation of the terms of the North American Free Trade Agreement, withdrawal of the United States from the Trans-Pacific Partnership, imposition of a tax on the importation of goods into the United States, reduction of regulation and taxation in the United States, and introduction of laws to reduce immigration and restrict access into the United States for citizens of certain countries. It is presently unclear exactly what actions the new administration in the United States will implement, and if implemented, how these actions may impact Canada and in particular the oil and gas industry. Any actions taken by the new United States administration may have a negative impact on the Canadian economy and on the businesses, financial conditions, results of operations and the valuation of Canadian oil and gas companies, including the Corporation.

In addition to the political disruption in the United States, in 2016 the citizens of the United Kingdom voted to withdraw from the European Union and the Government of the United Kingdom has begun taken steps to implement such withdrawal. Some European countries have also experienced the rise of anti-establishment political parties and public protests held against open-door immigration policies, trade and globalization. To the extent that certain political actions taken in North America, Europe and elsewhere in the world result in a marked decrease in free trade, access to personnel and freedom of movement it could have an adverse effect on the Corporation's ability to market its products internationally, increase costs for goods and services required for the Corporation's operations, reduce access to skilled labour and negatively impact the Corporation's business, operations, financial conditions and ultimately the market value of the Corporation's securities.

Other Risks

Volatility of Market Price of Securities

The trading price of securities of oil and natural gas issuers is subject to substantial volatility often based on factors related and unrelated to the financial performance or prospects of the issuers involved. The market price of the Corporation's securities may be volatile, which may affect the ability of holders to sell such securities at an advantageous price. Market price fluctuations in the Corporation's securities may be due to the Corporation's operating results failing to meet the expectations of securities analysts or investors in any quarter, downward revision in securities analysts' estimates, governmental regulatory action, adverse change in general market conditions or economic trends or acquisitions, dispositions or other material public announcements by the Corporation or its competitors, along with a variety of additional factors, including, without limitation, those set forth under "*Special Notes to Reader – Forward-Looking Information"*. In addition, the market price for securities in the stock markets, including the TSX, has recently experienced significant price and trading fluctuations. These fluctuations have resulted in volatility in the market prices of securities that are often unrelated or disproportionate to changes in operating performance. Factors unrelated to the Corporation's performance could include macroeconomic developments nationally, within North America or globally, domestic and global commodity prices or current perceptions of the oil and natural gas market. These broad market fluctuations may adversely affect the market prices of the Corporation's securities, and, as such, the price at which the Corporation's securities will trade cannot be accurately predicted.

Reliance on Key Personnel

The Corporation's success depends, in large measure, on certain key personnel. The loss of the services of such key personnel could have a material adverse effect on the Corporation. The Corporation does not have "key person" insurance in effect for the Corporation. In addition, the competition for qualified personnel in the oil and natural gas industry is intense and there can be no assurance that the Corporation will be able to continue to attract and retain all personnel necessary for the development and operation of its business. Shareholders must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the Corporation's management.

Failure to Realize Anticipated Benefits of Acquisitions and Dispositions

The Corporation makes acquisitions and dispositions of properties and other assets in the ordinary course of business. Typically, once an opportunity is identified, a review of available information relating to the assets is conducted. There is a risk that even a detailed review of records and assets may not necessarily reveal every existing or potential problem, nor will it permit the Corporation to become sufficiently familiar with the assets to fully assess their deficiencies and potential. There is no guarantee that unforeseen defects in the chain of title will not arise to defeat the Corporation's title to certain assets or that environmental defects, liabilities or deficiencies do not exist or are greater than anticipated. Inspections may not always be performed on every well, and environmental problems, such as ground water contamination, are not necessarily observable even when an inspection is undertaken. Even when problems are identified, the Corporation may assume certain environmental and other risk liabilities in connection with acquired assets.

In addition, acquisitions of oil and gas properties or companies are based in large part on engineering, environmental and economic assessments. These assessments include a series of assumptions regarding such factors as recoverability and marketability of oil and natural gas, environmental restrictions and prohibitions regarding releases and emissions of various substances, future prices of oil and gas, future operating costs, future capital expenditures and royalties and other government levies which will be imposed over the producing life of the reserves. Many of these factors are subject to change and are beyond the control of the Corporation. All such assessments involve a measure of geologic, engineering, environmental and regulatory uncertainty that could result in lower production and reserves or higher operating or capital expenditures than anticipated.

Achieving the benefits of acquisitions depends on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner and the Corporation's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of the Corporation. The integration of acquired businesses may require substantial management effort, time and resources, diverting management's focus from other strategic opportunities and operational matters.

Management continually assesses the value of the Corporation's assets and may dispose of non-core assets so that the Corporation can focus its efforts and resources more efficiently. Depending on the state of the market, there is a risk that certain non-core assets could realize less than their carrying value in the Corporation's financial statements.

Title to Assets

Although title reviews may be conducted prior to the purchase of oil and natural gas producing properties or the commencement of drilling wells, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise to defeat the Corporation's ownership claim. The actual interest of the Corporation in properties may accordingly vary from the Corporation's records. If a title defect does exist, it is possible that the Corporation may lose all or a portion of the properties to which the title defect relates, which may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. There may be valid challenges to title or legislative changes, which affect the Corporation's title to the oil and natural gas properties the Corporation controls that could impair the Corporation's activities on them and result in a reduction of the revenue received by the Corporation.

Management of Growth and Integration

The Corporation may be subject to both integration and growth-related risks, including capacity constraints and pressure on its internal systems and controls. The ability of the Corporation to effectively manage growth and the integration of additional assets will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. An inability of the Corporation to effectively deal with this growth could have a material adverse impact on its business, financial condition, results of operations and prospects.

Insurance

The Corporation obtains insurance in accordance with industry standards to address business risks. However, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, certain risks may not in all circumstances be insurable or, in certain circumstances, the Corporation may elect not to obtain insurance to deal with specific risks due to high premiums associated with such insurance or other reasons. The payment of such uninsured liabilities would reduce the funds available to the Corporation. The occurrence of a significant event that the Corporation is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on its business, financial condition, results of operations or prospects.

Litigation

In the normal course of the Corporation's operations, it may become involved in, be named as a party to, or be the subject of various legal proceedings, including regulatory proceedings, tax proceedings and legal actions, related to personal injuries, property damage, property tax, land rights, access rights, the environment and lease and contractual disputes. The outcome of outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely to the Corporation and, as a result, could have a material adverse effect on the Corporation's assets, liabilities, business, financial condition and results of operations. Even if the Corporation prevails in any such legal proceeding, the proceeding could be costly and time-consuming and may divert the attention of management and key personnel from the Corporation's business operations, which may adversely affect the Corporation. For specific disclosure of current legal proceedings, please see *"Legal Proceedings and Regulatory Actions"* in this Annual Information Form.

Aboriginal Claims

Aboriginal peoples have claimed aboriginal title and rights in portions of Western Canada. The Corporation is not aware that any claims have been made in respect of its properties or assets; however, the legal basis of an aboriginal land claim and aboriginal rights is a matter of considerable legal complexity and the impact of the assertion of such a claim, or the possible effect of a settlement of such claim, upon the Corporation cannot be predicted with any degree of certainty at this time. In addition, no assurance can be given that any recognition of aboriginal rights or claims whether by way of a negotiated settlement or by judicial pronouncement (or through the grant of an injunction prohibiting exploration or development activities pending resolution of any such claim) would not delay or even prevent the Corporation's exploration and development activities. If a claim arose and was successful, such claim may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Internal Controls

Effective internal controls are necessary for the Corporation to provide reliable financial reports and to help prevent fraud. Although the Corporation undertakes a number of procedures in order to help ensure the reliability of its financial reports, including those imposed on it under Canadian securities laws, the Corporation cannot be certain that such measures will ensure that the Corporation will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Corporation's results of operations or cause it to fail to meet its reporting obligations. If the Corporation or its independent auditor discovers a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Corporation's financial statements and harm the trading prices of the Corporation's securities.

Income Taxes

The Corporation files all required income tax returns and believes that it is in full compliance with the provisions of the *Income Tax Act* (Canada) and all other applicable provincial tax legislation. However, such returns are subject to reassessment by the applicable taxation authority. In the event of a successful reassessment of the Corporation, whether by re-characterization of exploration and development expenditures or otherwise, such reassessment may have an impact on current and future taxes payable.

Income tax laws relating to the oil and natural gas industry, such as the treatment of resource taxation or dividends, may in the future be changed or interpreted in a manner that adversely affects the Corporation. Furthermore, tax authorities having jurisdiction over the Corporation may disagree with how the Corporation calculates its income for tax purposes or could change administrative practices to the Corporation's detriment.

Breaches of Confidentiality

While discussing potential business relationships or other transactions with third parties, the Corporation may disclose confidential information relating to the business, operations or affairs of the Corporation. Although confidentiality agreements are generally signed by third parties prior to the disclosure of any confidential information, a breach could put the Corporation at competitive risk and may cause significant damage to its business. The harm to the Corporation's business from a breach of confidentiality cannot presently be quantified, but may be material and may not be compensable in damages. There is no assurance that, in the event of a breach of confidentiality, the Corporation will be able to obtain equitable remedies, such as injunctive relief, from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such a breach of confidentiality may cause.

Negative Impact of Additional Sales or Issuances of Securities

The Corporation may make future acquisitions or enter into financings or other transactions involving the issuance of securities of the Corporation which may be dilutive. If the Corporation issues additional securities, the percentage ownership of existing shareholders will be reduced and diluted and the price of the Corporation's securities could decrease.

Additional Taxation Applicable to Non-Residents

Tax legislation in Canada may impose withholding or other taxes on the cash dividends, stock dividends or other property transferred by the Corporation to non-resident shareholders. These taxes may be reduced pursuant to tax treaties between Canada and the non-resident shareholder's jurisdiction of residence. Evidence of eligibility for a reduced withholding rate must be filed by the non-resident shareholder in prescribed form with their broker (or in the case of registered shareholders, with the transfer agent). In addition, the country in which the non-resident shareholder is resident may impose additional taxes on such dividends. Any of these taxes may change from time to time.

Foreign Exchange Risk for Non-Resident Shareholders

Any dividends will be declared in Canadian dollars and converted to foreign denominated currencies at the spot exchange rate at the time of payment. As a consequence, investors may be subject to foreign exchange risk. To the extent that the Canadian dollar strengthens with respect to their currency, the amount of any dividend will be reduced when converted to their home currency.

Forward-Looking Information May Prove Inaccurate

Shareholders and prospective investors are cautioned not to place undue reliance on the Corporation's forward-looking information. By its nature, forward-looking information involves numerous assumptions and known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. Additional information on the risks, assumptions and uncertainties relating to forward-looking information are found under the heading *"Special Notes to Reader – Forward-Looking Information"* in this Annual Information Form.

DIVIDEND AND DISTRIBUTION POLICY

Common Shares

On November 9, 2016, the Corporation announced that the Board had approved a quarterly dividend policy in respect of the Common Shares. This dividend policy establishes that until changed by the Board, cash dividends will be paid to Shareholders on the last day of March, June, September and December in each year (or if such date is not a business day, on the next business day). The record date for determining the Shareholders entitled to receive dividends is expected to be on or about the 15th day of the last month of the applicable quarter. The dividend policy will be periodically reviewed by the Board and no assurance or guarantee can be given that Birchcliff will maintain the dividend policy in its current form.

On March 1, 2017, the Board declared its first quarterly dividend in the amount of $0.025 per Common Share payable on March 31, 2017 to Shareholders of record at the close of business on March 15, 2017.

Birchcliff does not have a dividend reinvestment plan or stock dividend program.

Preferred Shares – Series A and Series C Preferred Shares

The Corporation has Series A Preferred Shares and Series C Preferred Shares outstanding, on which dividends have been paid to their holders in accordance with their terms. The decision whether or not to pay dividends on any Preferred Shares and the amount of any such dividend is subject to the discretion of the Board.

Dividend History

The following table sets forth details regarding the cash dividends that were declared on the Series A Preferred Shares and the Series C Preferred Shares during the three most recently completed financial years:

Declared	Record Date	Payment Date	Type	Amount ($)
Series A Preferred Shares				
November 30, 2016	December 15, 2016	January 3, 2017	Quarterly, Cash	0.50
September 1, 2016	September 15, 2016	September 30, 2016	Quarterly, Cash	0.50
May 31, 2016	June 15, 2016	June 30, 2016	Quarterly, Cash	0.50
March 3, 2016	March 16, 2016	March 31, 2016	Quarterly, Cash	0.50
December 2, 2015	December 15, 2015	December 31, 2015	Quarterly, Cash	0.50
September 3, 2015	September 16, 2015	September 30, 2015	Quarterly, Cash	0.50
June 2, 2015	June 15, 2015	June 30, 2015	Quarterly, Cash	0.50
March 5, 2015	March 16, 2015	March 31, 2015	Quarterly, Cash	0.50
December 3, 2014	December 15, 2014	December 31, 2014	Quarterly, Cash	0.50
September 8, 2014	September 18, 2014	September 30, 2014	Quarterly, Cash	0.50
June 3, 2014	June 16, 2014	June 30, 2014	Quarterly, Cash	0.50
March 12, 2014	March 24, 2014	March 31, 2014	Quarterly, Cash	0.50
Series C Preferred Shares				
November 30, 2016	December 15, 2016	January 3, 2017	Quarterly, Cash	0.4375
September 1, 2016	September 15, 2016	September 30, 2016	Quarterly, Cash	0.4375
May 31, 2016	June 15, 2016	June 30, 2016	Quarterly, Cash	0.4375
March 3, 2016	March 16, 2016	March 31, 2016	Quarterly, Cash	0.4375
December 2, 2015	December 15, 2015	December 31, 2015	Quarterly, Cash	0.4375
September 3, 2015	September 16, 2015	September 30, 2015	Quarterly, Cash	0.4375
June 2, 2015	June 15, 2015	June 30, 3015	Quarterly, Cash	0.4375
March 5, 2015	March 16, 2015	March 31, 2015	Quarterly, Cash	0.4375
December 3, 2014	December 15, 2014	December 31, 2014	Quarterly, Cash	0.4375
September 8, 2014	September 18, 2014	September 30, 2014	Quarterly, Cash	0.4375
June 3, 2014	June 16, 2014	June 30, 2014	Quarterly, Cash	0.4375
March 12, 2014	March 24, 2014	March 31, 2014	Quarterly, Cash	0.4375

The declaration and payment of dividends in any quarter is subject to the discretion of the Board and may vary depending on a variety of factors and conditions existing from time to time. The payment of cash dividends to shareholders is not assured or guaranteed and dividends may be reduced or suspended. In addition to the foregoing, the Corporation's ability to pay dividends now or in the future may be limited by covenants contained in the agreements governing any indebtedness that the Corporation has incurred or may incur in the future, including the terms of the Credit Facilities. The Credit Facilities provide that Birchcliff is not permitted to make any distribution (including dividends) at any time when an event of default exists or would reasonably be expected to exist upon making such distribution, unless such event of default arose subsequent to the ordinary course declaration of the applicable distribution. For further information regarding the risks and assumptions relating to the payment of dividends, please see *"Risk Factors – Financial Risks and Risks Relating to Economic Conditions – Dividends"* in this Annual Information Form.

DESCRIPTION OF CAPITAL STRUCTURE

Share Capital

The authorized share capital of the Corporation consists of an unlimited number of Common Shares and an unlimited number of Preferred Shares issuable in series, each without par value. In addition, the Corporation also has Performance Warrants and Options that are outstanding.

The following table sets forth the securities of the Corporation that were outstanding at December 31, 2016:

Authorized Securities Outstanding	Number of Securities
Common Shares	264,041,902
Series A Preferred Shares	2,000,000
Series C Preferred Shares	2,000,000
Performance Warrants	2,939,732
Options	12,899,775

The material characteristics of each class of authorized securities are set forth below.

Common Shares

Shareholders are entitled to receive notice of and to vote at all meetings of holders of Common Shares, except meetings at which only holders of a specified class of shares are entitled to vote, and to vote one vote per Common Share at such meetings. Shareholders are entitled to receive any dividend declared by the Corporation on the Common Shares; provided that the Corporation shall be entitled to declare dividends on the Preferred Shares or on any of such classes of shares without being obliged to declare any dividends on the Common Shares. Subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Corporation, Shareholders are entitled to receive the remaining property of the Corporation upon dissolution in equal rank with the holders of other Common Shares.

Preferred Shares

The Preferred Shares may from time to time be issued in one or more series and the Board may fix from time to time before such issue the number of Preferred Shares which is to comprise each series and the designation, rights, privileges, restrictions and conditions attaching to each series of Preferred Shares including, without limiting the generality of the foregoing, any voting rights, the rate or amount of dividends or the method of calculating dividends, the dates of payment thereof, the terms and conditions of redemption, purchase and conversion, if any, and any sinking fund or other provisions.

The Preferred Shares of each series shall, with respect to the payment of dividends and the distribution of assets or return of capital in the event of liquidation, dissolution or winding up of Birchcliff, whether voluntary or involuntary, or any other return of capital or distribution of the assets of Birchcliff amongst its shareholders for the purpose of winding up its affairs, be entitled to preference over the Common Shares and over any other shares of Birchcliff ranking by their terms junior to the Preferred Shares of that series. The Preferred Shares of any series may also be given such other preferences, not inconsistent with the articles of the Corporation, over the Common Shares and any other Preferred Shares as may be fixed by the Board.

If any cumulative dividends or amounts payable on the return of capital in respect of a series of Preferred Shares are not paid in full, all series of Preferred Shares shall participate rateably in respect of accumulated dividends and return of capital.

In the event of the liquidation, dissolution or winding-up of the Corporation, the holders of Series A Preferred Shares, Series B Preferred Shares and Series C Preferred Shares are entitled to all accrued and unpaid dividends thereon, before any amount is paid or any property or assets are distributed to holders of the Common Shares.

Series A Preferred Shares and Series B Preferred Shares

The Series A Preferred Shares and the Series B Preferred Shares are identical in all material respects other than different dividend rights, redemption rights and conversion rights attached thereto.

On August 8, 2012, the Corporation issued an aggregate of 2,000,000 Series A Preferred Shares. The holders of the outstanding Series A Preferred Shares are entitled to receive, as and when declared by the Board, fixed cumulative preferential cash dividends for the initial period from and including the date of issue to, but excluding, September 30, 2017, at an annual rate of $2.00 per share, payable quarterly. Thereafter, the dividend rate will reset every five years at a rate equal to the then current five-year Government of Canada bond yield plus 6.83%. The Series A Preferred Shares are redeemable by the Corporation on September 30, 2017 and on September 30 in every fifth year thereafter, at a redemption price of $25.00 per share, plus all accrued and unpaid dividends.

The holders of the Series A Preferred Shares will have the right to convert their shares into an equal number of Series B Preferred Shares, subject to certain conditions, on September 30, 2017 and on September 30 in every fifth year thereafter. The holders of the Series B Preferred Shares will be entitled to receive, as and when declared by the Board, quarterly floating rate cumulative preferential cash dividends at a rate equal to the sum of the then current 90-day Government of Canada treasury bill rate plus 6.83%. The holders of Series B Preferred Shares will have the right to convert their shares into an equal number of Series A Preferred Shares, subject to certain conditions, on September 30, 2022 and on September 30 in every fifth year thereafter. The Series B Preferred Shares will also be redeemable by the Corporation at a redemption price of $25.00 per share in the case of redemptions on September 30, 2022 and on September 30 in every fifth year thereafter and at a redemption price of $25.50 per share in the case of redemptions on any date after September 30, 2017 that is not a conversion date, in each case plus all accrued and unpaid dividends. There are currently no Series B Preferred Shares outstanding.

Series C Preferred Shares

On June 14, 2013, the Corporation issued 2,000,000 Series C Preferred Shares. The holders of the outstanding Series C Preferred Shares are entitled to receive, as and when declared by the Board, fixed cumulative preferential cash dividends at an annual rate of $1.75 per share, payable quarterly. The Series C Preferred Shares are redeemable by the Corporation on and after June 30, 2018 at a redemption price of $25.75 per share if redeemed before June 30, 2019, at a redemption price of $25.50 per share if redeemed on or after June 30, 2019 but before June 30, 2020 and at a redemption price of $25.00 per share if redeemed on or after June 30, 2020, in each case together with all accrued and unpaid dividends.

On and after June 30, 2020, the holders of Series C Preferred Shares may redeem their shares for cash on the last day of March, June, September and December of each year at $25.00 per share, together with all accrued and unpaid dividends. Upon receipt of a notice of redemption from the holder, the Corporation may elect to convert such Series C Preferred Shares into Common Shares. The number of Common Shares into which each Series C Preferred Share may be so converted will be determined by dividing the amount of $25.00 together with all accrued and unpaid dividends by the greater of $2.00 and 95% of the weighted average trading price of the Common Shares on the TSX for a period of 20 consecutive trading days ending on the fourth day prior to the date specified for conversion (the "**Current Market Price**"). In addition, on and after June 30, 2018, the Corporation may convert the outstanding Series C Preferred Shares into Common Shares. The number of Common Shares into which each Series C Preferred Share may be so converted will be determined by dividing the then applicable redemption price, together with all accrued and unpaid dividends, by the greater of $2.00 and 95% of the Current Market Price. Any conversion of the Series C Preferred Shares will be subject to the approval of the TSX, if required.

Performance Warrants

Performance Warrants were granted to the executive officers of the Corporation at the Corporation's inception and were designed to act as a long-term retention incentive for the holders thereof. The Performance Warrants were specifically designed to provide a financial incentive to the holders upon the trading price of the Common Shares exceeding $6.00, being the trading price that is equal to at least two times the exercise price of $3.00. This condition was satisfied in November of 2005 and accordingly, all of the Performance Warrants have been exercisable since November 2005. The outstanding Performance Warrants are held by Messrs. Tonken, Geremia, Surbey and Bosman, each of whom is an executive officer of the Corporation. On May 15, 2014, Shareholders approved an amendment to the outstanding Performance Warrants to extend the expiry date of such Performance Warrants from January 31, 2015 to January 31, 2020.

Options

Pursuant to the Stock Option Plan, Options may be granted to directors, executive officers, employees and consultants of the Corporation. Options are granted by the Board who, at the time of the grant, fixes the exercise price, vesting dates and the expiry date of such Options. The maximum number of Common Shares that may be issued under the Stock Option Plan at any time shall not exceed 10% of the aggregate number of Common Shares actually outstanding at that time, as determined on a non-diluted basis.

The Stock Option Plan provides that the expiry date of an Option shall be no later than 10 years from the date of grant of such Option and that the exercise price of an Option shall be determined by the Board but shall not be lower than the higher of the closing price of the Common Shares on the TSX on the first trading day immediately preceding the date of grant, or the lowest price permitted by the TSX. All of the Options granted to date under the Stock Option Plan provide for: (i) the expiry of such Options not later than the fifth anniversary of the date of grant; and (ii) the vesting of such Options with respect to one-third of the Common Shares issuable thereunder on each of the first, second and third anniversaries of the date of grant.

Credit Facilities

The Corporation's Credit Facilities are comprised of the Syndicated Credit Facility and the Working Capital Facility. The Credit Facilities allow for prime rate loans, LIBOR loans, U.S. base rate loans, bankers' acceptances and, in the case of the Working Capital Facility only, letters of credit. The maturity date of the Credit Facilities is May 11, 2018. The Corporation may each year, at its option, request an extension to the maturity date of the Syndicated Credit Facility and the Working Capital Facility, or either of them, for an additional period of up to three years from May 11 of the year in which the extension request is made.

For further information regarding the Credit Facilities, see the Corporation's audited annual financial statements and related management's discussion and analysis for the year ended December 31, 2016, a copy of which is available on SEDAR. Please also see *"Risk Factors – Financial Risks and Risks Relating to Economic Conditions – Credit Facilities"* in this Annual Information Form.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares, the Series A Preferred Shares and the Series C Preferred Shares are listed for trading on the TSX under the trading symbols "BIR", "BIR.PR.A" and "BIR.PR.C", respectively. The following table sets forth the price ranges and volumes of each class of securities of the Corporation that were traded on the TSX during the year ended December 31, 2016:

	Common Shares			Series A Preferred Shares			Series C Preferred Shares		
Month	**High**	**Low**	**Monthly Trading Volume**	**High**	**Low**	**Monthly Trading Volume**	**High**	**Low**	**Monthly Trading Volume**
January	5.08	2.85	12,401,405	18.90	14.31	130,147	20.65	18.00	43,055
February	5.72	4.54	17,290,955	17.50	15.07	63,130	19.99	18.21	30,730
March	6.08	4.99	12,719,500	17.46	16.73	68,325	20.50	19.00	23,625
April	5.48	4.04	14,293,805	18.59	16.75	99,979	22.11	19.49	26,674
May	5.97	4.88	11,588,064	20.70	18.00	45,298	22.40	21.36	25,020
June	7.24	5.52	37,876,459	22.99	20.48	57,768	23.90	21.80	48,627
July	9.46	6.68	52,643,812	24.10	22.20	63,650	24.80	23.90	107,950
August	9.69	8.46	37,043,561	24.98	23.81	29,296	25.22	24.85	40,320
September	9.49	8.20	36,030,069	25.61	24.00	37,997	25.38	24.40	47,435
October	9.97	8.34	30,655,187	24.95	24.33	31,621	25.16	24.85	58,041
November	9.09	7.99	26,952,588	24.79	24.24	51,071	25.11	24.72	27,752
December	10.50	9.08	24,984,327	25.42	24.75	52,851	25.40	25.05	33,753

Prior Sales

During the year ended December 31, 2016, the only securities the Corporation issued which are outstanding but are not listed or quoted on a marketplace were an aggregate of 3,356,000 Options which were granted at exercise prices ranging from $3.35 to $9.43 per Common Share.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

To the Corporation's knowledge, at December 31, 2016, no securities of Birchcliff were held in escrow or subject to a contractual restriction on transfer.

DIRECTORS AND OFFICERS

Directors

The following table sets forth the name, province and country of residence, the committees of Birchcliff of which they are a member, the year first elected to the Board and the principal occupation during the past five years or more of each person who is a director of the Corporation at the date hereof:

Name, Province and Country of Residence and Committee Membership	Director Since	Principal Occupation During the Past Five Years or More
Larry A. Shaw *Alberta, Canada* Independent Director and Chairman of the Board Chairman and member of the Audit Committee, the Compensation Committee and the Reserves Evaluation Committee	January 18, 2005	Mr. Shaw is a director of Birchcliff and has more than 29 years of experience in the oil and natural gas industry and is one of the Corporation's founders. Prior to joining Birchcliff, Mr. Shaw served as Chairman of the Board of Case Resources Inc., Big Bear Exploration Ltd. and Stampeder Exploration Ltd. He was President of Shaw Automotive Group Ltd. and Shaw G.M.C. Pontiac Buick Hummer Ltd. for many years. Mr. Shaw received his Honors Degree in Business Administration from the University of Western Ontario.
Kenneth N. (Ken) Cullen *Alberta, Canada* Independent Director Member of the Audit Committee, the Compensation Committee and the Reserves Evaluation Committee	February 16, 2011	Mr. Cullen is a director of Birchcliff and has more than 35 years of experience working with companies in the oil and natural gas industry as a partner at Deloitte & Touche LLP in the Assurance and Advisory (Audit) group prior to his retirement in 2006. Mr. Cullen received his Chartered Accountant designation from the Institute of Chartered Accountants of British Columbia.
Dennis A. Dawson *Alberta, Canada* Independent Director Member of the Audit Committee, the Compensation Committee and the Reserves Evaluation Committee	May 14, 2015	Mr. Dawson is a director of Birchcliff. Prior to joining Birchcliff, Mr. Dawson was the Vice-President General Counsel and Corporate Secretary of AltaGas. Mr. Dawson 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, Mr. Dawson became Vice-President General Counsel and Corporate Secretary. Mr. Dawson has over 31 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. Mr. Dawson received his Bachelor of Arts degree from the University of Lethbridge and his Bachelor of Laws degree from the University of Alberta.

Name, Province and Country of Residence and Committee Membership	Director Since	Principal Occupation During the Past Five Years or More
Rebecca Morley *Alberta, Canada* Independent Director Member of the Audit Committee, the Compensation Committee and the Reserves Evaluation Committee	August 10, 2016	Ms. Morley is a director of Birchcliff. Ms. Morley has 15 years of experience in the capital markets, having worked as an Equity Research Associate at TD Securities and GMP Securities and then as a Partner and Research Analyst at Paradigm Capital. Ms. Morley then moved to Cypress Capital where she worked as a Research Analyst and Associate Portfolio Manager and was most recently Vice President of Corporate Development at Rayne Capital. Ms. Morley is currently the Chair of the Board of Directors of the YWCA of Calgary, was the Chair of the Audit Committee in 2014 and 2015 and has been a director since 2012. Ms. Morley received a Bachelor of Business Administration with a Major in Finance (Honours) from St. Francis Xavier University and is a CFA Charterholder.
A. Jeffery Tonken *Alberta, Canada* Director	January 18, 2005	See Mr. Tonken's biography under *"Executive Officers".*

The directors of the Corporation are elected annually at the annual meeting of Shareholders and hold office until the close of the next annual meeting of Shareholders.

The Board has an Audit Committee, a Compensation Committee and a Reserves Evaluation Committee. Because of the small size of the Board, the Corporation does not have separate corporate governance or executive committees.

Executive Officers

The following table sets forth the name, province and country of residence, position with the Corporation and principal occupation during the past five years or more of each person who is an executive officer of the Corporation at the date hereof:

Name and Province and Country of Residence	Current Position with Birchcliff	Principal Occupation During the Past Five Years or More
A. Jeffery Tonken *Alberta, Canada*	President, Chief Executive Officer and Director	Mr. Tonken is a director and the President and Chief Executive Officer of Birchcliff. He has more than 36 years of experience in the oil and natural gas industry and is one of the Corporation's founders. Prior to creating Birchcliff, Mr. Tonken founded and served as President and Chief Executive Officer of Case Resources Inc., Big Bear Exploration Ltd. and Stampeder Exploration Ltd. Mr. Tonken was previously a Partner of the law firm Howard, Mackie (now Borden Ladner Gervais LLP). Mr. Tonken is a Governor of the Canadian Association of Petroleum Producers (CAPP). Mr. Tonken received his Bachelor of Commerce degree from the University of Alberta and his Bachelor of Laws degree from the University of Wales.

Name and Province and Country of Residence	Current Position with Birchcliff	Principal Occupation During the Past Five Years or More
Myles R. Bosman *Alberta, Canada*	Vice-President, Exploration and Chief Operating Officer	Mr. Bosman is the Vice-President, Exploration and Chief Operating Officer of Birchcliff and is a Professional Geologist. He has more than 26 years of experience in the oil and natural gas industry and is one of the Corporation's founders. Prior to joining Birchcliff, Mr. Bosman served as Vice-President, Exploration and Chief Operating Officer of Case Resources Inc., Exploration Manager of Summit Resources Ltd. and as an Exploration Geologist with both Numac Energy Inc. and Canadian Hunter Exploration. Mr. Bosman received his Bachelor of Science degree in Geology from the University of Calgary and his Resource Engineering diploma from the Northern Alberta Institute of Technology. Mr. Bosman is a member of APEGA.
Christopher A. Carlsen *Alberta, Canada*	Vice-President, Engineering	Mr. Carlsen is the Vice-President, Engineering of Birchcliff and is a Professional Engineer. He previously served as Asset Team Lead and Senior Exploitation Engineer with Birchcliff. Mr. Carlsen is a Professional Engineer with more than 16 years of experience in the oil and natural gas industry. Prior to joining Birchcliff in 2008, he was the Senior Engineer at Greenfield Resources Ltd. and held various engineering positions at both EnCana Corporation and PanCanadian Petroleum Ltd. Mr. Carlsen received his Bachelor of Science degree in Chemical Engineering from the University of Saskatchewan. Mr. Carlsen is a member of APEGA.
Bruno P. Geremia *Alberta, Canada*	Vice-President and Chief Financial Officer	Mr. Geremia is the Vice-President and Chief Financial Officer of Birchcliff and is a Chartered Accountant. He has more than 25 years of experience in the oil and natural gas industry and is one of the Corporation's founders. Prior to joining Birchcliff, Mr. Geremia served as Vice-President and Chief Financial Officer of both Case Resources Inc. and Big Bear Exploration Ltd., as Director, Commercial of Gulf Canada Resources and as Manager, Special Projects of Stampeder Exploration Ltd. Mr. Geremia was previously a Chartered Accountant with Deloitte & Touche LLP. Mr. Geremia received his Bachelor of Commerce degree from the University of Calgary.

Name and Province and Country of Residence	Current Position with Birchcliff	Principal Occupation During the Past Five Years or More
David M. Humphreys *Alberta, Canada*	Vice-President, Operations	Mr. Humphreys is the Vice-President, Operations of Birchcliff. He has more than 30 years of experience in the oil and natural gas industry. Prior to joining Birchcliff in 2009, he served as Vice-President, Operations of Highpine Oil & Gas Ltd., White Fire Energy Ltd. and Virtus Energy Ltd.; Production Manager of both Husky Oil Operations Ltd. and Ionic Energy. Mr. Humphreys received his Hydrocarbon Engineering Technology diploma from the Northern Alberta Institute of Technology and is a member of ASET. Mr. Humphreys also has his P.L. (Eng.) designation and is a member of APEGA.
James W. Surbey(1) *Alberta, Canada*	Vice-President, Corporate Development and Corporate Secretary	Mr. Surbey is the Vice-President, Corporate Development and Corporate Secretary of Birchcliff and is a member of the Law Society of Alberta. He has more than 40 years of experience in the oil and natural gas industry and is one of the Corporation's founders. Prior to joining Birchcliff, he served as Vice-President, Corporate Development of Case Resources Inc., Senior Vice-President, Corporate Development of Big Bear Exploration Ltd. and 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). Mr. Surbey received his Bachelor of Engineering degree and Bachelor of Laws degree from McGill University.

(1) Mr. Surbey will be retiring effective June 30, 2017 as disclosed in the press release of the Corporation dated March 15, 2017.

Shareholdings of Directors and Executive Officers

At March 14, 2017, the directors and executive officers of the Corporation, as a group, beneficially owned, or exercised control or direction over, directly or indirectly, 5,268,144 Common Shares representing approximately 2.0% of the 264,140,702 Common Shares issued and outstanding at that date. The directors and executive officers and their families, as a group, beneficially owned or exercised control or direction over, directly or indirectly, 6,823,932 Common Shares representing approximately 2.6% of the Common Shares issued and outstanding at that date.

At March 14, 2017, the directors and executive officers of the Corporation, as a group, also held or exercised control or direction over 5,050,200 Options and 2,534,765 Performance Warrants. On a fully diluted basis at that date, the directors and executive officers of the Corporation, as a group, held or exercised control or direction over 12,853,109 Common Shares or approximately 4.5% of the 284,147,909 fully diluted Common Shares. On a fully diluted basis at that date, the directors and executive officers of the Corporation and their families, as a group, beneficially owned or exercised control or direction over, directly or indirectly, 14,408,897 Common Shares, representing approximately 5.1% of the fully diluted Common Shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as disclosed below, none of the directors or executive officers of the Corporation is, as at the date of this Annual Information Form, or was within 10 years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company including the Corporation that: (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 days (an "**Order**") that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Except as disclosed below, none of the directors or executive officers of the Corporation or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation: (i) is, as at the date of this Annual Information Form, or within the 10 years before the date of this Annual Information Form, a director or executive officer of any company including the Corporation that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Mr. Surbey resigned from his role as a director of Fair Sky Resources Ltd. in December 2007 and within a year of his resignation, a secured lender enforced its security and appointed a receiver of that corporation.

Mr. Cullen was previously a director of Southern Pacific Resource Corp. ("**Southern Pacific**") which was cease traded by the Alberta Securities Commission effective February 20, 2015 for failure to file its quarterly filings when due. Cease trade orders were subsequently issued by each of the Manitoba Securities Commission, the Ontario Securities Commission and the British Columbia Securities Commission. In addition, Southern Pacific obtained creditor protection under the *Companies' Creditors Arrangement Act* (Canada) pursuant to an order granted on January 21, 2015 by the Court of Queen's Bench of Alberta. On June 1, 2015, the Court of Queen's Bench of Alberta granted an order placing Southern Pacific in receivership and all of the directors of Southern Pacific, including Mr. Cullen, resigned.

None of the directors or executive officers of the Corporation or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Directors and executive officers of the Corporation may invest in or become directors or officers of other oil and natural gas companies or entities that may provide financing to, or make equity investments in, competitors of the Corporation, which may give rise to conflicts of interest. Conflicts, if any, will be governed by the ABCA. Pursuant to the ABCA, directors and executive officers of the Corporation are required to disclose the nature and extent of any interest that they have in a material contract or material transaction, and in the case of a director, such director will refrain from voting on any matter in respect of such contract or transaction, unless otherwise provided by the ABCA.

AUDIT COMMITTEE

Audit Committee Charter

The Charter adopted by the Audit Committee of the Corporation is attached hereto as Appendix D.

Composition of the Audit Committee and Relevant Education and Experience

At the date hereof, the Audit Committee is comprised of Mr. Ken Cullen, Mr. Dennis Dawson, Ms. Rebecca Morley and Mr. Larry Shaw. Mr. Shaw is Chairman of the Audit Committee. Each of the members of the Audit Committee is "independent" and "financially literate" within the meaning of NI 52-110. The relevant education and experience of each member of the Audit Committee is set forth in the table below:

Name	Independent?	Financially Literate?	Relevant Education and Experience
Larry Shaw (Chairman)	Yes	Yes	Mr. Shaw has served as the chairman of several public oil and gas companies and as a member of the audit committee of such companies and was also the president of Shaw Automotive Group Ltd. and Shaw G.M.C. Pontiac Buick Hummer Ltd. for many years.
Ken Cullen	Yes	Yes	Mr. Cullen is a Chartered Accountant and a former Partner of Deloitte and Touche LLP.
Dennis Dawson	Yes	Yes	Mr. Dawson was the Vice-President General Counsel and Corporate Secretary of AltaGas and has over 31 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.
Rebecca Morley	Yes	Yes	Ms. Morley has 15 years of experience in the capital markets, having worked as an Equity Research Associate at TD Securities and GMP Securities and then as a Partner and Research Analyst at Paradigm Capital. Ms. Morley then moved to Cypress Capital where she worked as a Research Analyst and Associate Portfolio Manager and was most recently Vice President of Corporate Development at Rayne Capital. Ms. Morley is currently the Chair of the Board of Directors of the YWCA of Calgary and was the Chair of the Audit Committee in 2014 and 2015. Ms. Morley received a Bachelor of Business Administration with a Major in Finance (Honours) from St. Francis Xavier University and is a CFA Charterholder.

Pre-Approval Policies and Procedures

The Charter adopted by the Audit Committee provides that all non-audit services to be provided to the Corporation by the Corporation's external auditor must be pre-approved by the Audit Committee. The Audit Committee may delegate this function to one of its independent members, who shall report to the Audit Committee on any such approvals.

External Auditor Service Fees

The following table sets forth information about fees billed to Birchcliff for professional services rendered by KPMG LLP in the years ended December 31, 2016 and 2015:

Fees	2016	2015
Audit Fees[(1)]	$227,000	$200,000
Audit-Related Fees[(2)]	$52,470	Nil
Tax Fees[(3)]	$12,775	$10,575
All Other Fees[(4)]	$141,095	Nil
Total	**$433,340**	**$210,575**

(1) "Audit Fees" consist of fees for the audit of the Corporation's annual financial statements and the review of the Corporation's quarterly financial statements, as well as services that are normally provided in connection with statutory and regulatory filings or engagements.

(2) "Audit-Related Fees" consist of fees for assurance and related services that are reasonably related to the performance of the audit or the review of the Corporation's financial statements and are not reported under the heading of "Audit Fees" above. During 2016, such fees related to the services provided in connection with the Public Offering, including the auditor's review of the prospectus and continuous disclosure documents, attendance at due diligence meetings and the preparation of comfort letters.

(3) "Tax Fees" consist of fees for professional services rendered for tax compliance, tax advice and tax planning. During 2016 and 2015, such fees related to the preparation and filing of Birchcliff's corporate income tax return and other tax-related work.

(4) "All Other Fees" consist of fees for products and services other than those described under the headings of "Audit Fees", "Audit-Related Fees" and "Tax Fees" above. During 2016, such fees related to the French translation of the Corporation's financial statements and other documents.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Corporation's 2006 income tax filings were reassessed by the Canada Revenue Agency in 2011 (the "**Reassessment**"). The Reassessment was based on the Canada Revenue Agency's position that the tax pools available to Veracel, prior to its amalgamation with the Corporation, ceased to be available to Veracel after the Corporation and Veracel amalgamated on May 31, 2005. The Veracel tax pools in dispute totaled $39.3 million, which includes approximately $16.2 million in non-capital losses, $15.6 million in scientific research and experimental development expenditures and $7.5 million in investment tax credits. The Corporation appealed the Reassessment to the Federal Tax Court of Canada and the trial of that appeal occurred in November 2013. On October 1, 2015, the Federal Tax Court of Canada issued its decision and dismissed the Corporation's appeal on the basis of the general anti-avoidance rule contained in the *Income Tax Act* (Canada). This trial decision did not result in any current cash taxes payable by the Corporation. The Corporation appealed the decision of the Federal Tax Court of Canada to the Federal Court of Appeal, which appeal was heard in January 2017. The Corporation is awaiting the Federal Court of Appeal's decision.

There are no other material legal proceedings that the Corporation is or was a party to, or that any of its property is or was the subject of, during the most recently completed financial year or that the Corporation knows to be contemplated.

There are: (i) no penalties or sanctions imposed against the Corporation by a court relating to securities legislation or by a securities regulatory authority during the most recently completed financial year; (ii) no other penalties or sanctions imposed by a court or regulatory body against the Corporation that would likely be considered important to a reasonable investor in making an investment decision; or (iii) no settlement agreements the Corporation entered into before a court relating to securities legislation or with a securities regulatory authority during the most recently completed financial year.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Within the three most recently completed financial years or during the current financial year: (i) no director or executive officer of the Corporation; (ii) no other person or company who beneficially owns, or controls or directs, directly or indirectly, more than 10% of the Common Shares; or (iii) any associate or affiliate of such person or company, had any material interest, direct or indirect, in any transaction that has materially affected or is reasonably expected to materially affect the Corporation.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is Computershare Trust Company of Canada at its principal offices in Calgary, Alberta and Toronto, Ontario.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only material contracts entered into by the Corporation within the last financial year, or before the last financial year but which are still in effect, are the following:

(i) the Acquisition Agreement providing for the Gordondale Acquisition (please see *"General Development of the Business – Three Year History – 2016"* in this Annual Information Form);

(ii) the underwriting agreement effective as of June 21, 2016 between the Corporation and National Bank Financial Inc., Cormark Securities Inc., GMP Securities L.P., Scotia Capital Inc., CIBC World Markets Inc., HSBC Securities (Canada) Inc., TD Securities Inc., Raymond James Ltd., BMO Nesbitt Burns Inc., Canaccord Genuity Corp., Macquarie Capital Markets Canada Ltd., AltaCorp Capital Inc., Haywood Securities Inc., Integral Wealth Securities Limited and Peters & Co. Limited in respect of the Public Offering (please see *"General Development of the Business – Three Year History – 2016"* in this Annual Information Form); and

(iii) the subscription receipt agreement dated July 13, 2016 between the Corporation and National Bank Financial Inc., Cormark Securities Inc., GMP Securities L.P., Scotia Capital Inc. and Computershare Trust Company of Canada in respect of the issuance of 110,520,000 Subscription Receipts (please see *"General Development of the Business – Three Year History – 2016"* in this Annual Information Form).

Copies of these agreements are available on SEDAR.

INTERESTS OF EXPERTS

Names of Experts

The only persons or companies who are named as having prepared or certified a report, valuation, statement or opinion described or included in a filing, or referred to in a filing, made under NI 51-102 by the Corporation during, or relating to, the Corporation's most recently completed financial year, and whose profession or business gives authority to the report, valuation statement or opinion made by the person or company, are KPMG LLP, PricewaterhouseCoopers LLP, Deloitte and McDaniel.

Interests of Experts

KPMG LLP performed the audit in respect of the audited annual financial statements of the Corporation as at and for the years ended December 31, 2016 and December 31, 2015. KPMG LLP is considered independent of the Corporation within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

PricewaterhouseCoopers LLP prepared an independent auditor's report dated June 20, 2016 in respect of the operating statement for the Gordondale Assets for the year ended December 31, 2015. PricewaterhouseCoopers LLP is considered independent of the Vendor within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

The Corporation's independent qualified reserves evaluator, Deloitte, prepared the Deloitte Reserves Report, the Consolidated Reserves Report and the 2016 Resource Assessment. As at the date hereof, the designated professionals (as defined in NI 51-102) of Deloitte, as a group, beneficially own, directly or indirectly, less than 1% of the securities of the Corporation.

The Corporation's independent qualified reserves evaluator, McDaniel, prepared the McDaniel Reserves Report. In addition, McDaniel prepared an evaluation of the reserves attributable to the Gordondale Assets with an effective date of March 31, 2016 contained in a report dated June 14, 2016. As at the date hereof, the designated professionals of McDaniel, as a group, beneficially own, directly or indirectly, less than 1% of the securities of the Corporation.

ADDITIONAL INFORMATION

Additional information about the Corporation can be found on SEDAR at www.sedar.com and on the Corporation's website at www.birchcliffenergy.com. Additional information, including the remuneration and indebtedness of the directors and executive officers of the Corporation, the principal holders of Common Shares and the securities authorized for issuance under equity compensation plans, is contained in the Information Circular of the Corporation for the most recent annual meeting of Shareholders, which was held on May 12, 2016.

Additional financial information relating to the Corporation is provided in the Corporation's audited annual financial statements and related management's discussion and analysis for the year ended December 31, 2016.

APPENDIX A

DISCLOSURE OF CONTINGENT RESOURCES DATA AND PROSPECTIVE RESOURCES DATA

Birchcliff engaged Deloitte to prepare an independent evaluation of resources in respect of Birchcliff lands that have potential for the Montney/Doig Resource Play effective December 31, 2016, which is contained in a report dated March 15, 2017 (the "**2016 Resource Assessment**"). Deloitte also prepared a resource assessment effective December 31, 2015 (the "**2015 Resource Assessment**"). The 2016 Resource Assessment and the 2015 Resource Assessment were prepared in accordance with the standards contained in the COGE Handbook and NI 51-101 in effect at the relevant time.

Resource estimates contained herein at December 31, 2016 and 2015 are extracted from the relevant resource assessment and reflect only resources on Birchcliff's Montney/Doig lands. The resource assessments did not include Birchcliff's Charlie Lake Light Oil Resource Play or any of Birchcliff's other properties. All anticipated results disclosed herein were prepared by Deloitte, who is an independent qualified reserves evaluator. Deloitte utilized probabilistic methods to generate high, best and low estimates of reserves and resources volumes.

Certain terms used herein are defined under the headings *"Definitions"* and *"Presentation of Oil and Gas Reserves and Resources"* in the Annual Information Form. Certain other terms used herein but not defined are defined in NI 51-101, CSA Staff Notice 51-324 or the COGE Handbook and, unless the context otherwise requires, shall have the same meanings herein as in NI 51-101, CSA Staff Notice 51-324 or the COGE Handbook, as applicable.

All of Birchcliff's resources are located in the Province of Alberta. Unless otherwise indicated, all volumes of Birchcliff's resources presented herein are on an unrisked basis, meaning that they have not been adjusted for the chance of commerciality, and all volumes are presented on a gross basis, meaning Birchcliff's working interest before deduction of royalties and without including any royalty interests of Birchcliff. Numbers in the tables presented herein may not total due to rounding.

The estimates of Birchcliff's resources provided herein are estimates only and there is no guarantee that the estimated resources will be recovered. Actual resources may be greater than or less than the estimates provided herein and variances could be material. With respect to Birchcliff's discovered resources (including contingent resources), there is uncertainty that it will be commercially viable to produce any portion of the resources. With respect to Birchcliff's undiscovered resources (including prospective resources), there is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources. Estimates of future net revenue, whether calculated without discount or using a discount rate, do not represent fair market value. Please see *"Risk Factors"* in this Appendix A and *"Risk Factors"* in the Annual Information Form to which this Appendix A is attached.

For further information regarding the presentation of Birchcliff's resource disclosure, please see *"Presentation of Oil and Gas Reserves and Resources"* and *"Special Notes to Reader"* in the Annual Information Form.

Interest of Birchcliff in Resources in the Study Area

Birchcliff holds significant high working interest acreage in large contiguous blocks on the Montney/Doig Resource Play in the Peace River Arch area of Alberta. Birchcliff engaged Deloitte to evaluate the total PIIP and contingent and prospective resources on Birchcliff's lands for the Doig Phosphate ("**DoigP**"), Basal Doig ("**BD**") and Montney formations in the Montney/Doig Deep Basin area of northwest Alberta (the "**Study Area**"). In the Study Area, Birchcliff owns an interest in approximately 419.2 gross (407.4 net) sections of land which include Montney rights (inclusive of oil sections in the Gordondale area) and 377.8 gross (351.2 net) sections of land which include Doig rights. The Study Area ranges from Townships 69 to 80, Ranges 1 to 13W6 and is further bounded in a northwest-southeast direction by the Deep Basin edge. The geological section studied was divided into the DoigP, BD and Montney stratigraphic units. The Montney was further subdivided into seven intervals, from the top to the base: D5, D4, D3, D2, D1, TSE Valhalla and C.

Contingent resources have been attributed to Birchcliff's properties in the Pouce Coupe, Progress, Progress West, Gordondale, Elmworth, Elmworth North, Elmworth South and Gold Creek areas. Prospective resources have been attributed to Birchcliff's properties in the Pouce Coupe, Progress, Progress West, Gordondale, Elmworth, Elmworth North, Elmworth South, Gold Creek, Grande Prairie and Saddle Hills areas. Birchcliff's resources in the Pouce Coupe, Gordondale and Progress West areas are proximal to Birchcliff's lands to which reserves have been attributed and to the PC Gas Plant, as well as to third party gathering and processing infrastructure. Birchcliff's resources in the Elmworth North and South areas are proximal to Birchcliff's lands to which reserves have been attributed and to third party gathering and processing infrastructure.

Birchcliff's average working interest in its gross best estimate contingent resources is 96.2% and its average working interest in its gross best estimate prospective resources is 96.7%.

Project Definition

Pursuant to NI 51-101, Birchcliff is required to describe the "projects" to which its resources have been attributed. "Project" is defined in the COGE Handbook as "a defined activity, or set of activities that provides the basis for the assessment and classification of resources".

Deloitte segregated Birchcliff's Montney/Doig resources into development projects based on areal (property/area) and vertical (play interval) boundaries. The Study Area consisted of 10 properties/areas with resources, namely: Pouce Coupe, Gordondale, Progress, Progress West, Elmworth, Elmworth North, Elmworth South, Gold Creek, Grande Prairie and Saddle Hills. The Montney/Doig Formations are comprised of nine individually mapped stratigraphic units: the DoigP, BD and the Montney D5, D4, D3, D2, D1, TSE and C stratigraphic units.

Stratigraphic units were combined for specific projects if Deloitte believed that a single well could produce from more than one unit at once and both zones have been designated as either prospective or contingent. If Birchcliff did not hold rights to all of the combined units across all of its land, they were classified as their own separate project for those particular sections. For details regarding Birchcliff's particular projects, see *"Details of Birchcliff's Contingent Resources"* and *"Details of Birchcliff's Prospective Resources"* in this Appendix A.

Summary of Discovered and Undiscovered Resources

The following table sets forth Birchcliff's gross best estimate contingent resources, prospective resources and total PIIP (discovered and undiscovered) at December 31, 2016 and December 31, 2015:

Summary of Discovered and Undiscovered Resources

	Volumes		
Resource Class	**December 31, 2016 *(Bcfe)***	**December 31, 2015 *(Bcfe)***	**Change from December 31, 2015**
Contingent Resources	13,371.6	9,497.0	41%
Total Discovered PIIP	41,268.5	25,589.4	61%
Prospective Resources	16,586.3	12,718.0	30%
Total Undiscovered PIIP	34,480.3	27,431.9	26%
Total PIIP	75,748.9	53,021.3	43%

As a result of Birchcliff's 2016 exploration successes and offset competitor drilling, a significant amount of resources that were classified as prospective resources at December 31, 2015 have been re-classified as contingent resources at December 31, 2016 and Birchcliff has more discovered PIIP than undiscovered PIIP at December 31, 2016. In addition, significant volumes of contingent and prospective resources are associated with the Gordondale Assets which were acquired by the Corporation pursuant to the Gordondale Acquisition. Comparing the 2016 Resource Assessment to the 2015 Resource Assessment: (i) Birchcliff's gross contingent resources on a best estimate case increased from 9,497.0 Bcfe at December 31, 2015 to 13,371.6 Bcfe at December 31, 2016, with the Gordondale Assets accounting for approximately 72% of the increase over 2015 volumes; and (ii) Birchcliff's gross prospective resources on a best estimate case increased from 12,718.0 Bcfe at December 31, 2015 to 16,586.3

Bcfe at December 31, 2016, with the Gordondale Assets accounting for approximately 59% of the increase over 2015 volumes. In addition, a portion of Birchcliff's contingent and prospective resources recognized at December 31, 2015 were re-classified as reserves at December 31, 2016.

The following table sets forth Birchcliff's gross volumes for all resources, both discovered and undiscovered, at December 31, 2016:

Summary of Reserves and Resources

	Resource Class	Raw/Sales	Reserves and Resource Volumes (Bcfe)(1)(2) Low Estimate Case	Best Estimate Case	High Estimate Case
Discovered	Cumulative Production(3)	Sales	696.7	696.7	696.7
	Remaining Reserves(3)(4)	Sales	3,142.4	4,993.6	6,384.5
	Total Commercial Recoverable	Sales	3,839.1	5,690.3	7,081.2
	Surface and Process Loss	Raw	100.8	145.8	185.8
	Total Commercial	Raw	3,939.9	5,836.1	7,267.1
	Contingent Resources(3)	Sales	9,067.6	13,371.6	21,338.2
	Development Pending	Sales	5,784.8	8,570.4	13,797.4
	Development On Hold	Sales	3,117.3	4,539.2	6,667.5
	Development Unclarified	Sales	127.5	203.6	770.7
	Development Not Viable	Sales	38.0	58.4	102.5
	Surface and Process Loss	Raw	631.7	929.3	1,380.8
	Unrecoverable	Raw	19,132.9	21,131.5	21,903.9
	Total Sub-Commercial	Raw	28,832.1	35,432.5	44,622.9
	TOTAL DISCOVERED PIIP	**Raw**	**32,772.0**	**41,268.5**	**51,890.0**
Undiscovered	Prospective Resources(3)	Sales	10,781.9	16,586.3	25,731.2
	Prospect(5)	Sales	10,781.9	16,586.3	25,731.2
	Surface and Process Loss	Raw	542.0	823.7	1,262.0
	Unrecoverable	Raw	14,694.9	17,070.4	18,118.2
	TOTAL UNDISCOVERED PIIP	**Raw**	**26,018.7**	**34,480.3**	**45,111.4**
TOTAL PIIP		**Raw**	**58,790.8**	**75,748.9**	**97,001.4**

(1) The volumes presented in the table above, other than cumulative production and reserves, have been presented on an unrisked basis, meaning that they have not been adjusted for the chance of commerciality.

(2) The sum of the total commercial and total sub-commercial resource volumes differs from the total discovered PIIP resource volumes in the table above because the liquid yields included as sales resource volumes were converted to a gas equivalent using a 1:6 bbl/Mcf conversion factor, which is an energy-based conversion factor rather than a volume-based conversion factor. This methodology was also utilized for the components of the undiscovered PIIP volumes and results in a similar discrepancy in volumes.

(3) Sales gas, oil and NGLs volumes were combined at a ratio of 1 bbl: 6 Mcfe.

(4) Includes reserves assigned to both vertical and horizontal Montney/Doig wells in the Consolidated Reserves Report. Birchcliff has ongoing projects to drill horizontal wells targeting the Montney. This has resulted in some of the areas in the Study Area already having been assigned undeveloped reserves by Birchcliff's independent qualified reserves evaluators. The reserves assignments as of the effective date of the 2016 Resource Assessment have been subtracted from the resource estimates. Proved, probable and possible reserves as contained in the Consolidated Reserves Report are included in above table for completeness; however, reserves were not the focus of the 2016 Resource Assessment. The low estimate case includes the estimate of proved reserves contained in the Consolidated Reserves Report, the best estimate case includes the estimate of proved plus probable reserves contained in the Consolidated Reserves Report and the high estimate case includes the estimate of proved plus probable plus possible reserves contained in the Consolidated Reserves Report. Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves.

(5) All of Birchcliff's prospective resources were sub-classified into the project maturity sub-class of "prospect". Please see *"Details of Birchcliff's Prospective Resources – Project Maturity Sub-classes for Prospective Resources"* in this Appendix A.

Summary of Risked Contingent Resources and Prospective Resources

The following table sets forth Birchcliff's best estimate (2C) risked contingent resources by product type at December 31, 2016, using the Deloitte Price Forecast:

Contingent Resources

Summary of Risked Contingent Resources – 2C
at December 31, 2016
(Forecast Prices and Costs)

Resources	**Shale Gas[(2)]**		**NGLs**		**Light Crude and Medium Crude Oil**		**Total**	
Project Maturity Sub-class[(1)]	***Gross (Bcf)***	***Net[(3)] (Bcf)***	***Gross (MMbbls)***	***Net[(3)] (MMbbls)***	***Gross (MMbbls)***	***Net[(3)] (MMbbls)***	***Gross (Bcfe)***	***Net[(3)] (Bcfe)***
Development Pending[(4)]	6,345.3	5,989.1	149.8	124.8	20.0	18.6	7,363.8	6,849.5
Development On Hold	2,333.4	N/A	65.0	N/A	–	N/A	2,723.5	N/A
Development Unclarified	67.1	N/A	2.4	N/A	0.02	N/A	81.5	N/A
Development Not Viable	11.2	N/A	0.1	N/A	–	N/A	11.7	N/A

(1) For a description of the project maturity sub-classes applicable to contingent resources, please see *"Details of Birchcliff's Contingent Resources – Project Maturity Sub-classes for Contingent Resources"* in this Appendix A.

(2) The associated solution gas from the assigned oil resource locations has been included in the shale gas product type.

(3) Numbers are not applicable because economics were not evaluated for Birchcliff's development on hold, development unclarified or development not viable contingent resources. As economics were not evaluated, no information is available for royalties and a net number cannot be determined.

(4) Total risked economic equivalent contingent resources, which includes applying an economic limit for each well using the Deloitte Price Forecast.

As all contingent resources are considered to be discovered, the chance of commerciality is equal to the chance of development for contingent resources. "Chance of development" is the estimated probability that, once discovered, a known accumulation will be commercially developed. Deloitte referred to the six requirements outlined in Volume 2 of the COGE Handbook (Section 2.4.4) for commerciality when estimating the chance of development for Birchcliff's contingent resource projects. These include: (i) economic viability; (ii) marketability of the product; (iii) evidence of infrastructure; (iv) evidence that legal, contractual, environmental, governmental and other social and economic concerns will allow for implementation; (v) a reasonable expectation that internal and external approvals will be forthcoming; and (vi) evidence to support a reasonable timetable for development.

Evaluation of each of these items are qualitative in nature. Deloitte stated that it had no reason to believe that requirements (ii), (iv) or (v) are significantly better or worse when comparing development pending projects against each other. The most tangible distinction between development pending projects was requirement (iii) (evidence of infrastructure) and therefore served as the basis for selecting the chance of commerciality for these projects. The guidance in the COGE Handbook recommends a high chance of success should be at minimum 80%. Out of the Pouce Coupe, Progress West, Gordondale, Gold Creek and Elmworth properties, infrastructure in the Pouce Coupe and Gordondale properties is the most developed. The PC Gas Plant processes a significant portion of product from the greater Pouce Coupe area and plant expansions are within Birchcliff's five year budget. Plant expansions and sizeable investment committed to pipeline infrastructure are supported in the Deloitte Reserves Report. For this reason, Pouce Coupe projects were assigned the highest chance of commerciality of 90% by Deloitte, with the exception of the Pouce Coupe D2 project. Birchcliff has not yet produced from the D2 interval in Pouce Coupe; however, in the adjacent Gordondale area, production has been demonstrated by Birchcliff and reserves have been assigned in the D2 interval and competitor offsets have demonstrated production. Therefore, the Pouce Coupe D2 project was assigned a chance of commerciality of 80%, even though it was not assigned reserves in the Deloitte Reserves Report.

The Gordondale area has infrastructure and maintenance costs forecast in the McDaniel Reserves Report; however, no facility expansion has been forecast as the existing oil capacity is considered sufficient, while gas volumes are processed through a third party. Deloitte has predominantly used a 90% chance of commerciality, assigned based on the existing infrastructure in the area. In the Basal Doig/D5 project, Deloitte has assigned an 80% chance of commerciality, due to the lack of development on this zone in the area to date.

Projects in the Elmworth area have little to no infrastructure investment booked in the Deloitte Reserves Report and were assigned an 80% chance of commerciality as these projects are intended to be processed through the Elmworth Gas Plant, affecting certainty in operating costs and the economics of the project. Projects in the Progress West area have been assigned an 80% chance of commerciality based on reliance on third party infrastructure and the existing development in the D1 to date. Finally, Gold Creek, which was not assigned reserves in the Deloitte Reserves Report was given a 70% chance of commerciality, as these volumes are dependent on capacity in third party infrastructure and there is a lack of existing development.

The chance of development is expected to decrease for other maturity sub-classes based on requirements (i), (iii), and (vi). The uncertainty associated with these requirements typically increases in the development on hold, development unclarified and development not viable sub-classes. Deloitte modelled this by estimating the chance of commerciality values to be 60% for development on hold, 40% for development unclarified and 20% for development not viable projects. These projects have lower chances of commerciality due to priority of development being given to other contingent projects due to distance to infrastructure and less desirable economics. The estimated contingent reserves and associated NPV are simply multiplied by the chance of commerciality in the economic software to result in risked volumes and net present values.

Please see *"Details of Birchcliff's Contingent Resources"* in this Appendix A.

The following table sets forth the net present value of future net revenue of Birchcliff's best estimate risked contingent resources in the development pending project maturity sub-class at December 31, 2016, using the Deloitte Price Forecast:

Summary of Risked Net Present Value of Future Net Revenue of Development Pending Contingent Resources
at December 31, 2016
(Forecast Prices and Costs)

	Risked Net Present Value of Future Net Revenue Before Income Taxes Discounted at (%/year)(1)				
Resources **Project Maturity Sub-class**	**0** ***(MM$)***	**5** ***(MM$)***	**10** ***(MM$)***	**15** ***(MM$)***	**20** ***(MM$)***
Contingent (2C) Development Pending	25,653.1	7,129.3	2,479.9	993.1	421.2

(1) The net present value of future net revenue attributable to the Corporation's development pending contingent resources is based on the Deloitte Price Forecast and is determined before provision for interest, debt servicing and general and administrative expense and after the deduction of royalties, operating costs, development costs and abandonment and reclamation costs.

An estimate of risked net present value of future net revenue of contingent resources is preliminary in nature and is provided to assist the reader in reaching an opinion on the merit and likelihood of the Corporation proceeding with the required investment. It includes contingent resources that are considered too uncertain with respect to the chance of development to be classified as reserves. There is no certainty that the estimate or risked net present value of future net revenue will be realized.

The Deloitte Price Forecast is summarized in the Annual Information Form under the heading *"Statement of Reserves Data and Other Oil and Gas Information – Pricing Assumptions".*

Prospective Resources

The following table sets forth Birchcliff's best estimate risked prospective resources by product type at December 31, 2016:

Summary of Risked Prospective Resources – Best Estimate
at December 31, 2016

	Shale Gas		NGLs		Light Crude Oil and Medium Crude Oil		Total	
Resources	***Gross (Bcf)***	***Net[(2)] (Bcf)***	***Gross (MMbbls)***	***Net[(2)] (MMbbls)***	***Gross (MMbbls)***	***Net[(2)] (Mbbls)***	***Gross (Bcfe)***	***Net[(2)] (Bcfe)***
Prospective (Best Estimate)[(1)]	5,390.1	N/A	96.8	N/A	–	N/A	5,971.0	N/A

(1) All of Birchcliff's prospective resources are sub-classified into the project maturity sub-class of "prospect". For a description of the project maturity sub-classes applicable to prospective resources, please see *"Details of Birchcliff's Prospective Resources – Project Maturity Sub-classes for Prospective Resources"* in this Appendix A.

(2) Numbers are not applicable because economics were not evaluated for Birchcliff's prospective resources. As economics were not evaluated, no information is available for royalties and a net number cannot be determined.

The chance of commerciality for prospective resources is equal to the product of the chance of discovery and the chance of development. "Chance of discovery" is the estimated probability that exploration activities will confirm the existence of a significant accumulation of potentially recoverable petroleum. "Chance of development" is the estimated probability that, once discovered, a known accumulation will be commercially developed. The chance of discovery associated with Birchcliff's prospective resource volumes has been estimated by Deloitte to be 90% for all projects with a chance of development of 40%, resulting in an overall chance of commerciality of 36%. These values were applied to all prospective resource projects.

The chance of discovery was estimated to be 90% due to the relatively high geological certainty of encountering the specific zone in each project and area. Birchcliff and nearby industry competitors have and continue to refine the geological model within and outside of the Study Area. Additionally, Deloitte's four mile radius boundary in conjunction with geological mapping and the exploration success of Birchcliff and nearby industry competitors with similar resources and under varying conditions indicates that the resource play is well understood from an exploratory viewpoint.

The chance of development was estimated to be 40% due to the priority given to the further development of the existing plays and the contingent projects, the greater distance to existing reserves and the greater distance to existing infrastructure. This also takes into account Birchcliff's high working interest and operatorship of its assets as the Corporation is not subject to the priorities of working interest partners for such assets.

Please see *"Details of Birchcliff's Prospective Resources"* in this Appendix A.

Details of Birchcliff's Contingent Resources

At December 31, 2016, Birchcliff had gross best estimate contingent resources of 13,371.6 Bcfe (unrisked before adjusting for the chance of commerciality) and gross best estimate contingent resources of 10,180.4 Bcfe (risked after adjusting for the chance of commerciality). For further information on Birchcliff's risked contingent resources, please see *"Summary of Risked Contingent Resources and Prospective Resources"* in this Appendix A.

Project Maturity Sub-classes for Contingent Resources

Contingent resources can be sub-classified based on their project maturity sub-class. The project maturity sub-classes for contingent resources are "development pending", "development on hold", "development unclarified" or "development not viable", all as defined in the COGE Handbook. "Development pending" is when resolution of the final conditions for development is being actively pursued (high chance of development). "Development on hold" is when there is a reasonable chance of development, but there are major non-technical contingencies to be resolved that are usually beyond the control of the operator. "Development unclarified" is when the evaluation is incomplete and there is ongoing activity to resolve any risks or uncertainties. “Development not viable” is when no further data acquisition or evaluation is currently planned and hence there is a low chance of development.

Approximately 64% of Birchcliff’s gross unrisked best estimate case contingent resources were sub-classified as development pending, 34% were sub-classified as development on hold, 2% were sub-classified as development unclarified and less than 1% were sub-classified as development not viable.

Birchcliff’s contingent resources were sub-classified by Deloitte as development pending, development on hold, development not viable or development unclarified as described below.

Development Pending

Each contingent resource project was sub-classified as development pending if the contingent resource project is currently economic and otherwise meets the COGE Handbook requirements of commerciality in that:

(i) there is an expected market for the sale of forecast production volumes from the project;

(ii) the necessary production and transportation facilities are expected to be available in the relevant time frame, as a result of Birchcliff’s long range forward planning;

(iii) there is no reasonable expectation that legal, contractual, environmental, governmental and other social and economic concerns will preclude the development of the project since project development is in the same area and follows the same business model that Birchcliff has been implementing over the last 10 years with respect to the development of its Money/Doig Resource Play;

(iv) there is a reasonable expectation that internal and external approvals will be forthcoming in a timely manner since project development is in the same area and follows the same business model that Birchcliff has been implementing over the last 10 years with respect to the development of its Money/Doig Resource Play; and

(v) Birchcliff intends to move forward with the development of the project within a reasonable time frame as it moves toward completion of the development of its reserves.

Development On Hold

Each contingent resource project was sub-classified as development on hold if it could be economic at some point in the future, it otherwise met the requirements described above for a development pending project but for reasons of corporate priorities and strategies, Birchcliff currently has no intention of developing these resources within a reasonable timeframe. This applied to some of the Pouce Coupe resources and a few projects within the Progress properties.

Development Unclarified

Contingent resource projects with limited information and uncertain economics which were not currently being actively pursued were sub-classified as development unclarified. These projects require further examination in the future to move into a different project maturity sub-class.

Development Not Viable

Each contingent resource project was sub-classified as development not viable if it could not be reasonably expected to become economic at some point in the future, even though it otherwise met some or all of the requirements described above for a development pending project. The reclassification from development not viable to development on hold can only occur if prices increase beyond the current Deloitte Price Forecast assuming the same project economics.

Economic Status Criteria of Contingent Resource Project Maturity Sub-classes

For purposes of addressing the project economic criterion of each of the project maturity sub-classes, Deloitte applied the following criteria:

(i) each resource project was considered currently economic if the project had a positive NPV discounted at a rate of 10% (before income taxes) using the Deloitte Price Forecast with current capital and operating expense assumptions;

(ii) Deloitte considered that a resource project could be economic at some point in the future if the project had a positive undiscounted NPV (before income taxes) using the Deloitte Price Forecast that was increased by 20%; and

(iii) Deloitte considered that a resource project was unlikely to ever be economic if the project did not have a positive undiscounted NPV (before income taxes) using the Deloitte Price Forecast that was increased by 20%.

Economic Classification of Contingent Resources

Contingent resource estimates should have sufficient economic analysis to sub-classify the resource as either economic or sub-economic under economic conditions that are the same as those used for reporting reserves. The appropriate level of economic evaluation will depend on the project status and maturity. Economic contingent resources are those contingent resources that are currently economically recoverable based on specific forecasts of production, capital and operating costs, commodity prices and inflation. Sub-economic contingent resources are those contingent resources that are not currently economically recoverable based on specific forecasts of production, capital and operating costs, commodity prices and inflation. Each contingent resource project was sub-classified by Deloitte as economic if the project had a positive NPV discounted at a rate of 10% (before income taxes) using the Deloitte Price Forecast with current capital and operating expense assumptions. Each contingent resource project that did not meet this economic hurdle was sub-classified as sub-economic. Where evaluations are incomplete such that it is premature to identify the economic viability of a project, the economic status was sub-classified as undetermined.

All of Birchcliff's development pending projects were sub-classified as economic and all of Birchcliff's development not viable projects were sub-classified as sub-economic. Development on hold projects were sub-classified as either economic or sub-economic. Development unclarified projects were sub-classified as economic status undetermined.

Approximately 64% of Birchcliff's unrisked best estimate contingent resources were sub-classified as economic contingent resources, 34% were sub-classified as sub-economic contingent resources and the remaining 2% were sub-classified as economic status undetermined.

Birchcliff's Contingent Resource Projects

The following table sets forth for each of Birchcliff's contingent resource projects, the project maturity sub-class, the chance of commerciality, the economic status, the estimated total cost to achieve commercial production, the timeline of each project and the estimated date of first commercial production and the number of resource locations:

Contingent Resource Projects

Project		Project Maturity Sub-class	Chance of Commerciality[1]	Economic Status	Estimated Total Cost to Achieve Commercial Production (MM$)[2]	Timeline of Project and Estimated Date of First Commercial Production[2][4]	Resource Locations[2][3]
Pouce Coupe Area							
Pouce Coupe	BD/D5/DoigP	Development Pending	90%	Economic		2021	231
Pouce Coupe	BD/DoigP Only[6]	Development Pending	90%	Economic		2022	5
Pouce Coupe	D5 Only[6]	Development Pending	90%	Economic		2036	29
Pouce Coupe	D4	Development Pending	90%	Economic		2029	328
Pouce Coupe	D3	Development Unclarified	40%	Undetermined		N/A	N/A
Pouce Coupe	D2[4]	Development Pending	80%	Economic		2023	139
Pouce Coupe	D1/TSE	Development Pending	90%	Economic		2029	88
Pouce Coupe	C Dev Pending	Development Pending	90%	Economic		2039	589
Pouce Coupe	C Dev On Hold	Development On Hold	60%	Sub-Economic		N/A	N/A
Pouce Coupe	Plant and Infrastructure Capital[7]	Development Pending	90%	Economic		2022	N/A
				Total	**3.6**[4]	**Total**	**1,409**
Progress Area							
Progress	BD	Development Not Viable	20%	Sub-Economic		N/A	N/A
Progress West	BD/D5/DoigP	Development On Hold	60%	Economic		N/A	N/A
Progress West	BD/DoigP Only[6]	Development Not Viable	20%	Sub-Economic		N/A	N/A
Progress West	D5 Only[6]	Development Not Viable	20%	Sub-Economic		N/A	N/A
Progress West	D2	Development On Hold	60%	Economic		N/A	N/A
Progress West	D1/TSE Oil[8]	Development Pending	80%	Economic		2021	43
Progress West	D1/TSE Gas	Development Pending	80%	Economic		2021	6
Progress West	Plant and Infrastructure Capital[7]	Development Pending	80%	Economic		2027	N/A
				Total	**0.0**[4][5]	**Total**	**49**
Gordondale Area							
Gordondale	BD/D5/DoigP	Development Pending	80%	Economic		2022	128
Gordondale	BD/DoigP Only[6]	Development On Hold	60%	Sub-Economic		N/A	N/A
Gordondale	D5 Only[6]	Development Not Viable	60%	Sub-Economic		N/A	N/A
Gordondale	D4	Development On Hold	60%	Sub-Economic		N/A	N/A
Gordondale	D2 Oil[8]	Development Pending	90%	Economic		2021	61
Gordondale	D2 Gas	Development Pending	90%	Economic		2031	99
Gordondale	D1/TSE Oil[8][9]	Development Unclarified	40%	Undetermined		N/A	N/A
Gordondale	D1/TSE Gas	Development Pending	90%	Economic		2024	13
Gordondale	C	Development On Hold	60%	Sub-Economic		N/A	N/A
Gordondale	Plant and Infrastructure Capital[7]	Development Pending	90%	Economic		2023	N/A
				Total	**0.0**[4][5]	**Total**	**301**
Elmworth Area							
Elmworth South	D5	Development Pending	80%	Economic		2028	98
Elmworth South	D4	Development Pending	80%	Economic		2022	64
Elmworth North	BD/D5/DoigP Pending	Development Pending	80%	Economic		2021	96
Elmworth North	BD/D5/DoigP On Hold	Development On Hold	60%	Sub-Economic		N/A	N/A
Elmworth North	BD/DoigP[6] Pending	Development Pending	80%	Economic		2023	61
Elmworth North	BD/DoigP[6] On Hold	Development On Hold	60%	Sub-Economic		N/A	N/A
Elmworth North	D5 Only[6]	Development On Hold	60%	Sub-Economic		N/A	N/A
Elmworth North	D4	Development Pending	80%	Economic		2042	119
Elmworth North	D1	Development Pending	80%	Economic		2041	6
Elmworth	Plant and Infrastructure Capital[7]	Development Pending	80%	Economic		2019	N/A
				Total	**75.4**[5]	**Total**	**444**
Gold Creek Area[10]							
Gold Creek	D5	Development On Hold	60%	Economic		N/A	N/A
Gold Creek	D2/D3	Development Pending	70%	Economic		2030	59
Gold Creek	Plant and Infrastructure Capital[7]	Development Pending	70%	Economic		2021	N/A
				Total	**2.2**[5]	**Total**	**59**
				GRAND TOTAL	**81.2**	**GRAND TOTAL**	**2,262**

(1) Please see *"Summary of Risked Contingent Resources and Prospective Resources – Contingent Resources"* in this Appendix A for information regarding the process employed by Deloitte to risk Birchcliff's contingent resources.

(2) With respect to the estimated total cost to achieve commercial production, the costs set forth in the table above only include the capital required to achieve initial commercial production for the project area, as discussed in further detail herein. With respect to the timelines of projects and the estimated date of first commercial production, timelines are based on the development plan that was used by Deloitte in the 2016 Resource Assessment and reflect the expected dates that further drilling of those resource projects will first occur under such plan. Development plans were only created for those contingent resources sub-classified as development pending. As no development plans were created for contingent resources in the development on hold, development unclarified or development not viable project maturity sub-classes, there is insufficient information to determine the estimated total cost to achieve commercial production, the timeline of the project or the number of resource locations.

(3) Resource locations represent the number of wells forecast to be drilled under the development plan for development pending projects.

(4) With respect to Birchcliff's development pending projects in the Pouce Coupe area (other than the D2 project), the Progress area and the Gordondale area, there are no costs to achieve commercial production, as the necessary infrastructure is expected to be in place as a result of the development of the Corporation's existing commercial projects. With respect to the D2 project in the Pouce Coupe area, the estimated cost is approximately $3.6 million, which represents the risked cost of the first well in that interval that would be necessary for Birchcliff to achieve commercial production in that interval.

(5) The costs to achieve commercial production represent the required facility and/or major pipeline capital for each project area and represent all individual projects under the project area. Accordingly, the number in the table above represents the total cost for all of the individual projects.

(6) Birchcliff does not hold rights to all of the combined stratigraphic units within this area so this project was created.

(7) Plant and infrastructure projects consist of facility developments and the associated costs required to develop resources according to the modeled development plan. Such projects are further described under the heading *"Development Plans for Development Pending Projects"* and include new major pipelines, new plant capacities, increases of plant capacities and sustaining pipeline and compression projects.

(8) Sections include oil volumes, solution gas, free gas and sorbed gas.

(9) This project has been classified as development unclarified as all land parcels are fully reserve booked and Birchcliff has no plans to develop the resources at this time.

(10) Subsequent to December 31, 2016, Birchcliff disposed of all of its assets in the Gold Creek area. These assets were not material to the Corporation. At December 31, 2016, Gold Creek accounted for approximately: (i) 1.7% of Birchcliff's best estimate risked contingent resources; (ii) 0.1% of the net present value (discounted at 10%, before income taxes) of Birchcliff's best estimate risked contingent resources in the development pending project maturity subclass; and (iii) 3.8% of Birchcliff's best estimate risked prospective resources.

The total cost to achieve commercial production for all projects disclosed in the table above is estimated to be $81.2 million. The total cost to achieve commercial production only includes the capital required to achieve initial commercial production for the project area (for example, required facility and pipeline capital) and does not represent the total capital required to develop the entire project. The total capital required to fully develop the projects set forth in the table above (including total costs to achieve commercial production and total sustaining capital) is estimated to be approximately $14,065.9 million (undiscounted) as follows: (i) Pouce Coupe Area: $8,188.7 million; (ii) Progress Area: $281.2 million; (iii) Gordondale Area: $1,711.2 million; (iv) Elmworth Area: $3,433.8 million; and (v) Gold Creek Area: $451.0 million.

The recovery technology for each contingent resource project described above is multi-fracture horizontal wells, which is considered an established technology under the COGE Handbook. All of the contingent resource projects described above are based on pre-development studies.

Development Plans for Development Pending Projects

<u>*Overview*</u>

Development plans were created for those projects sub-classified as development pending. Such plans were determined by Deloitte and are consistent with the guidance and input provided by Birchcliff. Deloitte has modelled what is considered a reasonable development plan for development pending contingent resources. In order to create a development schedule for each project, Deloitte utilized an internally built development planning tool. The tool automated the field development plan based on various configurable inputs and constraints while maximizing NPV discounted at a rate of 10% (before income taxes). Unique constraints were applied to each of the PC Gas Plant, the Elmworth Gas Plant and the Gordondale Facility, as discussed further below, which were modelled into the development planning tool and the optimal drilling schedule for each plant was calculated.

The uncertainty relating to the development of each of the development pending projects primarily relates to the timing and corporate sanctioning for the development of these resources. Deloitte has forecast development to begin in 2021. There can be no certainty that any of the projects described herein will be developed on the timelines discussed herein. Development of the projects is dependent on a number of contingencies as further described herein, as well as numerous risk factors and uncertainties.

Projects in the Pouce Coupe Area

All seven of Birchcliff's contingent development pending projects in the Pouce Coupe area (excluding the plant and infrastructure capital project) are expected to produce to the PC Gas Plant. In determining the development plans for such projects, Deloitte relied on the following assumptions relating to the PC Gas Plant:

- The maximum plant capacity will be increased to 590 MMcf/d in October 2022.
- The maximum number of resource locations (wells) drilled per year cannot exceed 100 for the life of the resource development**.**
- The maximum resource locations for each project cannot be exceeded.

For these projects, the proposed resource development plans contemplate that the drilling of the 1,409 resource locations identified in the table above will commence in 2021. Under the proposed development plans for these projects, all resource locations will be drilled by 2045.

The plant and infrastructure capital is for the expansion of the PC Gas Plant and additional pipeline infrastructure forecast in 2022, sustaining existing pipelines forecast from 2023 to 2045 and additional compression support forecast from 2046 to 2050.

Projects in the Elmworth Area

All six of Birchcliff's contingent development pending projects in the Elmworth North and South areas are expected to produce to the Elmworth Gas Plant. In determining the development plans for such projects, Deloitte relied on the following assumptions for the Elmworth Gas Plant:

- The maximum plant capacity will be 40 MMcf/d in 2020, which increases to 80 MMcf/d in 2022 and 120 MMcf/d in 2023.
- The maximum number of resource locations drilled per year cannot exceed 35 for the life of the resource development.
- The maximum resource locations for each project cannot be exceeded.

For these projects, the proposed resource development plans contemplate that the drilling of the 444 resource locations identified in the table above will take place over 31 years from 2021 until 2051.

The plant and infrastructure capital is for the Elmworth Gas Plant, a sales pipeline and a trunk pipeline forecast in 2021, gas plant expansions forecast in 2022 and 2023, additional pipeline infrastructure forecast from 2024 to 2051 and additional compression support forecast from 2052 to 2056.

Projects in the Gordondale Area

All four of Birchcliff's contingent development pending projects in the Gordondale area (excluding the plant and infrastructure capital project) are expected to produce to the Gordondale Facility. In determining the development plans for such projects, Deloitte relied on the following assumptions for the Gordondale Facility:

- The maximum plant capacity will remain at 130 MMcf/d until October 2023 when it will increase to 190 MMcf/d.

- The maximum number of resource locations drilled per year cannot exceed 35 for the life of the resource development.

- The maximum resource locations for each project cannot be exceeded.

For these projects, the proposed resource development plans contemplate that the drilling of the 301 resource locations identified in the table above will take place over 17 years from 2021 until 2037.

The plant and infrastructure capital is for pipeline infrastructure forecast from 2023 to 2037 and additional compression support forecast from 2038 to 2042.

Other Areas

The development plan for the Gold Creek D2/D3 and Progress West D1/TSE gas and oil projects were not modelled using Deloitte's development planning tool because the projects only consist of three type-curve wells with limited constraints. Deloitte scheduled the three different projects based on the cumulative yearly drilling schedule of the Pouce Coupe, Gordondale and Elmworth projects, with wells being forecast based on years with lower drilling totals. The combined 108 locations have been scheduled between 2021 and 2030. All of these volumes are expected to be processed through third party facilities.

The plant and infrastructure capital in the Progress West area is associated with a pipeline looping project forecast in 2027 and additional compression forecast in 2032. The plant and infrastructure capital in the Gold Creek area is associated with a trunk pipeline forecast in 2021 and additional compression forecast in 2026.

Subsequent to December 31, 2016, Birchcliff disposed of all its assets in the Gold Creek area. These assets were not material to the Corporation. Please see note 10 in the table under the heading *"Contingent Resource Projects"* in this Appendix A.

Contingencies

Contingent resources are not currently considered to be commercially recoverable due to one or more contingencies. A contingency is a condition that must be satisfied for a portion of contingent resources to be classified as reserves that is specific to the project being evaluated and expected to be resolved within a reasonable timeframe. Contingencies may include factors such as economic, legal environmental, political and regulatory matters or a lack of markets.

Development Pending Project Maturity Sub-classes

The development of each of Birchcliff's development pending projects is contingent upon:

- Birchcliff obtaining the necessary internal approvals for the expenditure of capital on the development project; and

- Birchcliff initiating field development in an appropriate timeframe.

These contingencies are expected to be resolved as a result of Birchcliff developing and implementing plans over time in an orderly fashion.

Development on Hold and Development Not Viable Project Maturity Sub-classes

In addition to the contingencies described above for Birchcliff's development pending projects, the development of each of Birchcliff's development on hold projects is also contingent upon the ability of the project to compete with projects which have a greater chance of commerciality for finite development capital and resources and the strategic considerations relating to the scale and efficiencies of these projects. These contingencies are expected to be resolved over time through Birchcliff's orderly clarification of sanctioned corporate plans through its five-year plan and annual budget processes.

Development Unclarified Project Maturity Sub-classes

In addition to the contingencies described above for Birchcliff's development pending projects, the development of each of Birchcliff's development unclarified projects is also contingent upon clarifying uncertainties in the economic evaluation and production forecasts consistent with an early stage of development for the project. These contingencies are expected to be resolved by the continued economic evaluation of future production and development.

Projects Involving New Facilities or Infrastructure

In addition to the contingencies described above for Birchcliff's development pending projects, each of Birchcliff's contingent resource projects that require new facilities or infrastructure are also contingent upon the development of the facilities and infrastructure described under the heading *"Development Plans for Development Pending Projects".* This contingency applies to all of Birchcliff's projects in the Elmworth South and North areas.

In the Pouce Coupe area, Deloitte has forecast capital expenses for a facility expansion on the PC Gas Plant. However, the expansion is not required to produce a single well. It has been forecast to accelerate the drilling of the projects associated with the throughput at PC Gas Plant as part of the 2016 Resource Assessment.

These additional contingencies are expected to be resolved by the sanctioned approval and construction of the described facilities.

Projects Involving Third Party Processing and Transportation

In addition to the contingencies described above for Birchcliff's development pending projects, each of Birchcliff's contingent resource projects that require the contracting of third party processing and transport services are also contingent upon the successful contracting of such third party processing and transport services and the actual delivery of those services by third parties. This contingency applies to all of Birchcliff's projects in the Gold Creek and Progress West areas.

This additional contingency is expected to be resolved by the successful engagement of third party service providers, who reliably deliver their services.

Projects Producing Sour Gas

In addition to the contingencies described above for Birchcliff's development pending projects, the development of each of Birchcliff's contingent resource projects expected to deliver volumes of sour gas (H_2S) have the following additional contingencies:

- Birchcliff obtaining necessary regulatory approvals;
- the design, construction and maintenance by Birchcliff of sour gas disposal wells and facilities; and
- Birchcliff maintaining social licence for the development of the project with surface landholders, First Nations and other stakeholders.

These contingencies apply to all projects in the Elmworth North and South areas. These additional contingencies can be resolved by Birchcliff implementing best practices in these operations and by Birchcliff effectively engaging with regulatory authorities, surface landholders, First Nations and other stakeholders.

Full Field Development

The complete full field development of each of Birchcliff's contingent resource projects is contingent upon:

- Birchcliff continuing proactive effective long range planning and design (surface and sub-surface) of all future development wells involved in the project; and
- Birchcliff obtaining the necessary regulatory approvals, particularly related to downspacing in the Montney.

These additional contingencies are expected to be resolved by continuing to implement development consistent with full field development plans and effectively engaging with regulatory authorities.

Details of Birchcliff's Prospective Resources

At December 31, 2016, Birchcliff had gross best estimate prospective resources of 16,586.3 Bcfe (unrisked before adjusting for the chance of commerciality) and 5,971.1 Bcfe (risked after adjusting for the chance of commerciality). For further information on Birchcliff's risked prospective resources, please see *"Summary of Risked Contingent Resources and Prospective Resources"* in this Appendix A.

Project Maturity Sub-classes for Prospective Resources

Prospective resources can be sub-classified based on their project maturity sub-class. The project maturity sub-classes for prospective resources are "prospect", "lead" and "play", all as defined in the COGE Handbook. A "prospect" is defined as a potential accumulation within a play that is sufficiently well defined to represent a viable drilling target. A "lead" is defined as a potential accumulation within a play that requires more data acquisition and/or evaluation in order to be sub-classified as a prospect. A "play" is defined as a family of geologically similar fields, discoveries, prospects and leads.

100% of Birchcliff's prospective resources were sub-classified as prospects.

Birchcliff's Prospective Resource Projects

The following is a description of each of Birchcliff's prospective resource projects:

- **Pouce Coupe**
  - 3 Projects (D4, D3 and D2)
- **Progress Area**
  - Progress – 5 Projects (DoigP, BD, D2, D1/TSE and C)
  - Progress West – 8 Projects (BD/D5/DoigP, BD/DoigP Only, D5 Only, D4, D3, D2, D1/TSE Gas and C)
- **Gordondale Area**
  - 7 Projects (BD/D5/DoigP, BD/DoigP Only, D5 Only, D4, D3, D2 Gas and C)
- **Elmworth Area**
  - Elmworth – 8 Projects (DoigP, BD, D5, D4, D3, D2, D1/TSE and C)
  - Elmworth North – 8 Projects (BD/D5/DoigP, BD/DoigP Only, D5 Only, D4, D3, D2, D1/TSE and C)
  - Elmworth South – 8 Projects (DoigP, BD, D5, D4, D3, D2, D1/TSE and C)

- **Gold Creek Area**
  - 7 Projects (DoigP, BD, D5, D4, D1, TSE and C)[1]
- **Grande Prairie Area**
  - 6 Projects (DoigP, BD, D3, D2, TSE and C)
- **Saddle Hills Area**
  - 6 Projects (DoigP, BD, D3, D2, TSE and C)

The recovery technology for each project described above is multi-fracture horizontal wells which is considered an established technology under the COGE Handbook. All of the projects described above are based on pre-development studies.

Risk Factors and Uncertainties

General

There are numerous uncertainties inherent in estimating quantities of resources and the future net revenue attributed to the best estimate of the Corporation's development pending contingent resources, including many factors beyond the control of Birchcliff. The resource and associated future net revenue information for the best estimate of the development pending contingent resources set forth herein are estimates only. In general, estimates of resources and the future net revenue therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, initial production rates, production decline rates, ultimate resource recovery, the timing and amount of capital expenditures, the success of future development activities, future commodity prices, marketability of oil, NGLs and natural gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially from actual results. For those reasons, estimates of the resources attributable to any particular group of properties, classification of such resources based on risk of recovery and estimates of future net revenue associated with resources prepared by different engineers, or by the same engineer at different times, may vary substantially. Birchcliff's actual production, revenues, taxes and development and operating expenditures with respect to its resources will vary from estimates thereof and such variations could be material.

It should not be assumed that the undiscounted or discounted net present value of future net revenue attributable to the best estimate of Birchcliff's development pending contingent resources represent the fair market value of those resources. There is no assurance that the forecast prices and costs assumptions will be attained and variances could be material. The estimates of Birchcliff's resources provided herein are estimates only and there is no guarantee that the estimated resources will be recovered. Actual resources may be greater than or less than the estimates provided herein and variances could be material. With respect to the discovered resources (including contingent resources), there is uncertainty that it will be commercially viable to produce any portion of the resources. With respect to the undiscovered resources (including prospective resources), there is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.

Birchcliff's resources are estimated using forecast prices and costs. These prices are above current crude oil and natural gas prices. If crude oil and natural gas prices stay at current levels, certain of Birchcliff's resources may become uneconomic.

For further information regarding the risks and uncertainties relating to Birchcliff and its properties to which no reserves have been attributed, please see *"Statement of Reserves Data and Other Oil and Gas Information – Other*

[1] Subsequent to December 31, 2016, Birchcliff disposed of all of its assets in the Gold Creek area.

Oil and Gas Information – Properties with No Attributed Reserves" and *"Risk Factors"* in the Annual Information Form.

Risk Factors and Uncertainties

There are numerous factors and uncertainties that affect the anticipated development of the Corporation's resources.

The chances of development for the estimated resources are subject to a number of factors, including overall project economics, the employed recovery technology or technology under development, regulatory and environmental approval, the availability of markets and production facilities and political risk to the development. The Corporation will be required to make substantial capital expenditures in order to prove, exploit, develop and produce oil and natural gas from its resource properties in the future. If the Corporation's funds flow from operations is not sufficient to satisfy its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or, if available, that the terms will be acceptable to the Corporation. Failure to obtain such financing on a timely basis could cause the Corporation to forfeit its interest in certain properties, miss certain opportunities, reduce its pace of development or terminate its operations on such properties. An inability of the Corporation to access sufficient capital for its exploration and development purposes could have a material adverse effect on the Corporation's ability to execute its business strategy to develop its prospects.

The significant economic factors that affect the Corporation's future development of its resources are:

- future commodity prices for crude oil and natural gas (and the Corporation's outlook relating to such prices);
- the future capital costs of drilling, completing, tying in and equipping the wells necessary to develop such lands at the relevant times;
- the future costs of operating wells at the relevant times; and
- the levels of royalties applicable to productions from such lands.

The significant uncertainties that affect the Corporation's development of its resources are:

- the ability of the Corporation to obtain the capital necessary to fund the development of such lands at the relevant times;
- the future drilling and completion results the Corporation achieves in its development activities (e.g. with respect to the development of particular intervals or geographic areas, the uncertainty would be whether the initial drilling and completion results are sufficient to justify the development of such interval or geographic area);
- drilling and completion results achieved by others on lands in proximity to the Corporation's lands;
- transportation and processing infrastructure becoming available in a timeline consistent with proposed development plans;
- the availability of regulatory approvals for development of the lands and the necessary infrastructure; and
- governmental actions and future changes to applicable regulatory or royalty regimes that affect timing or economics of proposed development activities.

Significant risk factors specific to Birchcliff and the projects outlined herein include the following:

- Commodity prices have been and are expected to remain volatile. Sustained low prices may compel the Corporation to re-evaluate its development plans and reduce or eliminate various projects with marginal economics. Birchcliff will need to be satisfied that its forecast of future industry and economic conditions and commodity prices prevailing during and after the applicable development project is sufficient to justify proceeding with development such project.

- The actual operating and other costs may vary materially from the costs assumed by Deloitte. For example, the operating costs for the Elmworth area assumed by Deloitte were based on the field operating costs for the nearby, analogous Pouce Coupe area. If actual operating or other costs vary materially from those assumed by Deloitte, this would have an impact on the economics of the applicable project and could delay development.

- If the facilities and infrastructure do not expand in the manner and in the time frame assumed by Deloitte, this would have an impact on the development schedules for Birchcliff's resource projects and such projects could be delayed. The Gordondale Facility is owned by a third party which the Corporation does not control and if the Gordondale Facility does not expand in the manner and in the timeframe assumed by Deloitte, this would have an impact on the development schedule for the Gordondale projects.

- The Corporation's development activities are dependent on the availability of equipment, materials (including those needed for fracing operations) and skilled personnel. Demand for such limited equipment, materials and skilled personnel may affect the availability of such equipment, materials and skilled personnel to the Corporation and may delay the Corporation's development activities. During times of high demand, the costs of such equipment, materials and personnel may increase, resulting in increased costs to the Corporation.

- The implementation of new regulations or the modification of existing regulations regarding fracturing operations may have a material adverse impact on the Corporation's ability to develop its resources. Any new laws, regulations or permitting requirements regarding hydraulic fracturing could lead to operational delays, increased operating costs, third party or governmental claims and could increase the Corporation's costs of compliance and doing business. All of the foregoing could delay development.

All of these risks and uncertainties have the potential to delay the development of Birchcliff's resources. On the other hand, uncertainty as to the timing and nature of the evolution of better exploration, drilling, completion and production technologies have the potential to accelerate development activities and enhance the economics relating to the development of such resources.

There are no unusually significant abandonment and reclamation costs associated with the resources.

Positive and Negative Factors Relevant to the Estimate

Significant positive factors relevant to the estimate of Birchcliff's resources include:

- Birchcliff's and offsetting competitor wells with production history from the same zones;

- the same drilling and completion techniques are intended to be used by Birchcliff to develop these resources; and

- Birchcliff's strong record of developing similar development projects according to its plans.

Significant negative factors relevant to the estimate of Birchcliff's resources include:

- current limitations in take-away/midstream capacity to deliver the resources to market; and

- uncertainty in assumptions about the geometry of hydraulic fracture stimulations and associated recovery factors.

APPENDIX B

FORM 51-101F2
REPORT ON RESERVES DATA, CONTINGENT RESOURCES DATA AND PROSPECTIVE RESOURCES DATA BY INDEPENDENT QUALIFIED RESERVES EVALUATOR OR AUDITOR

To the board of directors of Birchcliff Energy Ltd. (the "**Corporation**"):

1. We have evaluated a portion of the Corporation's reserves data, contingent resources data and prospective resources data as at December 31, 2016. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2016, estimated using forecast prices and costs. The contingent resources data and prospective resources data are risked estimates of volumes of contingent resources and prospective resources and related risked net present value of future net revenue as at December 31, 2016, estimated using forecast prices and costs.

2. The reserves data, contingent resources data and prospective resources data are the responsibility of the Corporation's management. Our responsibility is to express an opinion on the reserves data, contingent resources data and prospective resources data based on our evaluation.

3. We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook as amended from time to time (the "**COGE Handbook**") maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter).

4. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data, contingent resources data and prospective resources data are free of material misstatement. An evaluation also includes assessing whether the reserves data, contingent resources data and prospective resources data are in accordance with principles and definitions presented in the COGE Handbook.

5. The following table shows the net present value of future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Corporation evaluated for the year ended December 31, 2016, and identifies the respective portions thereof that we have evaluated and reported on to the Corporation's management and board of directors:

Independent Qualified Reserves Evaluator or Auditor	Effective Date of Evaluation Report	Location of Reserves (Country or Foreign Geographic Area)	Net Present Value of Future Net Revenue (before income taxes, 10% discount rate) Audited ($M)	Evaluated ($M)	Reviewed ($M)	Total ($M)
Deloitte LLP	December 31, 2016	Canada (All Properties excluding Gordondale, Alberta)	-	4,262,730	-	4,262,730

6. The following tables set forth the risked volume and risked net present value of future net revenue of contingent resources and prospective resources (before deduction of income taxes) attributed to contingent resources and prospective resources, estimated using forecast prices and costs and calculated using a discount rate of 10%, included in the Corporation's statement prepared in accordance with Form 51-101F1 and identifies the respective portions of the contingent resources data and prospective resources data that we have evaluated and reported on to the Corporation's management and board of directors:

Classification	Independent Qualified Reserves Evaluator or Auditor	Effective Date of Evaluation Report	Location of Resources other than Reserves (Country or Foreign Geographic Area)	Risked Volume (Bcfe)	Risked Net Present Value of Future Net Revenue (before income taxes, 10% discount rate)		
					Audited ($M)	Evaluated ($M)	Total ($M)
Development Pending Contingent Resources (2C)	Deloitte LLP	December 31, 2016	Canada	7,368.3	-	2,479,896	2,479,896

Classification	Independent Qualified Reserves Evaluator or Auditor	Effective Date of Evaluation Report	Location of Resources other than Reserves (Country or Foreign Geographic Area)	Risked Volume (Bcfe)
Prospective Resources	Deloitte LLP	December 31, 2016	Canada	5,971.0
Contingent Resources	Deloitte LLP	December 31, 2016	Canada	
Development on Hold				2,723.5
Development Unclarified				81.5
Development Not Viable				11.7

7. In our opinion, the reserves data, contingent resources data and prospective resources data respectively evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook, consistently applied. We express no opinion on the reserves data, contingent resources data and prospective resources data that we reviewed but did not audit or evaluate.

8. We have no responsibility to update our reports referred to in paragraphs 5 and 6 for events and circumstances occurring after the effective date of our reports.

9. Because the reserves data, contingent resources data and prospective resources data are based on judgements regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

Deloitte LLP
700, 850 – 2nd Street S.W.
Calgary, Alberta
T2P 0R8

(signed) *"Robin G. Bertram"*
Robin G. Bertram, P. Eng.
Partner

Execution Date: March 15, 2017

FORM 51-101F2
REPORT ON RESERVES DATA BY INDEPENDENT QUALIFIED RESERVES EVALUATOR

To the Board of Directors of Birchcliff Energy Ltd. (the "**Company**"):

1. We have evaluated a portion of the Company's reserves data as at December 31, 2016. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2016, estimated using forecast prices and costs.

2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.

3. We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook as amended from time to time (the "**COGE Handbook**") maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter).

4. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.

5. The following table shows the net present value of future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated for the year ended December 31, 2016, and identifies the respective portions thereof that we have evaluated and reported on to the Company's management and board of directors:

Independent Qualified Reserves Evaluator	Effective Date of Evaluation Report	Location of Reserves (Country or Foreign Geographic Area)	Net Present Value of Future Net Revenue $M (before income taxes, 10% discount rate)			
			Audited	**Evaluated**	**Reviewed**	**Total**
McDaniel & Associates	December 31, 2016	Canada (Gordondale, Alberta)	-	1,548,108	-	1,548,108

6. In our opinion, the reserves data respectively evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook, consistently applied. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.

7. We have no responsibility to update our reports referred to in paragraph 5 for events and circumstances occurring after the effective date of our report.

8. Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

MCDANIEL & ASSOCIATES CONSULTANTS LTD.

(signed) *"P.A. Welch"*
P.A. Welch, P. Eng.
President & Managing Director

Calgary, Alberta, Canada
February 8, 2017

APPENDIX C

FORM 51-101F3
REPORT OF MANAGEMENT AND DIRECTORS ON OIL AND GAS DISCLOSURE

Management of Birchcliff Energy Ltd. (the "**Corporation**") are responsible for the preparation and disclosure of information with respect to the Corporation's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data and includes other information such as contingent resources data and prospective resources data.

Independent qualified reserves evaluators have evaluated the Corporation's reserves data, contingent resources data and prospective resources data. The report of the independent qualified reserves evaluators will be filed with securities regulatory authorities concurrently with this report.

The Reserves Evaluation Committee of the board of directors of the Corporation has:

(a) reviewed the Corporation's procedures for providing information to the independent qualified reserves evaluators;

(b) met with the independent qualified reserves evaluators to determine whether any restrictions affected the ability of the independent qualified reserves evaluators to report without reservation; and

(c) reviewed the reserves data, contingent resources data and prospective resources data with management and the independent qualified reserves evaluators.

The Reserves Evaluation Committee of the board of directors has reviewed the Corporation's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The board of directors has, on the recommendation of the Reserves Evaluation Committee, approved:

(a) the content and filing with securities regulatory authorities of Form 51-101F1 containing reserves data, contingent resources data and prospective resources data and other oil and gas information;

(b) the filing of Form 51-101F2 which is the report of the independent qualified reserves evaluators on the reserves data, contingent resources data and prospective resources data; and

(c) the content and filing of this report.

Because the reserves data, contingent resources data and prospective resources data are based on judgments regarding future events, actual results will vary and the variations may be material.

(signed) *"A. Jeffery Tonken"*
President and Chief Executive Officer

(signed) *"Christopher A. Carlsen"*
Vice-President, Engineering

(signed) *"Larry A. Shaw"*
Director and Chairman of the
Reserves Evaluation Committee

(signed) *"Dennis A. Dawson"*
Director and Member of the
Reserves Evaluation Committee

DATE: March 15, 2017.

APPENDIX D

AUDIT COMMITTEE CHARTER

1) **Purpose**

The purpose of the Audit Committee is to assist the Board of Directors in overseeing:

(a) The preparation of the financial statements of the Corporation and the conduct of any audit thereof.

(b) The Corporation's compliance with applicable financial reporting requirements.

(c) The independence and performance of the Auditor.

(d) The Corporation's compliance with the Corporation's policies and guidelines.

2) **Definitions**

For the purposes of this Charter:

(a) "**Auditor**" means the auditor appointed to prepare an Audit Report in respect of the annual financial statements of the Corporation.

(b) "**Board**" means the Board of Directors of the Corporation.

(c) "**Chairperson**" means Chairperson of the Audit Committee.

(d) "**Committee**" means the Audit Committee of the Board.

(e) "**Corporation**" means Birchcliff Energy Ltd.

3) **Election and Composition**

(a) The Board shall appoint annually, from among its members, a Committee to be known as the "Audit Committee".

(b) The Audit Committee shall be comprised of at least three Directors, of whom a majority shall not be officers or employees of the Corporation or an affiliate of the Corporation. All committee members shall be "independent" (as such term is used in National Instrument 52-110 – *Audit Committees*). All members of the Committee shall comply with the financial literacy requirements of National Instrument 52-110 - *Audit Committees*.

(c) The Audit Committee shall select from its members a Chairperson of the Committee.

(d) Any member of the Committee may be removed or replaced at any time by the Board and shall automatically cease to be a member of the Committee upon ceasing to be a Director of the Corporation.

4) **Meetings**

(a) The Audit Committee shall meet at least four times annually, or more frequently as circumstances dictate.

(b) The Chairperson of the Committee or any member may at any time convene a meeting of the Committee, and the Chairperson or any member of the Committee shall convene a meeting at the request of the Auditor.

(c) Notice of meetings shall be delivered, mailed, faxed or sent by any other form of transmitted or recorded message to each member not less than forty-eight hours before the meeting is to take place.

(d) Notice of any meeting or any irregularity in any meeting or the notice thereof may be waived by any member.

(e) A quorum for meetings of the Audit Committee shall be at least two members of the Committee who are not officers or employees of the Corporation or an affiliate of the Corporation.

(f) Meetings may be held at any time without formal notice if all the members are present, or if a quorum is present and those members who are absent signify their consent to the meeting being held in their absence. Any resolution passed or action taken at such a meeting shall be valid and effectual as if it had been passed or taken at a meeting duly called and constituted.

(g) Questions arising at any meeting of the Committee shall be decided by the majority of votes. In the case of an equality of votes, the Chairperson shall have the casting vote.

5) **Responsibilities**

(a) The Committee shall recommend to the Board:

(i) the person or firm to be nominated as Auditor for the purposes of preparing or issuing an Auditor's report or performing other audit, review or attest services for the Corporation; and

(ii) the compensation of the Auditor.

(b) The Committee shall be directly responsible for overseeing the work of the Auditor engaged for the purpose of preparing or issuing an Auditor's Report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the Auditor regarding financial reporting.

(c) When there is to be a change in Auditor, the Committee shall review the issues related to the change and shall approve the information to be included in the required notice to securities regulators of such change.

(d) The Committee shall pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the Corporation's Auditor. The Committee may delegate this function to one of its independent members, who shall report to the Committee on any such approvals.

(e) The Committee shall review and report to the Board on the Corporation's interim and annual financial statements, and all related management's discussion and analysis, before those materials are filed with the regulators and published. If authorized by the Board, the Committee may approve the interim financial statements and the related management's discussion and analysis, before those materials are filed with regulators and published. The Committee's review process should include, but not be limited to:

(i) reviewing changes in accounting principles, or in their application, which may have a material impact on a current or future year's financial statements;

(ii) reviewing significant accruals, reserves or other estimates such as any ceiling test calculation;

(iii) reviewing the accounting treatment of unusual or non-recurring transactions;

(iv) reviewing disclosure of commitments and contingencies;

(v) reviewing adjustments suggested by the Auditor, whether or not included in the financial statements;

(vi) reviewing unresolved differences between management and the Auditors; and

(vii) obtain explanations of significant variances with comparative reporting periods.

(f) The Committee shall review the annual and interim earnings press releases and any press releases or other documents for public disclosure containing information extracted from financial statements that have not previously been reviewed by the Committee, before the Corporation publicly discloses this information.

(g) The Committee shall ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to in subsection 5(e), and shall periodically assess the adequacy of those procedures.

(h) The Committee shall oversee management's reporting on internal controls and shall advise the Board of any material failures of the internal controls.

(i) The Committee shall establish procedures:

(i) for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and

(ii) for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

Until the Committee determines otherwise, the Committee adopts the Whistleblower Policy attached hereto as Exhibit A. Prior to adopting any changes to the Whistleblower Policy, the Committee shall advise the Directors of the proposed changes.

(j) The Committee shall review and approve the employment by the Corporation of any current or former partner or employee of the Auditor.

(k) The Committee shall review the corporate systems that identify and manage principal business risks.

(l) The Committee shall review and, if necessary, update this Charter periodically, at least annually, as conditions dictate.

6) **Authority**

(a) The Committee is authorized in carrying out its duties to:

(i) engage independent counsel and other advisors as it determines necessary to carry out its duties;

(ii) set and pay the compensation for any advisors employed by the Committee; and

(iii) communicate directly with the Auditors.

(b) Prior to exercising the authority in subsection 6(a)(i) or (ii), the Committee shall notify the Board of its proposed action and also consult with the Chief Financial Officer with respect to the engagement of any independent counsel or other advisors.

(c) The Board may refer to the Committee such matters and questions relating to the financial position of the Corporation and its affiliates as the Board from time to time sees fit.

(d) The members of the Committee have the right for the purpose of performing their duties of inspecting any of the books and records of the Corporation and its affiliates.

(e) The Committee may require the Auditor, any Director, officer or employee of the Corporation to appear before it to discuss the accounts and records and/or financial position of the Corporation.

(f) The Auditor shall be given notice of every meeting of the Committee and shall have the right to attend and be heard thereat. The Auditor shall report directly to the Audit Committee.

(g) Members of the Committee may rely upon the accuracy of any statement or report prepared by the Auditor or upon any other statement or report including any appraisal report prepared by a qualified person and shall not be responsible or held liable for any loss or damage in respect of any action taken on the basis of such statement or report.

7) **Records**

(a) The Audit Committee shall keep such records as it may deem necessary, of its proceedings and shall report regularly its activities and recommendations to the Board of Directors as appropriate.

EXHIBIT A
to the Audit Committee Charter of Birchcliff Energy Ltd.

WHISTLEBLOWER POLICY

Scope of the Whistleblower Policy

The Audit Committee (the "**Audit Committee**") of the Board of Directors of Birchcliff Energy Ltd. (the "**Corporation**") is responsible under Canadian securities laws for the integrity of the financial reporting of the Corporation and for the system of internal controls, the audit process and monitoring compliance with the financial reporting laws applicable to the Corporation and to all other corporations, trusts, partnerships or other entities which may be established by the Corporation (the "**Other Entities**"). The integrity of the financial information of the Corporation is of paramount importance to the Committee and to the Board of Directors.

National Instrument 52-110 – *Audit Committees* ("**NI 52-110**") has outlined certain aspects of audit committee responsibility and the Audit Committee understands the importance of the responsibilities described in NI 52-110 and intends to be in compliance with such responsibilities. One such responsibility relates to the implementation of procedures for addressing complaints regarding questionable accounting or auditing matters.

This document outlines the procedure which the Audit Committee is establishing for the confidential, anonymous submission by employees of the Corporation and the Other Entities of any concerns which individuals may have regarding questionable accounting or auditing matters.

Individuals are encouraged to submit all good faith concerns and complaints in respect of the accuracy and integrity of the Corporation's accounting, auditing and financial reporting, without fear of retaliation of any kind. If an individual has any concerns about accounting, audit, internal controls or financial reporting matters which he or she considers to be questionable, incorrect, misleading or fraudulent, the individual is urged to come forward as contemplated by this Policy with any such information, complaints or concerns, without regard to the instructions or objections of the person or persons responsible for the subject matter of the relevant complaint or concern.

The designated contact to receive completed reports from employees is Mr. Larry Shaw, the Chairman of the Audit Committee (the "**Designated Contact**").

Procedure for Reporting Concerns

The reporting individual should describe his or her concerns in writing and should include sufficient information to allow the Audit Committee to understand and review the written concern. If the reporting individual wishes to remain anonymous, the written communication should clearly indicate this wish for anonymity. All concerns should be forwarded to Larry Shaw, Chairperson of the Audit Committee, at the address noted below, in a sealed envelope labeled as follows:

"**PRIVATE AND CONFIDENTIAL – To be opened by the addressee only**"

Mr. Larry Shaw, Chairman of the Audit Committee
c/o Birchcliff Energy Ltd.
Suite 1000, 600 – 3rd Avenue S.W.
Calgary, Alberta T2P 0G5

If the reporting individual wishes to discuss the matter with the Audit Committee, this request should be indicated in the submission. In order to facilitate such a discussion, the reporting individual should include a telephone number at which he or she can be contacted.

Anonymous Submissions

If the reporting individual wishes to remain anonymous, the individual may indicate this request for anonymity on the submission and should remove any items that may inadvertently disclose his or her identity.

Handling of Concerns Raised:

Promptly following the receipt of any complaints submitted to it, the Audit Committee will investigate each complaint and take corrective actions it considers appropriate in the circumstances.

Authority of Audit Committee

The Audit Committee has the authority to:

(a) conduct any investigation which it considers appropriate, and has direct access to the external auditor of the Corporation, as well as officers and employees of the Corporation and Other Entities, as applicable; and

(b) retain, at the Corporation’s expense, special legal, accounting or such other advisors, consultants or experts it deems necessary in the performance of its duties.

In conducting any investigation, the Audit Committee shall use reasonable efforts to protect the anonymity of the reporting individual to the extent so requested.

Records

The Audit Committee will retain as part of its records, any complaints or concerns for a period of no less than seven years. The Audit Committee will keep written record of such reports or inquiries and make quarterly reports to the Board on any ongoing investigation which will include steps taken to satisfactorily address each complaint.

Employee Protection

All employees are assured that no retaliation of any kind is permitted against the applicable individual for complaints or concerns made in good faith. No employee will be adversely affected because the employee refuses to carry out a directive which, in fact, constitutes corporate fraud, or is a violation of a federal or provincial law.

Questions about this Policy

Questions regarding the policy may be directed to Mr. Larry Shaw, Chairperson of the Audit Committee and Designated Contact. He can be reached for this purpose by telephone at (403) 206-3330.