



Front Cover: Here you are looking west at Cutbank Lake in Saddlehills County located amongst our operations, where we strive to maintain and uphold the pristine environment in which we operate. In this area the main trees are evergreen, birch and other deciduous. The deciduous trees lose their leaves in the fall months and soon the leaves will be back. The leaves are late this year due to the cold weather in the month of May.

Photo was taken in May 2021.

"As the Birchcliff team came together to overcome the challenges we faced in 2020, we were reminded of the fundamental importance of maintaining our culture of environmental, social and governance excellence."

A. Jeffery Tonken

President & Chief Executive Officer

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1.1 Greenhouse Gas ("GHG") Reduction Highlights

- Low Emissions Intensity Producer (LEIP) with one of the lowest direct emissions
 intensities in our peer group at 0.01152 tonnes of CO₂ equivalent emissions per
 barrel of oil equivalent (tCO₂e/boe).
- Carbon Sequestration at the Pouce Coupe Gas Plant now over 56,300 tonnes of CO₂ injected to-date.
- Well sites designed and constructed for zero vented emissions.
- Active Methane Reduction and Retrofit Compliance Plan (MRRCP).
- All pneumatic gas devices will be retrofitted or removed by the 2023 compliance deadline, generating Carbon Offset Credits.
- Stringent Fugitive Emission Management Program (FEMP).
- Minimal flared volumes during new well testing operations.

- Utilization of Birchcliff's Natural Gas or third party Compressed Natural Gas ("CNG") to displace diesel in drilling and completion operations.
- Waste heat recovery at the Pouce Coupe Gas Plant.
 - Recovery of heat energy leading to lower fuel gas requirements, resulting in a reduction of 15,000 tCO₂e emissions per year.
- Awarded Emissions Performance Credits (EPC's) for low GHG emissions valued at approximately \$2.8 million over past two years.
- · Cleantech Investments.
- Natural Gas Innovation Fund ("NGIF") Industry Grants and NGIF Cleantech Ventures Equity Fund.
- Pursuit of new emissions reduction technologies.





1.2 Message To Stakeholders

Dear Fellow Stakeholder,

In 2020, the world experienced the profound and unprecedented impact of the COVID-19 pandemic. Consistent with our values, the health and safety of our employees, our contractors and the communities where we operate was our priority in 2020. As the Birchcliff team came together to overcome the challenges we faced in 2020, we were reminded of the fundamental importance of maintaining our culture of environmental, social and governance excellence. We continued to be innovators focused on decreasing emissions and protecting our environment while we expanded our efforts to ensure that Birchcliff continues to have a corporate culture that is second to none. These pillars of safety, innovation, environmental protection and corporate culture are not new to Birchcliff, in fact, they have been key to our success since Birchcliff's inception 17 years ago.

Environmental stewardship is a key to Birchcliff's ongoing success and we are committed to developing our assets and driving our business forward in a responsible manner by taking proactive steps to reduce our environmental impact. The majority of Birchcliff's production, representing approximately 76% of total corporate production in 2020, was natural gas, which is the cleanest hydrocarbon fuel.

We believe that natural gas will continue to play an ever-increasing role in meeting the world's future energy needs while contributing to the world-wide reduction of greenhouse gas emissions.

From inception, we have focused on using innovation and technology to reduce our environmental footprint, as well as improve efficiency and create a safer work environment. There is no better example of this than our 100% owned and operated Pouce Coupe natural gas plant (the "Pouce Coupe Gas Plant"), which commenced operations in 2010 with a processing capacity of 30 MMcf/d. Since that time, the Pouce Coupe Gas Plant has grown in phases to a processing capacity of 340 MMcf/d. In 2020, we added an inlet liquids-handling facility that allows us to safely process 20,000 bbls/d of liquids (50% water and 50% condensate). During each phase of construction, we focused on ensuring that the Pouce Coupe Gas Plant would be as efficient as possible and used the latest technologies to increase productivity while maintaining the highest environmental standards. This dedication to technology and efficiency has resulted in the Pouce Coupe Gas Plant being a very low emissions intensity facility and playing a significant role in Birchcliff continuing to be one of the lowest emissions intensity producers in the industry.

As part of our commitment to innovation and technology, we have partnered with various industry participants to help develop new ways of reducing emissions in the energy industry. In particular, Birchcliff is partnered with the **Natural Gas Innovation Fund** ("**NGIF**"), an industry-led grant organization created by the Canadian Gas Association to support the funding of cleantech innovation in the natural gas value chain. NGIF helps to fund early-stage startup companies developing solutions to environmental and other challenges facing Canada's natural gas sector.

Birchcliff's stakeholder engagement starts in-house with our staff and their families. As a result of the new and often changing processes that were required due to COVID-19, we had more than 30 staff meetings in 2020, as we focused on maintaining excellent communication to ensure the safety of our stakeholders and the successful execution of our business plan. We also continued our annual employee performance review process, which provides each staff member with the opportunity to directly communicate with the executive team and offer their views on themselves, management and the business as a whole. The executive team devotes significant time and effort to this process, as we believe that it helps to ensure alignment across all levels of the organization.

We recognize the role that communities play in Birchcliff's success and we are a committed supporter of the communities where we operate. Each year, Birchcliff participates in a number of community support endeavours in Calgary, Alberta and the areas surrounding our field operations. Two of Birchcliff's key ongoing campaigns are the annual United Way of Calgary campaign and our support of STARS Air Ambulance in the Grande Prairie area.

To date, Birchcliff has helped to raise over \$1.4 million and over \$1.5 million for these programs, respectively.

In 2020, we also focused on supporting at-risk and less advantaged youth in the Calgary area. We worked with the Calgary Police Youth Foundation to donate new laptop computers to students in need, who otherwise would have had significant difficulty accessing online classes and school resources during school closures as a result of COVID-19. We have also partnered with the Youth Centres of Calgary to help ensure that children and families dealing with food insecurity in Calgary are provided with nutritious school lunches and meals.

We acknowledge that our field operations are located within the ancestral and traditional territory of the Treaty 8 First Nations, as well as the Métis people. At Birchcliff, we pride ourselves on our open and honest consultation with the Indigenous peoples whose traditional lands could be affected by our operations, which has led to strong and lasting relationships. We always strive to go above and beyond Alberta's stringent legal requirements for consultation, building partnerships with Indigenous communities that benefit Birchcliff, our Indigenous partners and the environment. In addition, we believe that providing economic opportunity is critical to developing and maintaining positive relationships. As such, we are focused on hiring local employees and using local contractors whenever possible, including contractors that are partnered with or owned by members of the Indigenous communities in the Pouce Coupe and Gordondale areas. As part of our commitment to the First Nations and Métis communities where we operate, we provide support through communityled investment in youth, culture and heritage, including by supporting local cultural events and by providing education and scholarship programs. For example, in early 2020 we sponsored a group of young adults from the Horse Lake and Sturgeon Lake First Nations for an educational visit to Calgary. The students were introduced to postsecondary educational and career opportunities available to them in Alberta's energy industry and provided with tools for professional success in an urban setting.

At Birchcliff, we are steadfast in our commitment to continuous improvement. Whether it is by reducing our environmental footprint through the use of cutting-edge technologies, by making our communities stronger by lifting up the less fortunate or through our strong connections to the Indigenous peoples who have inhabited this land for centuries, Birchcliff continues to be a leader in all aspects of **Environmental**, **Social and Governance** ("ESG") practices.

With respect.

A. Jeffery Tonken

President & Chief Executive Officer

Joff Tonlan

1.3 About Birchcliff

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

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

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



Gordondale Battery at 07-29-78-11-W6

2020 Operational, Financial & Reserves Highlights



Drilled & Brought on Production

34 (34.0 NET)

Wells



Operating Costs \$2.95/BOE

Average Production

76,401 BOE/D



O&G Revenue

\$529 MM



Total Debt

\$762 MM



Adjusted Funds Flow

\$185 MM



PDP Reserves

207 MMBOE

2P Reserves

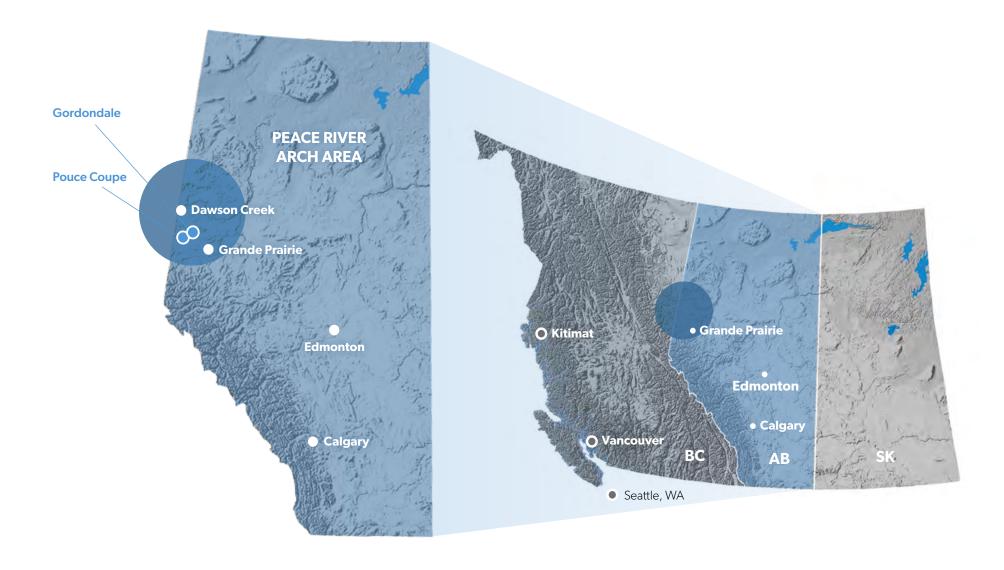
1,040 MMBOE

PDP FD&A(1)

\$9.95/BOE



1.4 Operating Areas



1.5 About This Report

- This report is intended for all Company stakeholders and provides performance details on subsets of Birchcliff's operations, with a specific focus on ESG measures.
- To determine the content for this report, Birchcliff executives and several departmental leaders were engaged throughout 2020 to identify and prioritize topics that are most relevant to our key stakeholder groups.
- This report was created based on the Global Reporting Initiative ("GRI")
 Standards. This report contains standard disclosures from the GRI guidelines but has not fulfilled all of the requirements to qualify as fully 'in accordance' with the GRI.
- Unless otherwise stated, this report is with respect to the year ended December 31, 2020, compared to the years ending December 31, 2019, and December 31, 2018.

- Unless otherwise stated, financial data is in Canadian dollars, environmental data is in metric units, and production data is in barrels of oil equivalent ("boe").
- For further information regarding production or reserves, please refer to our Annual Information Form for the year ended December 31, 2020, on our website www.birchcliffenergy.com.
- The terms Birchcliff, our, we, and the Company, refer to Birchcliff Energy Ltd.



Birchcliff's 100% owned and operated 3-22 Pouce Coupe Gas Plant

1.6 The United Nations Sustainable Development Goals

The United Nations' Sustainable Development Goals ("**SDGs**") were established in 2012. These goals are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. Birchcliff is proud to contribute towards achieving many of these goals by operationalizing many of them into our core business practices. Birchcliff's foundations of safety, innovation, environmental protection, and corporate culture are all interconnected with the SDGs. As Birchcliff continues to strive to be a leader in all aspects of our industry, we continue to develop and focus our programs to steward to the SDGs.

There are 17 interconnecting SDGs in areas such as decent work and economic growth, responsible consumption and production, good health and wellbeing, peace, justice and strong institutions and climate action, and success in one will affect others. For example, working to decrease the threat of climate change impacts how we manage our natural resources.

Despite a continued push towards renewable energy, renewable energy sources are not a consistent or reliable cost-effective replacement for hydrocarbons. In fact, with the adoption of its climate plan, the International Energy Agency continues to forecast oil and natural gas to remain as the dominant sources of global energy demand through 2040. Switching from coal to natural gas power continues to be one of the most impactful ways to reduce global GHG emissions.

Natural gas emits significantly less CO_2 compared to coal and is an effective way for nations to move away from carbon-intensive coal power. The increased use of natural gas is part of the SDG 7: Affordable and clean energy. This goal promotes global access to cleaner forms of energy, specifically to less developed nations whose citizens either don't currently have access to affordable or reliable electricity or are currently using more carbon-intensive energy sources.

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

Throughout this report, we have identified each of the SDGs that we are stewarding towards.





































1.7 COVID-19 Pandemic Response



Birchcliff contractor getting his temperature taken by the Medic

On January 30, 2020, the **World Health Organization** ("**WHO**") declared the COVID-19 outbreak a public health emergency of international concern and on March 11, 2020, declared it to be a pandemic. Birchcliff has been proactive in managing the health and safety of our employees and our business continuity challenges resulting from the COVID-19 pandemic by implementing a number of initiatives to protect the well-being of our employees and contractors. This includes remote work-from-home arrangements, physical distancing measures, enhanced cleaning and sanitization measures and conducting meetings through virtual means. Birchcliff established a response team to coordinate and implement initiatives relating to COVID-19 and continues to closely monitor the recommendations of applicable government and health authorities.

As a result of the new and often changing processes that were required due to COVID-19, Birchcliff had more than 30 staff meetings in 2020, as we focused on maintaining excellent communication to ensure the safety of our employees. All staff meetings are now accessible virtually and business meetings have switched to audio or video conferencing, where possible, to maintain employee engagement.

For our field operations, Birchcliff integrated a series of mitigation strategies to ensure our workers' health and safety while maintaining business continuity. These strategies include:

- Field production operators' shift schedules were adjusted, to limit exposure potential, by eliminating a cross-over day.
- Plant operations common areas were restricted to critical personnel only and masks were required when physical distancing was not possible.
- Improved sanitation by increasing cleaning schedules for the offices and control room.
- Those workers who were able to, were encouraged to work remotely.
- Production, HSE and operational meetings were held virtually and additional resources were acquired and made available to facilitate this change.
- COVID-19 pre-screen questionnaire was implemented for contractors coming to production worksites.

For our capital projects programs, we implemented the following measures:

- Birchcliff brought in remote work accommodations for capital projects (drilling and completions camp) to reduce our workers' potential exposure in local communities.
- Additional contractor communications and engagement to ensure the support they needed was in place.
- On-site COVID-19 protocols were implemented, including:
 - COVID-19 pre-screening temperature checks and travel/exposure questionnaire;
- Safety meeting changes to allow for appropriate spacing of workers; and
- Additional PPE requirements at worksites where workers could not maintain a minimum spacing of two metres apart.

1.8 Stakeholder Engagement



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

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

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

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



 ${\it Birchcliff\, employee \, in \, discussion \, with \, local \, residents \, at \, Bay \, Tree \, Open \, House.}$

The table below summarizes our engagement with various stakeholder groups:

Stakeholders	How We Engage	
Indigenous Groups	 Direct consultation and communication pertaining to our Capital programs Partnerships with local Indigenous affiliated service companies 	 Community and education grant funding Providing industry learning opportunities
Local Communities and Landowners	 Support of local projects and initiatives through active participation and charita Direct communication and engagement Participation in the Wapiti Area Synergy Partnership 	ble donations
Employees and Contractors	 Development and training Performance reviews 	 Quarterly staff meetings and monthly Corporate Updates Area specific monthly HSE meetings and annual Safety Stand Downs
Government Regulators	 Obtaining necessary approvals Provide input in the development of balanced legislation, regulations, best practice. Engagement and participation in regulatory advisory groups 	ctices and guidelines
Shareholders	Annual and Quarterly reportsPress releasesAnnual General Meetings	ESG ReportsContinual one-on-one communication
Industry Groups	 Canadian Association of Petroleum Producers ("CAPP") Canadian Energy Executive Association ("CEEA") Canadian Society of Unconventional Resources ("CSUR") 	 Energy Safety Canada ("ESC") Explorers and Producers Association of Canada ("EPAC")





Pouce Coupe River Crossing

Looking Back

- Construction of low-emission facilities, utilizing leading-edge technology.
- Minimal flaring intensity during new well flow testing operations.
- Developed a corporate long-term water strategy to secure water for our future development plans.
- · Strong regulatory and liability management.
- Developed and stewarded to a new Environmental Management Program.
- Formed a new Decommissioning, Abandonment, Remediation and Reclamation ("DARR") team.

Looking Forward

- Continue to identify, manage and implement practices to address our changing regulatory landscape.
- Strong focus on our DARR program.
- Continue implementing methane reduction plan (venting, fugitive emission detection and repair).
- Focus on GHG emissions reduction opportunities, thereby maintaining Birchcliff's status as a **Low Emissions Intensity Producer (LEIP)**.

Minimizing Environmental Impacts

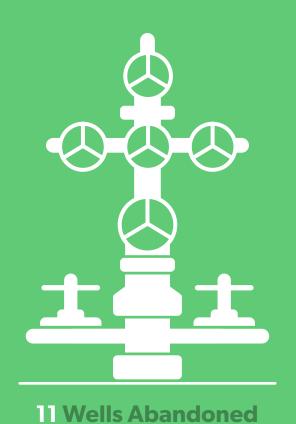
Birchcliff is committed to minimizing the impact our operations have on the environment. As part of our fundamental values, we recognize the importance of our responsibility for environmental stewardship. We endeavor to maintain excellence in environmental reporting and response, and take proactive steps to eliminate or reduce our environmental impact.

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



At Birchcliff, environmental stewardship is paramount to our ongoing success.

We believe we can be part of the long-term, sustainable energy development cycle and are excited to lead the way with progressive, measurable, and impactful operational practices which will improve the environmental impact we have in the areas in which we operate, as well as across the industry.







61,480m²

Land Reclaimed



Facilities Decommissioned

2.1 Low Emissions Intensity Producer

At Birchcliff, we are very proud of our corporate emissions performance. To celebrate our accomplishments, we have created the **Low Emissions Intensity Producer** ("**LEIP**") program and logo to create our own identifiable brand that proudly reminds us, and others, of our commitments and successes as a company to reducing our environmental impact.

When benchmarked against our industry peers, Birchcliff is one of the lowest GHG emitters in the Canadian oil and gas industry. We are therefore very proud to brand ourselves as a LEIP.



With LEIP in mind, we approached our employees and asked them to bring forward ideas for the creation of a logo. The logo above was chosen as it represents sun, air, earth and water. These are elements of environmental stewardship.

Sun ■ Air III Earth **■ Water**

A common industry metric for carbon emissions is tonnes of CO_2 equivalent emissions per barrel of oil equivalent (t CO_2 e/boe). In general terms, it is the amount of GHG's emitted relative to a company's production.

The lower your tCO_2e /boe, the better. Birchcliff is proud to be a LEIP because it means we are doing things right. The programs we have developed and the initiatives we have implemented over the years, continue to achieve the positive results we have always strived for.

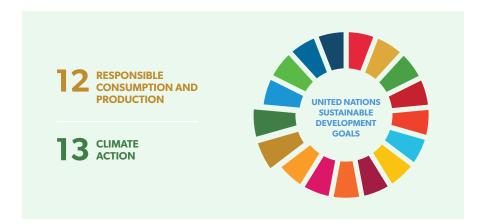
Producer Emissions Metrics



- 1. Peer Group: ARX, BNP, POU, PEY, TOU VII, WCP
- 2. All peer data as of 2019 YE with the exception of BNP and VII (2018YE)
- 3. Scope 1 Emissions: Emissions from owned or controlled sources
- 4. Scope 2 Emissions: Emissions from the purchase of indirect energy
- Scope 1+2 Emission Intensity for PEER 1 was calculated by the Company as the sum of their reported Scope 1 and Scope 2 Emissions divided by their reported 2019 daily production
- 6. Scope 1 and Scope 2 Emissions left axis
- 7. Scope 1+2 Emissions Intensity right axis



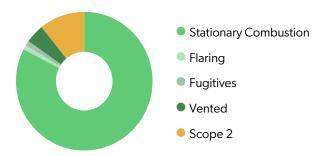
2.2 Air



Emissions Reduction Initiatives

From inception, Birchcliff has focused on using innovation and technology to reduce our environmental impact, as well as improve efficiency and create a safer work environment. We comply with all provincial and federal GHG emissions and reporting regulations, and our team continuously looks to identify and implement efficiency opportunities that can be applied across our business.

2020 Birchcliff GHG Emissions by Activity





Dual drilling rigs at 14-19-79-12W6 well site.









Methane Venting Reduction:

The majority of our process instrumentation and control systems in our facilities use electric or air-driven pneumatic devices. We have identified all remaining pneumatic devices which routinely vent fuel gas and we have developed a Methane Reduction Retrofit Compliance Plan ("MRRCP") to convert those remaining devices. Out of our 607 surface sites, 544 (90%) already meet (most exceed) the new Alberta Government methane emission limits which come into force in 2023. For the past nine years, all of our sites have been designed and equipped with "zero bleed" pneumatic devices to eliminate methane venting. All remaining legacy sites will be retrofitted over the next two years to ensure we meet or exceed the 2023 regulatory requirements for methane venting.

Vapor Recovery Units (VRUs):

Birchcliff has numerous VRUs at various facilities, which allow for the capture of vented gas or gas that might normally be flared, and recycle it back into our process streams. This eliminates or significantly reduces vented and flared emissions at these sites.

Flare Emissions Reduction:

As a result of our extensive infrastructure, Birchcliff's philosophy has always been to flow test our new wells <u>inline</u> as soon as operationally possible. In other words, regardless of the allowable natural gas volume stipulated on each well's Alberta Energy Regulator ("AER") flare permit, we choose to cleanup and evaluate each new well predominately via pipeline, thereby conserving the vast majority of our natural gas and significantly minimizing the volume that is flared (major CO₂ reduction initiative).

Drilling and Completions Emissions Reductions:

Birchcliff has started using lower emission-intensive fuels in our drilling and completions activities by shifting away from diesel and using more compressed natural gas ("CNG"). Using a bi-fuel system, we were able to use 20% less diesel in 2020 than we did in 2019, per well drilled.

In instances where we have deployed drilling rigs that were not equipped with diesel fuel reduction equipment or CNG conversion equipment, Birchcliff entered into partnerships with these contractors to jointly share the costs to modify their drilling rigs with the necessary equipment. To date Birchcliff has invested approximately \$1.5 million on this emissions reduction initiative.



Heat Recovery:

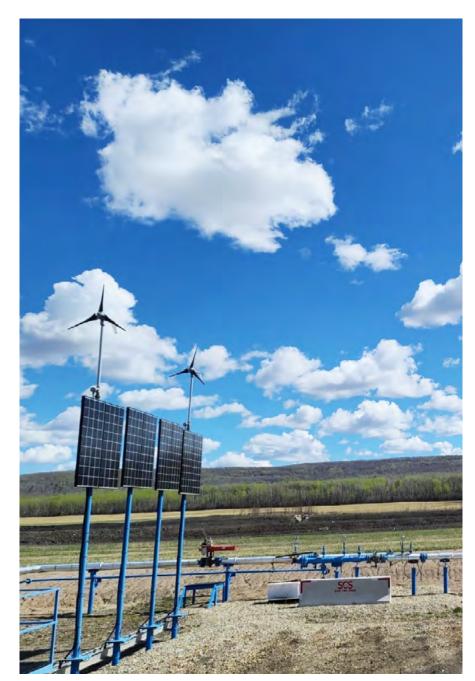
Numerous waste heat recovery units at the Pouce Coupe Gas Plant capture residual heat energy from compressors to be used in other applications throughout the facility. This has allowed us to operate some of our process and utility heaters at minimal load, resulting in more than 15,000 tCO₂e of reduced emissions per year. This is equivalent to taking over 5,000 passenger vehicles off the road annually.



Engine Upgrades:

The majority of our natural gas driven compressor engines are lean-burn which means they are more fuel efficient and deliver better performance than rich-burn engines. Birchcliff will be upgrading the few remaining rich-burn engines to lean-burn in the coming years. This will result in significantly less GHG emissions, as well as other emission types.





Birchcliff well site

Emission Performance and Carbon Offset Credits

By voluntarily reducing our GHG emissions, there are regulatory mechanisms in place to generate a "carbon credit" for each tCO_2 e reduced. These credits can be used for future compliance reporting or monetized by selling to third parties.

The Pouce Coupe Gas Plant is highly fuel efficient compared to many older plants in the province. It is equipped with modern, high efficiency natural gas engines with state-of-the art emission controls, waste heat recovery, high efficiency process heaters, and acid gas capture and sequestration. Our Pouce Coupe Gas Plant has two acid gas sequestration wells, with an approved AER acid gas scheme, that have been operational for over 11 years. To date over 56,300 tonnes of CO_2 has been extracted and disposed of, from our raw natural gas stream.

All of these features of the Pouce Coupe Gas Plant, as well as various emissions reduction initiatives, are playing a significant role in Birchcliff continuing to be one of the lowest emissions intensity producers in the industry. Birchcliff has been awarded **Emissions Performance Credits** ("EPCs") for the two most recent reporting years, valued at an aggregate of approximately \$2.8 million. In Alberta EPCs are awarded pursuant to the *Technology Innovation and Emissions Reduction Regulation* ("TIER"), and its predecessor, the *Carbon Competitiveness Incentive Regulation* ("CCIR"). Facilities regulated under TIER, such as the Pouce Coupe Gas Plant, must reduce emissions beyond their established facility benchmarks in order to generate EPCs. We will continue to look for further opportunities to improve our emissions intensity, making it as low as possible.



We are reducing our vented emissions at numerous well sites, which we expect will result in the generation of Carbon Offset Credits. Reducing or eliminating methane venting is one of the most efficient ways to reduce GHG emissions. Since methane has a **Global Warming Potential** ("**GWP**") of 25 times that of CO_2 , each tonne of methane eliminated is the equivalent of reducing 25 tonnes of CO_2 .



2.3 Land

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

15 LIFE ON LAND





Reclaimed well site

Asset Retirement & Reclamation

Birchcliff believes in being an environmental steward, therefore, we have active abandonment and reclamation programs to ensure non-producing assets are retired and the surface leases are restored to their natural state. Our DARR team is responsible for preparing our annual decommissioning, abandonment, remediation and reclamation budget and efficiently executing on our annual DARR program.

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

In 2020, Birchcliff participated in the **Area-Based Closure** ("**ABC**") program. The ABC program encourages oil and gas licensees to work together to decommission, remediate, and reclaim their non-producing infrastructure and sites. The voluntary program benefits industry by reducing the cost of closure activity — pilot programs have shown a reduction in costs of up to 40% and allows for Birchcliff to reallocate those savings for further liability reduction projects.

Birchcliff is a proud participant in the Alberta **Site Rehabilitation Program** ("SRP"). This program provides grants to oil field service contractors to perform well, pipeline, and oil and gas site closure and reclamation work. Birchcliff is very appreciative to have received close to \$4MM dollars to date in SRP government grant funding.

The SRP goals are to:

- Immediately get Alberta's specialized oil and gas labour force back to work;
- Accelerate site abandonment and reclamation efforts; and
- Quickly complete a high volume of environmentally-significant work.

Over 7,000-person-hours of environmental work have been completed on Birchcliff sites as a result of this program.

Liability Management Rating ("LMR") Program

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

Birchcliff's deemed assets is a calculation based on our producing wells and deemed liabilities is a calculation based on the value the AER assigns to clean up our wells and facilities.

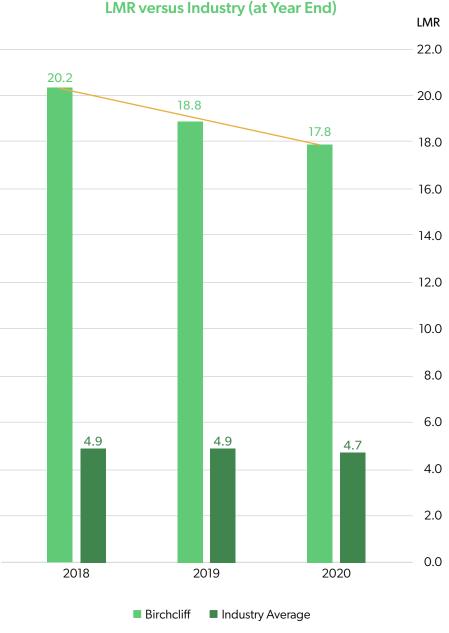
The LMR is a calculation of the ratio of deemed assets divided by deemed liability. Ideally, a company's LMR should be 2.0 or higher or the AER could start imposing regulatory restrictions on the licensee.

Birchcliff is proud to report that our LMR was 17.8 as of January 2, 2021 compared to the industry average of 4.7.

In 2020 our deemed assets have decreased due to the AER average industry netback decreasing, which has decreased our LMR.

This demonstrates that our Deemed Assets significantly outweigh our Deemed Liabilities.





Wildlife Protection

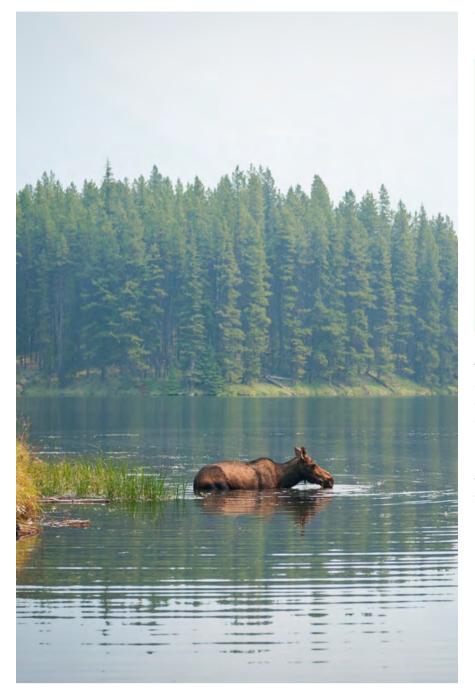
At Birchcliff, we are diligent in looking for ways to minimize our impact on wildlife and their habitat.

The following measures outline a few of our efforts towards protecting wildlife:

- Our multi-well pad drilling has allowed us to significantly reduce surface disturbance.
- We conduct wildlife sweeps on proposed developments and the surrounding area to identify important wildlife features.
- When storing flowback or produced water in above-ground storage systems
 (i.e., C-rings), we install fully-enclosed netting and monitor daily to prevent wildlife
 from coming into contact with the contained fluid.
- Installation of wire fencing and amphibian fencing around the perimeter of lined water storage reservoirs prevents wildlife from entering.
- Participation in the Stream Crossing & Aquatic Resource Inventory, through Woodlands North, in a collaborative effort to assess and mitigate structural risks and threats to fish passage on each of our watercourse crossings.

• From March 1st to November 30th of each year, Birchcliff equipped flaring operation sites with additional firefighting equipment to mitigate the risk of a forest fire.



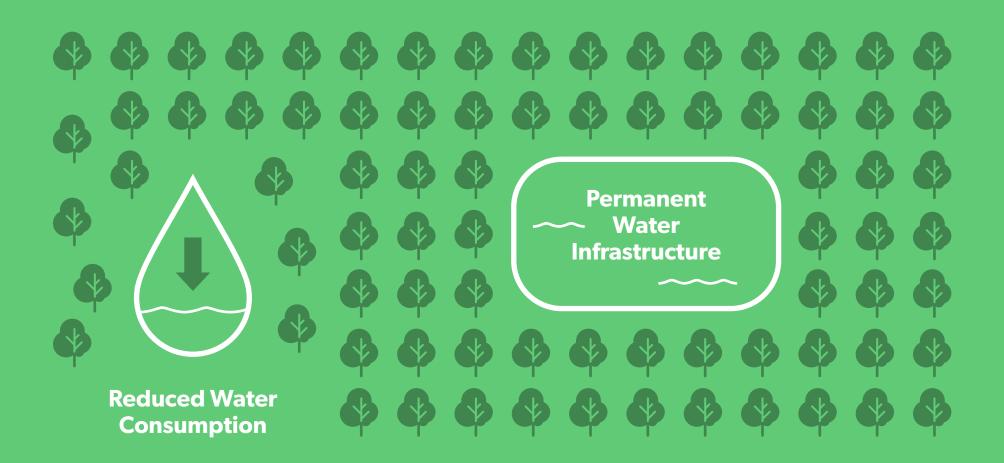


2.4 Water



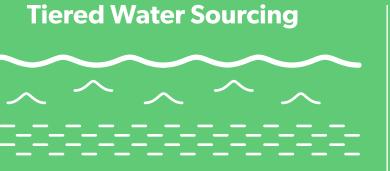
We recognize the value of water and the importance of preserving the natural environment. Water is used for many of Birchcliff's development activities including drilling, hydraulic fracturing and dust control on roads. We continually look for opportunities to minimize our impact on the watershed and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

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





Water Partnerships





Understanding Our Watershed

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

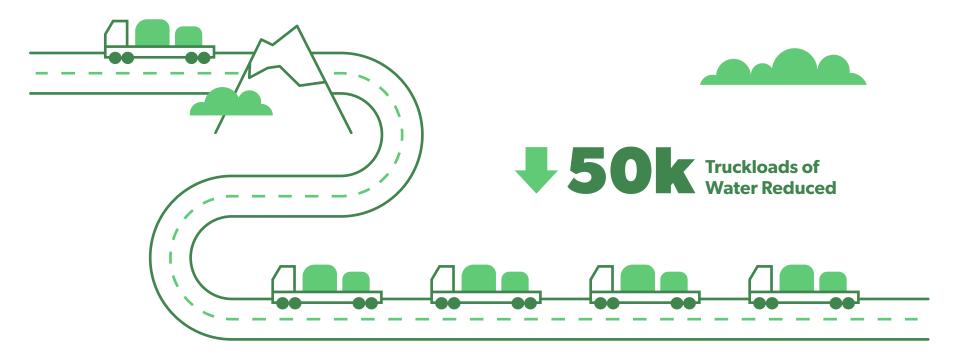
Sustainable Water Supply

Part of Birchcliff's water strategy involves acquiring term licences on our largest water sources to sustainably secure water for the long term. Birchcliff has five 10-year term licences for water removal, with a cumulative annual allocation of 610,000 m³. The process for term licensing involves extensive analysis of seasonal water supply and ensures the long-term protection of environmental flow needs of the water source. These licences are aligned with Alberta's Water Conservation Policy for Hydraulic Fracturing and the Surface Water Allocation Directive. By securing these licences, Birchcliff has been able to fully develop its long-term sustainable water strategy to have minimal impact on the environment.

Water Storage Infrastructure

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

This strategic water storage infrastructure has effectively removed more than 50,000 truckloads of water from Alberta roads since 2017, which has significantly decreased emissions and improved safety. The benefits of pumping water through these temporary above-ground pipeline systems include reduced vehicle emissions, reduced landowner disturbance, reduced traffic and cost savings. In addition, many safety benefits have been realized through the reduction of tank trucks entering and exiting a location, which minimizes hazards relating to water delivery.





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

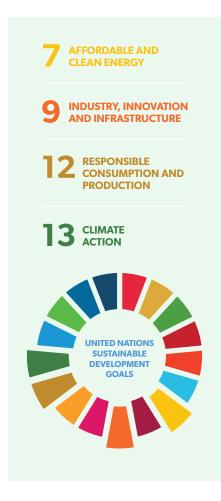
Alternative Water Source Development

Birchcliff has a 10-year term water licence on three non-saline, non-potable (not fit for human consumption) water source wells, which produce an aggregate of 994 m³/day when required. As a result of the construction of an adjacent water storage reservoir in 2018, the wells have provided Birchcliff with over 140,000 m³ of a sustainable alternative water source.

Industry Collaboration

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

2.5 Commitment to Innovation



Since inception, Birchcliff has focused on innovation and continuous improvement. This stems from a relentless focus on efficiency and technical advancement, as well as safety and our commitment to ESG excellence. Birchcliff uses a rigorous approach in all aspects of our business, both at strategic and operational levels, which results in a competitive advantage in our operations and leads to significant advances in our environmental and efficiency practices.

Innovation at our 14-Well Pad (14-19)

One example of Birchcliff's focus on innovation and continuous improvement is highlighted by our 14-well pad, drilled in 2020 in Pouce Coupe. The drilling of 14-wells from a single pad significantly reduced the environmental footprint of the site. We used leading edge practices such as the use of technologically advanced casing bowls (speed bowls) and walking rigs to reduce time spent preparing for drilling. State of the art bit technologies, directional motors and drilling fluids were used to increase drilling performance, thus reducing the drill time of our typical wells. Additionally, we replaced all our standard diesel-powered generators and light towers with more energy efficient equipment.

We sourced state of the art drilling rigs, equipped with bi-fuel capabilities, programmable drilling logics and machine learning technologies to improve drilling performance and profitability. These initiatives significantly lowered the fuel consumption and GHG emissions in our drilling operations as well as reduced the night time lighting impacts on our nearby stakeholders.

On our completion operations, we only utilize stimulation providers, who have CNG capabilities, thus lowering our diesel fuel requirements. Birchcliff is committed to sourcing water for our completion operations only in the spring during high periods of flow and runoff. A water storage reservoir was built directly adjacent to the 14-well pad and filled during a high flow period to ensure a consistent water supply was available for our operations without affecting the surrounding watershed, impacting wildlife, or disrupting the local community due to increased vehicle traffic.



Drilling rig at our Pouce Coupe 14-28-77-13W6, 8 well pad



Surface array seismometer set up during hydraulic fracturing operations

NGIF INDUSTRY GRANTS AND NGIF CLEANTECH VENTURES EQUITY FUND

Birchcliff is investing financial resources and time to support its commitment to further reduce its impact and that of the oil and gas industry, as a whole, on the environment. Birchcliff is proud to be a partner with the NGIF through two of its entities: NGIF Industry Grants and NGIF Cleantech Ventures Equity Fund.

Birchcliff has been a member of NGIF Industry Grants since 2018 when it was expanded to include natural gas producers. NGIF Industry Grants was created by the Canadian Gas Association to support the funding of cleantech innovation in the natural gas value chain. In total, NGIF Industry Grants has approved grant funding to over 50 projects, committing approximately \$15 million, and leveraged federal and provincial grant funding of over \$35 million, to help early-stage clean technology companies develop solutions to reduce emissions, increase energy efficiency and accelerate the use of natural gas to support environmental goals in Canada. NGIF Industry Grants anticipates that the technologies supported by these grants will result in an estimated 6 megatonne reduction in emissions by 2030, as the technologies are commercialized.

On April 1, 2021, Birchcliff became a founding partner in the NGIF Cleantech Ventures Equity Fund, a \$35 million industry-led seed fund, that will leverage the experience and expertise of the seven energy sector limited partner investors to support early-stage clean technology companies through equity investment. NGIF Cleantech Ventures investments will include solutions that lead to emissions reductions and other environmental benefits in existing natural gas production, transmission, distribution, carbon capture utilization and storage, and end-use applications, as well as projects that will lead to the expanded production of emerging fuels like renewable natural gas and hydrogen.

MICROSEISMIC FOR HYDRAULIC FRACTURING OPERATIONS

Birchcliff identified an area of our field where low magnitude induced seismic events had previously been detected by regional government seismic arrays in proximity to some of our planned operations in 2020. Birchcliff reviewed the microseismic data from the past events to determine the location, magnitude and the potential fracture mechanism that induced these events.

As a result of this review, Birchcliff proactively developed a risk assessment and action plan to monitor, identify and categorize induced seismic event thresholds.

This plan included an escalating seismicity response plan to identify the appropriate action that will be taken based on the magnitude of calibrated events that occur. This action plan is not mandated by any regulatory body. Birchcliff developed this plan to mitigate any real or perceived risks associated with induced seismicity with the safety of our operations and stakeholders in mind.

Based on the risk assessment, we determined that, while there was a low probability of a felt event, we would be proactive and deploy a surface seismic monitoring array on two adjacent pads in proximity to our planned operations to monitor and learn more about induced seismic events in our field. During and upon completion of our operations, it was verified that there were no seismic events recorded that were large enough to be felt or impact our operations or stakeholders.

Interview with Kody Naka

Production Technologist

What does it mean to work for Birchcliff?

Working at Birchcliff means that I'm part of one of the top-tier energy producers in North America. There is a big focus on doing things the right way with a very strong safety culture.

When asked, what does "Birchcliff Proud" mean to you?

To me, Birchcliff Proud means being optimistic about the company's future and my specific role within it. Birchcliff is a team-orientated company where collaboration is ingrained in our culture and where everyone's voice is heard, no matter your role or level of seniority.

What part does Birchcliff play in the community?

With the global pandemic, the typical community events have been modified to follow the government rules and to help keep the community safe. I know that Birchcliff continues to support the community in any way possible and encourages us as employees to do the same. I've personally been involved in fundraisers for STARS Medical Evacuation, Alzheimer & Dementia awareness and support and Special Olympics through the Motionball organization, just to name a few.

Your first connection with Birchcliff was through a mentorship program. How did that program impact your career?

I was first introduced to Birchcliff through The Association of Science and Engineering Technology Professionals of Alberta's (ASET) Mentorship Program.

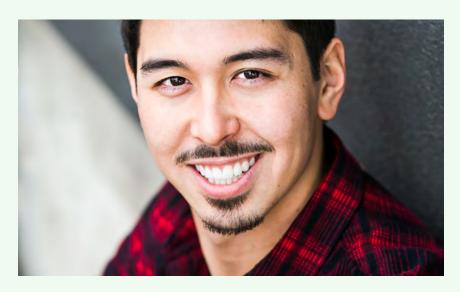
I was fortunate to have been paired up with Dave Humphreys, Birchcliff's Vice President of Operations. In addition to other things, Dave provided me guidance on the common concerns that new graduates face in our often-challenging industry. After a full year of our mentorship meetings, we continued to stay in touch as I was really impressed with Birchcliff's corporate culture and high operating standards.

Why did you choose to come to Birchcliff?

When an opportunity to join Birchcliff on a temporary contract presented itself to me, I immediately jumped on it. I knew that the experience I would gain would benefit me as I developed my career because Birchcliff has an environment that promotes learning and collaboration. I am now a full time, permanent employee on the Pouce Coupe production team, continuing to learn and develop my experience and skills.

Since starting at Birchcliff, what opportunities and support have you received in your own personal development, education or growth?

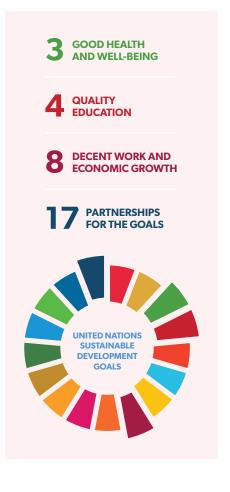
At Birchcliff, we are very fortunate to have managers and an executive team who fully support career and personal development. Since I joined Birchcliff I have obtained my Production Field Operations (PFO) certification through SAIT, annually attend our in-house technical training sessions and I am beginning an eightweek program to enhance my professional soft skill set. Another huge learning opportunity came in the form of a three-month field stint where I got to live in Northern Alberta and work at our field operations to better understand the ins and outs of our daily operations.





3.1 Health & Safety





Looking Back

In 2020, we:

- Conducted the annual review and update of our HSE programs. These programs align Birchcliff's high standards with the latest Occupational, Health and Safety ("OHS") requirements.
- Supported and worked with our contractors to maintain over 95% compliance with our Contractor Engagement program.
- Maintained robust tracking of leading indicators such as positive observations, hazard identifications and near hit reporting. In 2020, we recorded a 138% year over year increase in positive observation reporting.
- Met the challenges posed by the COVID-19 pandemic by leveraging technology to create virtual events that allowed for consistent engagement of our employees.
- Implemented our new Safety Recognition Program. This program was created to
 promote safety awareness and to reward individuals who have been exceptional
 in exhibiting safe behaviors or contributing to the safety culture at Birchcliff. Eight
 employees received awards in 2020, which were acknowledged at corporate
 staff meetings, by our President and CEO.
- Implemented and developed a new injury management and modified return
 to work program, which includes a safe work practice and standard operating
 procedures for both workers and supervisors. This program provides any injured
 worker with instructions, support and peace of mind to assist in their recovery.

Looking Forward

- Continue to manage our Certificate of Recognition (COR) action plan items to ensure our HSE programs continue to develop in accordance with changing industry and regulatory requirements.
- Continue to look for new ideas, opportunities and advancements in technology to improve our HSE programs and to reduce potential harm or incidents from occurring.
- Working with the Mental Health Commission of Canada (MHCC) in 2021
 to implement a mental health awareness program for all of our field operations
 team members. "The Working Mind" is an evidence-based program designed
 to promote mental health and reduce the stigma around mental illness in
 the workplace.
- Identify, in collaboration with the production operations Joint Health and Safety Committee (JHSC), field locations that can be categorized under the Energy Safety Canada ("ESC") Life Saving Rules (LSR) and install signage to better identify the potential hazards and risks associated at these locations.
- Enhance our current Ergonomic Guideline to include internal new hire assessments, workstation assessments, and thorough follow-up.



Birchcliff is committed to continually evolving its health and safety program and instilling "a culture of unconditional dedication to safety".

Supporting Employee Safety

Birchcliff's **Health, Safety and Environment** ("**HSE**") programs provide a framework to safeguard our employees, contractors, visitors and the people, in the communities where we operate, from personal injury and health and safety hazards. Birchcliff maintains a safe work environment with policies, processes, standards, training, equipment and emergency response procedures that meet or exceed government regulations and industry practices. Birchcliff's executives, managers, employees and others engaged on its behalf are responsible for upholding the HSE Programs' requirements.

As we strive for continuous improvement and take pride in a very strong HSE culture, we recognize that as we grow there needs to be updates and enhancements to our HSE programs. The one common factor with all of our programs is our people. At Birchcliff, we recognize that our HSE culture depends entirely on our people's level of engagement and buy-in. We continue to find new ways to support and improve behaviors that will positively impact our safety performance and culture.

All employees and contractors on Company worksites are required to follow all corporate health, safety and environmental rules and procedures and to participate in pertinent health and safety training. Birchcliff continually promotes practices to improve safety performance proactively and encourages employees and contractors to participate in these practices to support us in maintaining a culture of continuous improvement and unconditional dedication to safety.

Birchcliff has a dynamic program to monitor and comply with health, safety and environmental laws, rules and regulations applicable to our operations. As per our corporate policies, our operational activities are conducted in a manner that meet or exceed regulatory requirements and industry standards in order to safeguard the environment and protect our employees, contractors and all stakeholders. Birchcliff's HSE programs are comprehensive in nature and include our health and safety manual, policies, practices, procedures and our Environmental Management Program. Roles and responsibilities are clearly laid out for all levels of the company, from our executives to our employees and contractors.

Employee Training

As our people are our most important asset, Birchcliff has developed a comprehensive HSE training matrix for all employees. This matrix is based on the individual's job scope and is developed by evaluating the risk and hazards of their role. With this matrix, we can ensure that our employees have the training and knowledge required to complete their job safely and effectively.

Certificate of Recognition

As part of our HSE Management Program evaluation, Birchcliff participates in Alberta's COR program through the **Alberta Association for Safety Partnerships (AASP)** and has received and maintained its COR certification since 2011. COR certification is awarded to employers who have successfully developed and implemented a health and safety program that meets provincial standards. To maintain good standing, Birchcliff's HSE Management Program is audited annually, with an external audit every three years.

The COR audit is an excellent source of information regarding Birchcliff's health and safety management system; results are presented to staff at the corporate HSE staff meetings and field staff meetings. Recommendations are created for each area that does not receive a score of 100% and corrective actions are then taken. Our production operations JHSC meets regularly to review COR action items in an effort to continually improve our programs and performance.

The COR program is not a mandatory requirement but at Birchcliff, we want to know that we are continually monitoring, improving and evolving our HSE programs.





Communicating Health and Safety Messages

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

In the field, teams from our core operating areas meet on a monthly basis to discuss topics that impact the health and safety of their workplace. This includes reviews of safe work practices, emergency response plan elements, and incident reviews. Our field leadership team meets quarterly to review HSE performance, new initiatives and upcoming regulatory changes.

At a corporate level, semi-annual meetings are held in our head office to review our HSE program and performance. Operations HSE management meetings are held bi-monthly to discuss Birchcliff's HSE positive observations or concerns raised by each operations discipline.



Safety Stand Down

Every year, members of our executive and management team visit the field and meet with front-line workers to discuss the importance of health, safety, and the environment. This effort supports our workers and outlines Birchcliff's HSE expectations. In February 2020, our President and CEO, Vice President of Operations and the operation management team were able to visit many of our worksites and engage in meaningful conversations with over 400 front-line workers.



In the above images, Birchcliff leadership engage with front-line workers during annual Safety Stand Down

Learning and Incident Management Systems

Birchcliff's Learning Management System (LMS) and Incident Management System (IMS) have been developed and maintained to help ensure consistent and efficient reporting.

The LMS tracks the development and training of our employees. This system hosts a series of training programs, tracks training certificates and supports competency management.

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

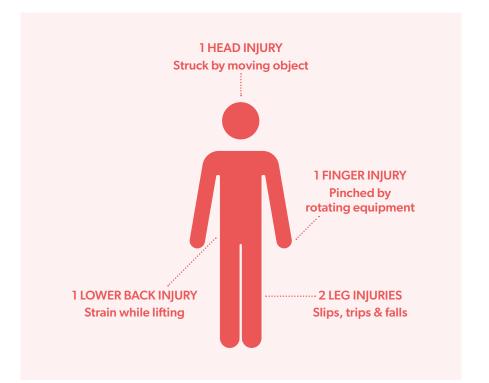
Incident Investigations and Reviews

Birchcliff continues to develop processes and programs that reduce risk. We communicate all **incidents**, **near hits**, **hazards identifications** ("**IDs**") and **positive observations** throughout the field and operations teams. All medium and high-risk incidents, near hits and hazard IDs are reviewed with the Vice President of Operations and investigated for root cause and effective corrective actions. When deemed appropriate, safety bulletins are sent to the field and industry groups. Birchcliff uses a proven investigation system that is recognized world wide. We fully believe that when effective corrective actions are implemented the potential for reoccurrence is significantly reduced, resulting in less risk to our employees, contractors and surrounding communities.

Five recordable injuries occurred during 2020. Three resulted in a lost-time injury, one was classified as medical treatment and one required a modified work accommodation. See diagram to the right for a summary of the injury types and impacted areas.

Internal HSE Performance Targets

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





Internal incident investigation training for corporate operations leadership

Health and Safety Industry Engagement

In 2020, Birchcliff continued to support the Explorers and Producers
Association of Canada ("EPAC") Health and Safety Committee. EPAC is an
association comprised of over 110 oil and gas producing companies in Western
Canada. Birchcliff's HSE manager is the current Chair of this committee, whose primary
responsibility is to support information flow and provide the EPAC membership
necessary direction. The committee discusses health and safety issues and makes
recommendations to EPAC members about ways to prevent incidents, injuries, and
illness. A key initiative of the committee is the development of a membership standard
for leading indicator reporting to drive industry leading health and safety behaviors
and programs.

Birchcliff continues to be engaged with ESC and their industry leading initiatives.

Dave Humphreys, Vice President of Operations at Birchcliff, sits on the ESC Board of Directors as well as the **Standards Safety Council** ("SSC"). Birchcliff HSE Representatives sat on the Supervisor Competency Task Group and are currently sitting on the Safety Data Committee and Task Group. Birchcliff supports ESC's Common Safety Orientation ("CSO"), which was created to have an industry wide orientation with consistent language and messaging about hazards in the workplace. Birchcliff requires that any employee working in, or traveling to, the field must have a valid CSO certificate. Birchcliff has also implemented the use of the ESC Life Saving Rules. Our most commonly identified Life Saving Rules in 2020 were:

Life Saving Rules

An Industry Accepted Standard



ENERGY ISOLATION





CONFINED SPACE

Improving Contractor Engagement

Birchcliff has implemented a very comprehensive Contractor Engagement system in alignment with our HSE Management Program. This ensures all contractors working for Birchcliff meet or exceed all government regulations and Birchcliff standards, including the requirement for contractors to maintain their COR. This also helps support open communication of performance results from our contractors to us, as well as our expectations for HSE requirements to our contractors.

Due to the COVID-19 pandemic, Birchcliff was not able to hold in-person joint contractor HSE meetings in 2020, but we were able to conduct team specific virtual engagement opportunities throughout the year. These included a full review of capital projects with the key vendors who were working with Birchcliff. Each vendor was requested to provide specific HSE key performance indicators. Birchcliff's expectations were reiterated, significant incidents were discussed to mitigate reoccurrence, and overall HSE related performance was reviewed. This is an ongoing initiative that will continue on all capital projects going forward.

Contractor Registry

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



Birchcliff leadership talking to contractors during annual Safety Stand Down.



Birchcliff operators conducting realistic emergency response exercise.

Emergency Preparedness and Response

Birchcliff has developed an extensive **Emergency Response Plan (ERP)** in conjunction with local authorities, emergency services and the communities in which we operate, to ensure effective preparedness and response to a potential emergency. We rigorously conduct emergency response exercises and training for our staff that far exceeds regulatory requirements. Regulatory bodies are invited and encouraged to participate in these annual training sessions to ensure a cohesive relationship between Birchcliff and our regulators in the unlikely event of an emergency. Birchcliff's ERP covers all areas of our business including environmental spills/releases, injuries, area resident concerns, security issues or acts of nature. Management along with HSE and field staff are involved in the annual update of the ERP.

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

Joint Health and Safety Committee

Health and safety legislation in Canada recognizes that the employer and worker have a shared responsibility for worksite health and safety. The **Joint Health and Safety Committee** ("**JHSC**") enables the workers to exercise their rights to know about hazards and to participate in their health and safety. The committee enables health and safety issues to be resolved quickly and co-operatively.

To maintain compliance with the *Occupational Health and Safety Act* (Alberta), Birchcliff has two active JHSCs committees, one in the field and one in our corporate office. These JHSCs include managers and other personnel. The JHSCs meet on a regular basis to discuss pertinent health and safety related issues. The JHSCs have had great success identifying and implementing opportunities such as our Birchcliff Safety Recognition Program.

Canada's Safest Employers Award

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

In 2020, Birchcliff was proud to be awarded Excellence awards for "Best Health, Safety and Environment Management Program", "Canada's Safest Oil and Gas Employer", "CEO of the Year" and, "The WSIB Award for Canada's Best Health & Safety Culture".



Interview with Chelsey Campbell

Electrical and Instrumentation Contractor

What is your role and how long have you been with Birchcliff?

I have been contracting to Birchcliff for five years as an Instrumentation Technician. I specialize in analytical instruments, these instruments play a vital role in monitoring and reducing greenhouse gas emissions, and ensuring we are compliant with AER regulations.

What does it mean to work for Birchcliff?

They value each and every employee/contractor and their family. It is a positive energetic environment. Birchcliff is always growing, innovating, and striving to make themselves more efficient.

What does Birchcliff's culture look like?

Positive safety culture, authentic, company-wide unity from executive team, to managers, to everyday co-workers, who actively connect and genuinely care for each other.

From your experience with other producers and organizations, is there anything that makes Birchcliff stand out?

Birchcliff is very advanced with using innovative technology. Many sites are digital and electric controlled. This demonstrates Birchcliff's continuous initiatives to reduce its environmental footprint.

From an HSE perspective, can you tell us in your words, what Birchcliff's HSE culture is?

Focused on an extraordinarily strong safety culture. Birchcliff is constantly developing and improving their safety to ensure their system continues to be up to par and prevent incidents before they happen. Management and leadership play an active role demonstrating that under any circumstances nothing takes precedent over the safety of their workers, public or environment.

As a Contractor, what support does Birchcliff provide to you?

Birchcliff treats everyone equally and is always there for support. They have a great user-friendly contractor safety data management program. Being a working mother, Birchcliff has been a great support of a flexible work-life schedule.

What community support do you see that Birchcliff provides to the areas in which it operates?

Birchcliff is always actively involved in our local community and has made many meaningful gestures:

- Significant yearly donation to STARS Air Ambulance Grande Prairie
- Donation of Automated External Defibrillators (AEDs) to local public facilities
- During the holiday season they supported the local flower shop and donated flower bouquets to the residents of our community senior's lodge.
- Large overhead projector screen donated to the Bonanza community hall.



Asset Integrity

PRESSURE EQUIPMENT

Birchcliff is committed to the safe design and operation of all its pressure equipment. Through our employees, contractors and our Pressure **Equipment Integrity Management** ("PEIM") program, Birchcliff exercises every reasonable effort to ensure that our pressure equipment is safe to operate and that our operating practices reflect our commitment to safety and to continually improve the program's effectiveness. Our PEIM program is internally audited every year, and reviewed by the regulatory body, **Alberta Boiler Safety Association** ("ABSA"), on a regular basis to confirm compliance and to provide a means for continuous improvement. Birchcliff has approximately 1,500 ABSA registered pressure vessels at its production sites. In 2020, we implemented a new asset management database and workflow system and we used it to achieve 100% compliance with inspection requirements for those pressure vessels and related piping systems.

PIPELINES

Birchcliff designs, installs and operates pipelines in such a way as to maintain the integrity of its pipeline assets, to protect people and the environment, and to ensure compliance with the regulatory requirements (primarily CSA Z662). Birchcliff currently has 714 licenced pipelines, ranging in size from 33 mm (1.5") up to 406 mm (16") with a combined total length of 1,585 km. All of these lines were successfully operated with zero leaks in 2020. Various pipeline integrity parameters are continuously monitored and evaluated to identify any potential risks to the system and to ensure the gathering network has adequate protection. Birchcliff proactively inspects pipelines with state-of-the-art technology ("smart pigs") to directly confirm that our integrity programs are effective. Additionally, all operational and integrity-related parameters for each pipeline are formally reviewed by a team of Birchcliff engineers, operators, and other technical experts at annual pipeline integrity review meetings.



New Birchcliff pipeline waiting for installation



Birchcliff worker working at a pipeline riser site.

3.2 Indigenous Relationships

NO POVERTY

2 ZERO HUNGER

3 GOOD HEALTH

4 QUALITY EDUCATION

DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES

RESPONSIBLE CONSUMPTION AND PRODUCTION

15 LIFE ON LANI

16 PEACE, JUSTICE AND STRONG INSTITUTIONS





Members of Horse Lake First Nation and Sturgeon Lake First Nation visiting Birchcliff's office.

Birchcliff's operations are focused in the Peace River Area of Alberta, which is within the traditional territory occupied by the Treaty 8 First Nations members and by the Metis people. Birchcliff recognizes and respects these Indigenous groups, their rights and their culture. Birchcliff is committed to open, honest and straightforward communication with the Indigenous groups who have been formally recognized as having rights within the areas in which we operate. Currently, those groups consist of the Horse Lake First Nation, Duncan's First Nation, East Prairie Metis Settlement and Gift Lake Metis Settlement

We have long-standing agreements with the key Indigenous communities in our operating areas. We are proud of the good relationships we have with these communities and the reputation we have worked hard to build and maintain.

LETTER FROM CHIEF VIRGINIA GLADUE

Duncan's First Nation





Duncan's First Nation has been working with Birchcliff for 13 years. In fact, the first agreement that Duncan's entered into with the oil and gas industry was with Birchcliff. Jeff Tonken, Birchcliff's President and CEO and Jim Surbey, then the Vice President of Corporate Development, reached out to the Nation years before other oil and gas companies and their main focus was assisting the Nation in providing educational opportunities to the Nation's youth. Jim Surbey committed 10 years to implementing the agreement, including sitting on the Nation's education board, which gives members scholarships every year.

I don't believe that Jim ever turned any member down who fulfilled the requirements and showed the motivation. While Jim was a member of the board and involved in monthly meetings, we went from two or three Nation members attending post-secondary institutions each year to 12 students a year. First Nations get limited funding for education, which results in Duncan's First Nation receiving sponsorship for 1.5 students per year from the Federal Government. As a result, the scholarships and support commitments provided by Birchcliff have been critical to meeting our youth education goals.

Birchcliff has also supported our summer employment program for up to 10 students a year, which is mentored by past students. Birchcliff has not just fostered the Nation's growth through funding internal initiatives, but also supports employment by working with the Nation's companies and joint venture partners. The model that Birchcliff has created is by far the most impactful for Nations I've been involved with. By partnering with our companies, Birchcliff has played a big role in Duncan's having had nearly 0% unemployment over the last three years. The lives of many members have changed for the better thanks to this agreement.

- Chief Gladue



Consultation

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

Alberta has rigorous standards for formal consultation with Indigenous communities potentially impacted by oil and gas development. At Birchcliff, we see the regulatory requirements as just the starting point of our consultation and engagement process. We engage with the communities, sharing information about our planned projects and activities, and listen to and address any concerns that arise through this consultation process.

To Birchcliff, engaging in meaningful consultation also requires that we conduct our business activities in a respectful manner. We work hard to ensure that we are mitigating risks to the environment and people to the fullest extent possible to maintain the trust that we have been granted through the consultation process.



Engagement

Through our agreements with Indigenous groups, we make funds available on an annual basis to support education, cultural and economic development initiatives. In 2020, Birchcliff supported various initiatives with the Indigenous groups totaling over \$180,000. As of December 31, 2020, Birchcliff has provided over \$1,000,000 towards these initiatives. We ensure that our support is aligned with the key philosophies of the communities and is based upon the principle that all individuals must be treated fairly and with respect. This principle includes the belief that the success of our children and future generations is critical. For this reason, we are strong supporters of education initiatives, including early childhood programs, programs that support adolescents, post-secondary scholarships, upgrading and equivalency programs and trade and technical training programs.

We believe that everyone should be aware of and take pride in their culture and heritage. At Birchcliff, we take pride in our support of many cultural events in the Indigenous communities we partner with. These include round dances, formal events such as Treaty 8 Days and cultural camps that bring youth and elders together for traditional learning and sharing opportunities. We believe that communities are most successful when their members are the ones responsible for decision making. A key to maintaining Birchcliff's strong relationships with our Indigenous partners is that we look to the communities to set their goals, take the initiative to plan, prepare budgets, submit requests for support and organize their events, while providing support when needed.

SUMMER STUDENT PROGRAM, DUNCAN'S FIRST NATION

In partnership with Duncan's First Nation, Birchcliff is the sole sponsor of an on-reserve summer student program. The continued focus of this initiative supports student success while providing students with meaningful community experiences that create and enhance understanding of Nation culture, governance and programs and services. Each year, students are given the opportunity to experience working for the Nation in all areas, including office administration, band programs and maintenance and community events. Students benefit from earning a wage, learning about their community, and building a variety of skills for different aspects of the band business. Due to COVID-19, the summer student program was not available in 2020 but Birchcliff is excited to continue to sponsor this program annually going forward.

YOUTH & ELDERS CAMPS, HORSE LAKE FIRST NATION

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

This type of sharing builds close relationships between the young and the old and helps the youth to understand their cultural heritage. Birchcliff has been the sole sponsor of this event, which has been held six times since 2013. This has been a very successful program with positive results. Due to COVID-19, this program was unable to run in 2020. However, Birchcliff plans to continue sponsoring this event in the years to come.

OTHER COMMUNITY PROJECTS

- Scholarships for advanced education: In 2020, Birchcliff provided \$24,250 in scholarships and bursaries to Indigenous students. Since 2009, Birchcliff has provided over \$240,000 in educational funding to Indigenous students.
- We provide employment opportunities to band members and hire band-owned businesses where possible. Several of these companies have become a contractor of choice for Birchcliff.
- School bus purchase, the building of new gymnasium and cultural cabin camp: In 2020, Birchcliff provided \$130,000 towards these programs.





Horse Lake First Nation and Sturgeon Lake First Nation at University of Calgary with Birchcliff staff.

Business Relationships

Birchcliff believes that one of the most impactful ways to develop positive relationships with the communities where we operate, including First Nations and Metis communities, is to build strong business relationships within the communities. Birchcliff is focused, wherever possible, on hiring local employees and using local contractors, including contractors that are partnered with or owned by members of the Indigenous communities in the Pouce Coupe and Gordondale areas. In 2020, Birchcliff awarded contracts worth approximately \$1.75 million to Indigenous service providers to support a broad range of our operations, including water management, site preparation activities, safety equipment rentals, medic services, drilling equipment rentals and environmental and remediation services.





3.3 Our People

- 3 GOOD HEALTH AND WELL-BEING
- 4 QUALITY EDUCATION
- 5 GENDER EQUALITY
- B DECENT WORK AND ECONOMIC GROWTH
- PEACE, JUSTICE AND STRONG INSTITUTIONS



Looking Back

- Support lifelong health and wellness of our people through our benefits programs, fitness and wellness policies focusing on all aspects of health and wellness, as well as numerous other initiatives.
- Implemented Birchcliff Mentorship Program and Birchcliff Equality and Advocacy Committee ("BEAC") to support our values, culture, vision and mission.

Looking Forward

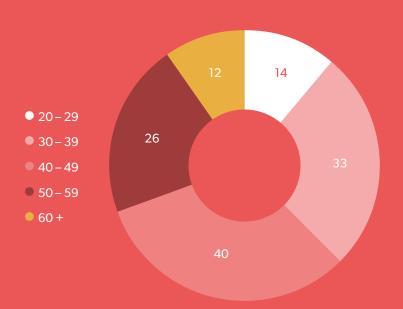
- Birchcliff will be partnering with a team of highly qualified health professionals
 to provide "Health Concierge" services to employees and their families. This
 program ensures our people are covered, informed and confident to navigate
 the health system and their benefits package.
- Committed to encouraging a culture of diversity and inclusion in the workplace, including initiatives through BEAC.
- Continue our rigorous annual employee goal setting, achievement review, engagement survey, department and corporate analysis regarding our best asset: our people.
- Continue to invest in employee training and education opportunities.



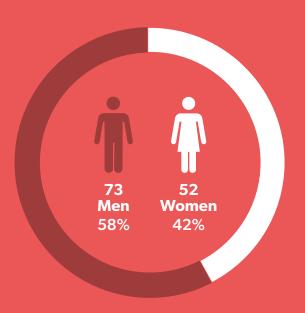
President and CEO, Jeff Tonken (second from left), with Birchcliff field leaders and Calgary office personnel at Safety Stand Down.

Calgary Corporate Office Statistics





Total Number of Employees: 125



40 Supervisors Total



Birchcliff believes that outstanding people, combined with a great corporate culture, creates a winning environment. At Birchcliff, we understand that our business success is directly attributed to the contribution of every member of our team working together to increase shareholder value. In order to ensure that we are able to attract and retain the best people, Birchcliff is continually working to ensure that our corporate culture is second to none. We achieve this through our workplace programs, our commitment to employee development and our extensive employee benefits programs.

Birchcliff's voluntary turnover percentage was 2.4%.



Highway near Beaverlodge, Alberta

Birchcliff Mentorship Program

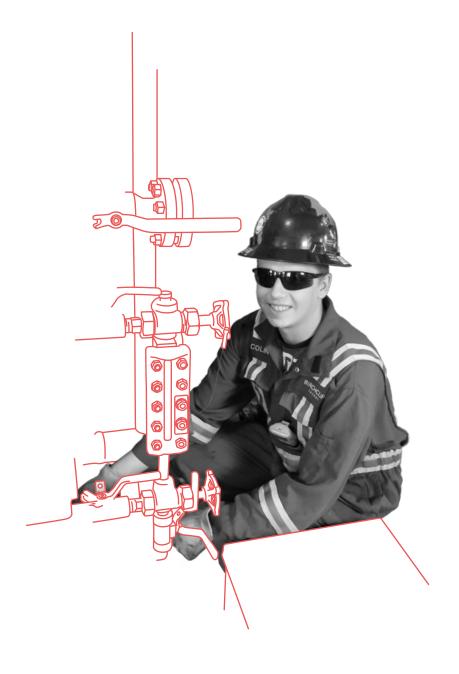
A formal mentorship program was launched in 2019 with the goal of continuing to build our strong corporate culture through the exchange of skills, knowledge, experience and best practices. Through the program, senior employees, managers and executives are thoughtfully matched with more junior employees in different areas of the business in order to continuously improve cross-discipline knowledge transfer and share valuable life and business skills. The mentor and mentee are expected to meet regularly and the program is facilitated by a specialized consultant and an internal multi-disciplinary committee. The mentorship program helps to foster a strong unified team and helps develop leadership skills. It also increases our internal talent and maintains employee engagement.

In 2020, the program had great success despite the challenge of limited physical meetings resulting from COVID-19 and thrived with virtual and outdoor meetings. The Mentorship Program is being developed further and will continually look to implement improvements, such as additional training and materials for participants and one-on-one orientation meetings.

Birchcliff Equality and Advocacy Committee

BEAC was formed in 2019 with the goal of providing a forum for Birchcliff employees to participate in a critical analysis of issues affecting women in the workplace and beyond. BEAC has a mandate to advocate for women's initiatives, equality and leadership by providing inclusive and meaningful support, mentorship, education, volunteer and team-building opportunities. Membership is open to all Birchcliff employees and currently consists of 13 employees (approximately 75% female and 25% male) from across all areas of our business.

Since its inception, BEAC has championed many initiatives designed to build trust and create an environment where women felt comfortable discussing issues of importance to all of Birchcliff. Events included: a self-defense training session and combined seminar on "being your own hero"; workplace seminars on self-advocacy and navigating intense conversations; a panel discussion with all of Birchcliff's executives to discuss issues women face in the workplace; and a weekend event focused on discussing workplace equity and associated issues in various settings, including a panel discussion with distinguished women in Alberta business, as well as networking opportunities among Birchcliff's teams.



Employee and Family Education

EMPLOYEE EDUCATION AND PROFESSIONAL DEVELOPMENT

All employees are encouraged to participate in seminars, courses, and conferences to enhance their knowledge and skills that relate to Birchcliff's business, and managers and supervisors are expected to be actively involved in the professional development of those reporting to them. If an employee has a professional designation, Birchcliff will provide them with the support necessary to remain in good standing with their governing organization. Birchcliff will pay for approved training and provide employees with time off to attend training and educational development. As guidance, we encourage five to ten days per year of education and training per employee.

Since 2016, Birchcliff has hosted an internal technical training forum for many of our employees in technical roles. The purpose of this forum is to reflect on key projects and new technologies that have been implemented during the past year, with a focus on continuous improvement. It is a great opportunity to see highlights and lessons learned from internal groups that some individuals may not directly work with. The two-day session consists of numerous presentations, almost all of which are presented by our staff who consist of, engineers, geoscientists, data scientists, managers and executives.

Birchcliff also encourages employees to seek educational opportunities outside of their specific work areas at Birchcliff and often financially assists employees with educational courses taken on weekends, evenings or during their vacation time. As guidance, Birchcliff may fund educational initiatives that would assist them in better understanding Birchcliff's business or help them transition to a different role within Birchcliff's business.

OPERATOR PROGRESSION TRAINING PROGRAM

Our field leadership team, with assistance of our production manager, created an operator progression guideline for our field staff. This provides Birchcliff with a detailed understanding of where each employee sits within our skills matrix and creates a road map for advancement. The road map, in turn, ensures our field operators know what education and accreditation is required for them to progress in their careers here at Birchcliff.

The Operator Progression Training program is offered virtually to our field operations staff through a partnership with the **Southern Alberta Institute of Technology** (**SAIT**). The programs offered are focused on production field operations, gas plant operations and power engineering and are used to accelerate on the job technical learning for our field staff.



Over 50% of our field operations staff were enrolled in various educational programs last year.

Successful completion of course certification allows operators the opportunity to transfer to different worksites across our field, where they can develop new skills and progress their careers.

SCHOLARSHIPS

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







Since the start of the program in 2013, Birchcliff has granted multiple scholarships to over 70 students, helping them pay tuitions, books, fees and other associated costs of their secondary education.

ADDITIONAL EMPLOYEE COMMUNICATION

To ensure that our employees all have the opportunity to keep up to date with the latest industry news affecting Birchcliff, a daily internal email created by our investor relations team is sent to the entire Company each morning summarizing oil and gas industry highlights, relevant commodity price and market updates. Birchcliff also offers our employees subscriptions to publications relevant to their specific work areas or the industry in general.

Birchcliff also encourages interdepartmental information sharing in the form of "Lunch & Learn" information sessions. Different departments at Birchcliff regularly offer to present information on their department functions, general information, directives and/or new technologies to all of Birchcliff's employees. These events, which continued to be well attended virtually in 2020 (due to COVID-19 restrictions), have successfully created a greater understanding between coworkers and departments and a greater respect for what each department does.

ANNUAL PERFORMANCE REVIEW

In the fourth quarter of each year, employees are asked to pursue self-discovery and analysis by setting goals for the following year and reviewing their current year's goals, achievements, successes and areas for improvement, in order to understand their contribution to Birchcliff's success. Each employee's supervisor then takes the time to constructively consider the employee's contribution and achievements to evaluate and mentor them in the required direction in order to achieve both individual and corporate goals. In addition, during this process employees are asked to provide feedback directly to the executive team to offer their views on themselves, management and the business as a whole. The objective and benefit of this process is it gives employees a forum to address their accomplishments, as well as provide constructive feedback to their supervisor and the executive team. The executive team deems this process as critical to the efficient execution of Birchcliff's business as well as the development of an inclusive, welcoming and open corporate culture.



Meeting with field and Calgary staff.

Employee Health & Wellness

EMPLOYEE HEALTH BENEFITS

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

Birchcliff aims to provide the best health benefit package available to our employees. The employee group benefit program provides coverage for health, dental and vision costs for each employee and includes coverage for their spouse as well as eligible dependents.

In addition to the employee group benefits coverage, Birchcliff offers:

- A yearly **Healthcare Spending Account** ("**HSA**") for employees and their families
- Extended diagnostic imaging coverage
- Separate online mental health counselling resource
- Employee and Family Assistance Program ("EFAP")
- Fitness reimbursement program for a wide range of fitness programs
- Comprehensive employee insurance program

COMPANY MATCHING SAVINGS PROGRAM

To assist our employees in meeting their savings goals, Birchcliff offers a savings program, where Birchcliff matches the contribution made by the employee to a self-directed investment account up to a maximum percentage. Birchcliff provides a third-party investment manager to assist the employee in meeting their savings or retirement goals but the employee has the flexibility to direct the savings plan funds entirely at their discretion.



VP Operations, Dave Humphreys presenting to staff at Corporate HSE Meeting.

3.4 Community Involvement

- NO POVERTY
- 2 ZERO HUNGER
- 3 GOOD HEALTH AND WELL-BEING
- 4 QUALITY EDUCATION
- 10 REDUCED INEQUALITIES
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS



Looking Back

- Adapted to the changing environment due to COVID-19 to continue our giving spirit despite limitations on in-person gatherings.
- Prioritized supporting at-risk and less advantaged youth in the Calgary area through the challenges of the COVID-19 pandemic.
- Continued our involvement in the Wapiti Area Synergy Partnership through virtual meetings.

Looking Forward

- Maintain strong communication and working relationships with local communities and support initiatives that promote education, employment and cultural preservation.
- Continue to give back to the communities we work in and to invest in programs that will enhance quality of life at the local level, including youth health and education opportunities, agricultural societies, and local emergency services.



Beaver Dam on Moffat Road, SE-11-78-13-W6

"We recognize the role that communities play in Birchcliff's success and we are a committed supporter of the communities where we operate."

Fostering a strong relationship with the community and our stakeholders is as integral to the success of our projects as obtaining the required regulatory approvals. At Birchcliff, we believe that cooperative, sincere and responsive consultation with stakeholders in the areas where we operate is a foundational part of our operations. We are committed to keeping lines of communication open with the area residents and to support this we have updated our procedures to provide weekly updates to those residents who are within close proximity to our drilling and completion operations. Birchcliff has an experienced team working with local stakeholders to learn their values and priorities and to resolve any issues or concerns that arise in the course of our field operations.

Support to Local Communities

2020 was a difficult year for many of our communities as many charitable events and giving programs were delayed or cancelled due to the COVID-19 pandemic. At Birchcliff, we recognized the challenges facing our communities and remain committed to doing our part to support those in need.

FIELD OPERATIONS

Birchcliff empowers our field staff to make the decisions regarding their communities. Our field employees are local to the area where we operate and are part of these communities. To Birchcliff, this means that these communities are our own and allows us to see and understand the impact of our support of local community projects. In addition to our corporate funding, we maintain a fund managed by our field staff to provide support to local groups and organizations within our operating areas.

CALGARY AND AREA

We maintain a fund to provide support to Calgary and the surrounding area. Our 2020 corporate donations and sponsorships totaled just under \$900,000. This fund is managed by the executive team and is allocated at their discretion. Our staff are also active in supporting the communities and organizations that matter most to them.

In addition to the ongoing support that Birchcliff provides to community initiatives, in 2020 Birchcliff focused on supporting at-risk and less advantaged youth in the Calgary area. We worked with the Calgary Police Youth Foundation to donate 20 new laptop computers to students in need who otherwise would have had significant difficulty accessing online classes and school resources during school closures as a result of COVID-19. We have also partnered with the Youth Centres of Calgary to help ensure that children and families dealing with food insecurity in Calgary are provided with nutritious school lunches and meals.



Field staff delivering festive Christmas bouquets to the residents of the Spirit River Pleasant View Lodge and Long-Term Care Facility.

United Way of Calgary and Area

Birchcliff holds an annual fundraising campaign for the United Way of Calgary and Area. In 2020, Birchcliff raised approximately \$106,000 for the organization and, as of December 31, 2020, has raised a total of approximately \$1,472,000 since fundraising began. Each year, Birchcliff chooses a specific campaign to raise funds for and in 2020, Birchcliff chose the Distress Centre. The Distress Centre is an organization whose mission is to "provide compassionate, accessible crisis support that enhances the health, well-being and resiliency of individuals in distress." They are Calgary's only 24/7 crisis intervention service and provide free, confidential counselling to those that need it.

Stars Air Ambulance

Birchcliff is committed to ensuring that STARS will remain in operation as it is a vital health link for the remote communities in which we operate. As of December 31, 2020, Birchcliff has donated \$1,551,713 to STARS Air Ambulance in Grand Prairie.

In past years we have hosted an annual charity golf tournament to raise awareness and funds for STARS Air Ambulance in the Grande Prairie region. While the 2020 event was postponed due to COVID-19, Birchcliff was still able to participate in a "radiothon" event with STARS and also donated \$125,000.

Birchcliff continues to fulfill our ten-year \$500,000 commitment to STARS, with another \$50,000 donation in 2020. This commitment will help enable STARS to purchase nine new Airbus H145 helicopters that offer the latest in safety, technology and avionics, resulting in significantly increased safety measures, reduced crew fatigue, fuel efficiency and increased coverage area with overall cost savings, all the while upholding STARS life-saving mission.

\$1.55MM

*500k



Birchcliff employees at United Way Plane Pull Fundraiser.



Birchcliff makes \$125,000 donation at Grande Prairie Stars Radiothon



Other Initiatives

SAFETY IN SCHOOLS

We have collaborated with the Safety in Schools program to fund free workplace safety training to Alberta and British Columbia high schools. Safety in Schools Foundation is a registered non-profit organization committed to providing young people from across Canada with the opportunity to learn the basics about workplace safety. Their goal is to prepare every young person with the tools and knowledge they need to stay healthy and safe as they enter the workforce by teaching them to recognize hazards and maintain their physical and mental wellbeing.

LOCAL MUNICIPALITIES

We partnered financially with the County of Saddle Hills in 2020 to upgrade Range Road 134. This road is a key access point to many of our operations in the Saddle Hills area. Birchcliff contributed \$500,000 towards the upgrade to ensure that we could continue with our operations in a safe and efficient manner, but also to ensure that the local residents had a suitable road to use for their purposes. We continue to have a great relationship with the local municipality and will continue to look for ways to ensure that our operations are least impactful to those that live around them.





Representation on the Board of Directors



4.1 Board of Directors

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

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

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

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

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

Director Profiles

DENNIS A. DAWSON | Alberta, Canada – Independent Lead Director

Mr. Dawson is the independent Lead Director of Birchcliff and is the Chair of the Compensation Committee and the Nominating Committee. He has over 34 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 was the Vice-President, General Counsel and Corporate Secretary of AltaGas from December 1998 until April 2015. He first joined AltaGas as Associate General Counsel in August 1997, after consulting with AltaGas Services Inc. from July 1996. Effective July 1998, Mr. Dawson became AltaGas' General Counsel and Corporate Secretary and effective December 1998, he became Vice-President, General Counsel and Corporate Secretary. He received a Bachelor of Arts degree from the University of Lethbridge and a Bachelor of Laws degree from the University of Alberta and is a member of the Law Society of Alberta.

DEBRA A. GERLACH | Alberta, Canada – Independent Director

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

STACEY E. MCDONALD | Alberta, Canada – Independent Director

Ms. McDonald is an independent consultant and has over 15 years of experience in the energy and financial sectors. From September 2016 to July 2018, Ms. McDonald was a Managing Director – Institutional Equity Research (Energy) at GMP FirstEnergy and its predecessor, GMP Securities, independent global investment banks. She joined GMP Securities in February 2006 as a research associate and began publishing independently as an Equity Analyst in 2009. Ms. McDonald received a Bachelor of Commerce degree in Finance from the University of Alberta. Ms. McDonald is a holder of the Institute of Corporate Directors' Director designation.

JAMES W. SURBEY | Alberta, Canada – Non-Independent Director

Mr. Surbey is an independent businessman, an employee of Birchcliff and the Chair of the Reserves Evaluation Committee. He has over 43 years of experience in the oil and natural gas industry and is one of the Company's founders. Mr. Surbey was the Vice-President, Corporate Development and Corporate Secretary of Birchcliff from the inception of the Company until June 30, 2017. Prior to joining Birchcliff, he served as the Vice-President, Corporate Development of Case Resources Inc., the Senior Vice-President, Corporate Development of Big Bear Exploration Ltd. and the Vice-President, Corporate Development of Stampeder Exploration Ltd. Mr. Surbey was previously a senior partner of the law firm Howard, Mackie (now Borden Ladner Gervais LLP). He received a Bachelor of Engineering degree and a Bachelor of Laws degree from McGill University and is a member of the Law Society of Alberta and the Society of Petroleum Engineers.

A. JEFFERY TONKEN

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

Mr. Tonken has been the President and Chief Executive Officer and a director of Birchcliff since the inception of the Company and the Chairman of the Board since May 2017. He has over 40 years of experience in the oil and natural gas industry and is one of the Company's founders. Prior to Birchcliff, Mr. Tonken founded and served as the President and Chief Executive Officer of Case Resources Inc., Big Bear Exploration Ltd. and Stampeder Exploration Ltd. He was previously a partner of the law firm Howard, Mackie (now Borden Ladner Gervais LLP). Mr. Tonken is also the Past Chair of the Board of Governors of the Canadian Association of Petroleum Producers (CAPP), and was the Chair in 2019. He received a Bachelor of Commerce degree from the University of Alberta and a Bachelor of Laws degree from the University of Wales and is a member of the Law Society of Alberta.



4.2 Committees

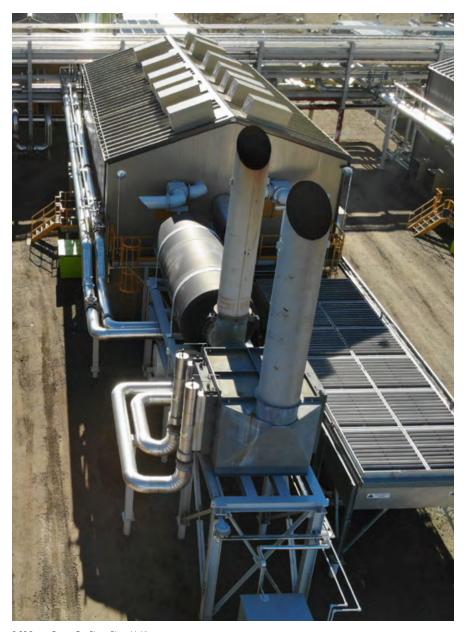
Employee ESG Committee

The purpose of this committee is to drive continuous improvement of Birchcliff's ESG-related corporate metrics by:

- 1. Establishing and monitoring ESG-related key performance indicators
- 2. Developing and maintaining an effective strategy to communicate ESG-related key performance indicators
- **3.** Working closely with pertinent Birchcliff personnel to identify, prioritize, and implement initiatives to improve ESG key performance indicators within the Company

Greenhouse Gas Regulatory Compliance Committee

Birchcliff has a Greenhouse Gas Regulatory Compliance Committee (GHGRCC) that was formed in 2018 with a charter to ensure that there is corporate-wide awareness and compliance with the latest provincial and federal legislation requirements. The committee consists of various team members from the operations department, production accounting and finance. Together they strive for understanding, communicating and complying with the various GHG emission regulations that impact Birchcliff's operations.



3-22 Pouce Coupe Gas Plant - Phase V - VI



5.1 2020 ESG Performance Summary

	Unit	2018	2019	2020
Regulatory Compliance	Onit	2016	2019	2020
External regulatory inspections	number/year	27	21	19
Health & Safety	пипред уеаг	21	21	19
Lost time injury frequency – employee	LTI*1 MM/exposure hours	0.0	2.5	2.4
Lost time injury frequency – contractor	LTI*1 MM/exposure hours	1.0	0.5	0.9
Lost time injury frequency – combined	LTI*1 MM/exposure hours	1.0	0.8	1.1
Recordable incident frequency – employee	RI*200,000/exposure hours	0.0	1.0	0.5
Recordable incident frequency – employee	RI*200,000/exposure hours	1.1	0.3	0.4
Recordable incident frequency – combined	RI*200,000/exposure hours	1.1	0.4	0.4
Fatalities – employee	number/year	0.0	0.0	0.0
Fatalities – contractor	number/year	0.0	0.0	0.0
Number and rate of high-consequence work-related injuries (excluding fatalities) – employee	number/year	0.0	1.0	1.0
Main types of work-related injury – employee	type	n/a	Falls	Slips and Trips
Number of hours worked – employee	hours	386,873	443,031	410,000
Number of Hours worked – employee Number and rate of high-consequence work-related injuries (excluding fatalities) – contractor	number/year	1	0	1
Main types of work-related injury – contractor	type	Struck by and Exposure	Hands	Slips and Trips
Number of hours worked – contractor	hours	1,924,118	2,010,346	2,249,206
Environment(1)(2)(3)(4)	Hours	1,924,110	2,010,340	2,249,200
Direct GHG emissions (scope 1)	tCO₂e	317,805	331,636	322,063
	tCO₂e tCO₂e/boe	0.01129	0.01165	0.01152
Direct GHG intensity (scope 1)	tCO₂e/ boe tCO₂e	30,239	37,691	38,312
ndirect GHG emissions (scope 2)	tCO₂e tCO₂e/boe	0.00107	0.00132	0.00137
ndirect GHG intensity (scope 2)			0.00132	
Fotal GHG intensity (scopes 1+2)	tCO₂e/boe	0.01237		0.01289
Other indirect emissions (scope 3)	tCO₂e	n/a	n/a	n/a
Flared emissions	tCO₂e	3,339	3,389	3,837
Reduction of GHG emissions	tCO₂e	n/a	n/a	n/a
ODS emissions (ozone depleting substances)	tonnes	0.0	0.0	0.0
Nitrogen oxides (NO _x)	tonnes	633.4	626.9	480.1
Carbon monoxide (CO)	tonnes	1235.0	1244.8	983.3
Volatile organic compounds (VOCs)	tonnes	421.8	506.0	437.8
Sulphur dioxides (SO _x)	tonnes	157.5	219.4	181.9
Total particulate matter	tonnes	20.7	11.5	5.5

	Unit	2018	2019	2020
Fresh water withdrawal	m³/year	391,845	461,950	472,147
Non-fresh water withdrawal	m³/year	24,868	0	0
Solid wastes disposed	tonnes	24,155	26,768	6,423
Liquid wastes disposed	m^3	65,401	71,962	49,925
Well abandoned	wells	6	15	11
Reclamation certificates received	count	0	1	1
Alberta licensee liability rating	AER rating	20.2	18.7	17.8
Reportable releases / spills	count	1	6	1
Total volume of releases / spills	m^3	2.3	8.79	25
Workforce				
Female permanent employees	percent	32	28	32
Female management	percent	4.8	4.5	4.8
Female senior leadership	percent	0	0	0
Voluntary turnover	percent	12	8.4	2.4
Full-time employee workforce	count	185	202	206
Part-time employee workforce	count	6	6	4
Full-time contractor & temporary workforce	count	27	21	18
Communities				
Scholarship awards	\$	171,000	159,000	177,250
Community investment	\$	1,316,694	1,505,783	1,181,798
Economic				
Average daily production	boe/d	77,096	77,977	76,401
Petroleum and natural gas revenue	\$000s	621,421	613,599	528,505
Royalties – percent of sales (after transportation)	percent	7	6	5
Total capital expenditures	\$000s	298,018	300,246	276,785
Operating expense	\$/boe	3.52	3.09	2.95
General & administrative expense (net)	\$/boe	0.87	0.94	0.88
Net income (loss)	\$000s	102,212	(55,392)	(57,821)

^{1.} Gasses include in Scope 1/2/3 calculations: CO2, CH4, N2O, HFCs, PFCs, SF6, NF3.

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

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

 $^{4.\,}GHG\,trades; All\,emission\,figures\,have\,excluded\,GHG\,trades\,from\,the\,calculation\,of\,direct\,(Scope\,1)\,and\,indirect\,(Scope\,2)\,emissions.$

^{5.} No ODS, POPs, or Biogenic Emissions in any Birchcliff Operations.

^{6.} Emissions figures do not include any emissions from drilling or completions activities.

5.2 Global Reporting Initiatives ("GRI") Index

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Abbreviations and Definitions

2P	proved plus probable reserves	GHG	greenhouse gas
bbl	barrel	GRI	Global Reporting Initiative
bbls/d	barrels per day	km	kilometre
boe	barrel of oil equivalent	m^3	cubic metres
boe/d	barrel of oil equivalent per day	MMboe	millions of barrels of oil equivalent
CH_4	methane	Mcf	thousand cubic feet
CO_2	carbon dioxide	mm	millimetre
CO ₂ e	carbon dioxide equivalent	MM	millions
e^3m^3	thousand cubic meters	NGLs	natural gas liquids
ESG	environmental, social and governance	PDP	proved developed producing reserves
FD&A	finding, development and acquisition	tCO ₂ e	tonnes of carbon dioxide equivalent
GAAP	generally accepted accounting principles		

5.3 Advisories

CONVERSIONS

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

NON-GAAP MEASURES

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

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

OIL AND GAS METRICS

This ESG Report contains metrics commonly used in the oil and natural gas industry, including FD&A costs, which do not have any standardized meanings or standard methods of calculation and therefore may not be comparable to similar measures presented by other companies where similar terminology is used. As such, they should not be used to make comparisons. Management uses these oil and gas metrics for its own performance measurements and to provide shareholders with measures to compare Birchcliff's performance over time; however, such measures are not reliable indicators of Birchcliff's future performance, which may not compare to Birchcliff's performance in previous periods, and therefore should not be unduly relied upon. For information on how FD&A costs are calculated, please see "Advisories – Oil and Gas Metrics" in Birchcliff's most recent Annual Report, a copy of which is available on www.birchcliffenergy.com and on www.sedar.com.

RESERVES

The reserves information contained herein are estimates only and are based upon reports prepared for Birchcliff by its independent qualified reserves evaluators Deloitte LLP on 100% of Birchcliff's light crude oil and medium crude oil (combined), conventional natural gas, shale gas and NGLs reserves effective December 31, 2020. Such evaluation was prepared in accordance with the standards contained in the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook") and National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities ("NI 51-101"). Further information regarding the Company's reserves, including the uncertainties and variable factors and assumptions on which such reserves estimates are based, can be found in the Company's Annual Information Form for the financial year ended December 31, 2020, a copy of which is available on www.birchcliffenergy.com and on www.sedar.com.

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

FORWARD-LOOKING STATEMENTS

Certain statements contained in this ESG Report constitute forward-looking statements and information (collectively referred to as "forward-looking statements") within the meaning of applicable Canadian securities laws. The forward-looking statements relate to future events or Birchcliff's future plans, operations or performance and are based on Birchcliff's current expectations, estimates, beliefs and assumptions. All statements other than historical fact may be forward-looking statements.

Such forward-looking statements are often, but not always, identified by the use of words such as "seek", "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "forecast", "potential", "proposed", "predict", "budget", "continue", "targeting", "may", "will", "could", "might", "should" and other similar words and expressions. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Although Birchcliff believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct and therefore the forward-looking statements included in this ESG Report should not be unduly relied upon.

In particular, this ESG Report contains forward-looking statements relating to the following:

- Birchcliff's plans and other aspects of its anticipated future performance, results, operations, focus, objectives, strategies, opportunities, priorities and goals, including statements in respect of continued leadership in ESG in all aspects of Birchcliff's business and the statement that Birchcliff remains ready to supply the world with clean natural gas for decades to come;
- Birchcliff's environmental stewardship, including statements regarding: management of the changing regulatory landscape; implementing a methane reduction plan; GHG emissions reductions and maintaining the Company's status as a LEIP; continuing to look for and implement new technology, systems, and processes to improve efficiency, reduce our environmental footprint and create a safer work environment; being a part of the long-term sustainable energy development cycle and improving the environmental impact the Company has in the areas it operates and across the industry; upgrading the few remaining rich-burn engines to lean-burn in the coming years resulting in significantly less emissions; future generation of EPCs and Carbon Offset Credits; site reclamation (including benefits of the ABC and SRP programs); and securing water and future water use;
- Innovation, including that Birchcliff's focus on innovation results in a competitive advantage in our operations and leads to significant advances in our environmental and efficiency practices; that NGIF Industry Grants anticipates that the technologies supported by its past grants will result in an estimated 6 megatonne reduction in emissions by 2030; and that NGIF Cleantech Ventures investments will include solutions that lead to emissions reductions and other environmental benefits in existing natural gas production, transmission, distribution, carbon capture utilization and storage, and end-use applications, as well as projects that will lead to the expanded production of emerging fuels like renewable natural gas and hydrogen;
- Birchcliff's HSE goals, including statements regarding: continuing to manage our COR action plan; implementation of a new technologies; implementing a mental health awareness program; identifying appropriate locations to improve identification of potential hazards; continuing to find new ways to support and improve behaviors that will positively impact our safety performance and culture; and ongoing improvement of contractor engagement initiatives;

- Indigenous relations, including future participation in community engagement and education programs;
- Our people, including statements with respect to the ongoing commitment to diversity and inclusion, continued investment in employee training and education and implementation of a "health concierge" service;
- Birchcliff's ongoing commitment to maintaining strong relationships and communications with local communities and continuing to give back; and
- estimates of reserves and FD&A costs.

Information relating to reserves is forward-looking as it involves the implied assessment, based on certain estimates and assumptions, that the reserves exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future.

Readers are cautioned that Birchcliff's actual results, performance or achievements could differ materially from those anticipated in the forward-looking statements as a result of both known and unknown risks and uncertainties. The assumptions on which the forward-looking statements are based and the risk factors and uncertainties that could cause Birchcliff's actual results to differ materially are discussed under the headings "Risk Factors" and "Advisories – Forward-Looking Statements" in Birchcliff's MD&A. Readers are cautioned that the list of factors contained in Birchcliff's MD&A are not exhaustive. Additional information on these and other risk factors that could affect results of operations, financial performance or financial results are included in the MD&A, Birchcliff's most recent Annual Information Form and in other reports filed with Canadian securities regulatory authorities.

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

The forward-looking statements contained in this ESG Report are expressly qualified by the foregoing cautionary statements.

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



Birchcliff Calgary Staff Photo: 2019

"On behalf of our executive team, I want to thank everyone of our hardworking employees who helped to achieve our excellent 2020 ESG performance, as well as those who collaborated on the design and preparation of our 2020 ESG Report... THANK YOU!"

Dave Humphreys

Vice President Operations

BIRCHCLIFF ENERGY

2020 Environmental, Social and Governance (ESG) Report





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