

2022

Environmental,
Social and Governance
Report

Published December 2023



Birchcliff acknowledges our presence within the ancestral and traditional territory of Treaty 7 and Treaty 8 First Nations and the Metis Nation of Alberta, consisting of the Tsuut'ina Nation, the Stoney Nakoda Nations (Bears paw, Chiniki and Goodstoney), the Blackfoot Confederacy Nations (Kainai, Piikani and Siksika), Duncan's First Nation, Horse Lake First Nation, East Prairie Metis Settlement, and Gift Lake Metis Settlement.

At Birchcliff, we recognize and respect these Indigenous groups, acknowledge the importance of these relationships and remain committed to open, honest and straightforward communication with the Indigenous groups having rights within the areas in which we operate.

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Introduction



1.1 HIGHLIGHTS

In 2022, Birchcliff spent approximately \$2.5 million in either direct funding or through NGIF Industry Grants to support several new technology companies. The companies that were funded are focusing on technology related to carbon capture, utilization and storage, methane emissions reduction, waste heat recovery, produced water treatment, drilling fluid recycling and hydrogen production.

Our mission is to be a leader in producing the most reliable, low-cost and responsible Canadian energy for the world. While doing this, we strive to support the health and wellness of our employees and their families through our health and educational programs.

Low-Emissions Intensity Producer ("LEIP") with one of the lowest direct emissions intensities in our peer group of 0.01360 tonnes of CO₂ equivalent emissions ("tCO₂e") per boe ("tCO₂e/boe").

Carbon sequestration at the Pouce Coupe Gas Plant is over 72,000 tonnes of CO₂ injected as of December 31, 2022.

We believe that we can be a part of the long-term, sustainable energy development cycle and are prepared to help lead the way with progressive, measurable and impactful operational practices, which will help to reduce the environmental impact we may have in the areas in which we operate and across the industry.

Waste heat recovery at the Pouce Coupe Gas Plant resulting in approximately 18,000 tCO₂e reduced per year.

In 2022, we were awarded "Canada's Best Health and Safety Culture" from the Workplace Safety and Insurance Board and MSA Safety Incorporated's "Safety Award for Canada's Safest Oil and Gas Employer"

Birchcliff is an active participant in the Alberta Watercourse Crossing Program. This collaborative program, which includes members from several federal and provincial government agencies, the Alberta Energy Regulator ("AER") and energy producers, is an innovative, voluntary initiative prioritizing the remediation of watercourse crossings to improve aquatic and riparian habitat.

In 2022, 24 sites were reclaimed with approximately 360,000 m² (89 acres) of land returned to natural conditions.

Birchcliff is proud to be a long-term supporter and largest corporate fleet sponsor in Alberta of STARS Air Ambulance. In 2022, we significantly increased our previous \$500,000 commitment to STARS' Fleet Renewal Campaign, with an additional \$1.5 million to help secure a new H145 helicopter to serve the Grande Prairie region.

In 2022, Birchcliff registered 13 instrument air compressors to start generating carbon offset credits. Each instrument air compressor drives dozens of pneumatic devices, while venting zero methane gas.



1.2 MESSAGE TO STAKEHOLDERS

On behalf of Birchcliff, we are proud to introduce the Corporation's sixth annual Environmental, Social and Governance ("ESG") Report, which supports our mission to be a leader in the safe and responsible production and delivery of clean, reliable Canadian natural gas and oil.

For nearly 20 years, Birchcliff has been a conscientious and efficient producer of natural gas and oil while meeting or exceeding regulatory standards. Recent global events remind us of how critical a safe and responsibly produced natural gas and oil supply is for Albertans, Canadians and global populations, especially during times of increasing global demand. Birchcliff is well positioned to support Canada's role as a leading supplier of responsible natural gas and oil to the world.

ENERGY SECURITY

We believe that, among global oil and gas-producing nations, Canada is one of the top countries regarding ESG performance, while also leading in innovation and clean technology investments. Canadian energy producers are subject to some of the world's most stringent regulations, including those relating to the environment, workplace health and safety, Indigenous consultation, employment standards and corporate governance. Birchcliff agrees with the International Energy Agency's ("IEA") definition of energy security as "the uninterrupted availability of energy sources at an affordable price", which includes both the short-term (the ability of the system to react promptly to sudden changes in the supply-demand balance) and the long-term (timely investments to supply energy in line with economic developments and environmental needs). We see the supply of responsible Canadian oil, and particularly natural gas, as imperative to meeting global energy security demands, and believe that we can help meet this challenge while at the same time assisting in the worldwide reduction of greenhouse gases and a lower carbon future.

2022 ESG PERFORMANCE

Our corporate vision statement is to be "an industry-leading producer of profitable and sustainable natural gas and liquids from the Montney/Doig Resource Play through people, technology and innovation." Public reporting of our ESG performance supports our vision by ensuring that we are accountable to all of our stakeholders for our continued progress in setting and accomplishing our ESG goals. Here are some highlights of our 2022 performance:

- Maintained our LEIP status through investment in emissions reduction initiatives and exploring new technologies.
- Recognized by Canadian Occupational Safety magazine, as an industry leader in health and safety performance and culture. To further support the pursuit of instilling and nurturing a culture of unconditional dedication to safety, Birchcliff continues to maintain its Certificate of Recognition under Alberta's Certificate of Recognition Safety Program.
- Exceeded regulations in funding for decommissioning, abandonment, remediation and reclamation ("DARR") activities by 218% by spending \$3.5 million (including Site Rehabilitation Program Grant funding).
- Spent \$2.5 million during 2022 on business innovation initiatives focused on developing new clean technology systems and processes to improve our environmental performance. Birchcliff remains a proud partner in the NGIF Capital Corporation through two divisions: NGIF Industry Grants organization and Cleantech Ventures Equity Fund.
- Maintained our open and honest relationships with the Indigenous communities whose traditional lands could be affected by our operations. In 2022, this included participating in 45 engagement sessions with local Indigenous communities and investing over \$120,000 (over \$1 million to date) in local Indigenous community programs, over \$6.6 million in Indigenous employment opportunities and almost \$40,000 in Indigenous scholarships. Through these programs, Birchcliff proudly funded Indigenous groups to support educational initiatives and cultural and economic opportunities through the Duncan's First Nation Summer Student Program and the Youth and Elder Camps for the Horse Lake First Nation.

- Continued our commitment to maintaining strong relationships with our community stakeholders and to give back to the communities where our employees live and our operations are located. For example, Birchcliff is proud to be a long-term supporter and largest corporate fleet sponsor of STARS Air Ambulance. In 2022, we significantly increased our previous \$500,000 commitment to STARS' Fleet Renewal Campaign, with an additional \$1.5 million to help secure a new H145 helicopter to serve the Grande Prairie region. In addition to STARS and many other giving programs in 2022, we continued to engage with our neighbours and community stakeholders through our community open house in Gordondale and our dedication to western heritage through our ongoing commitment to chuckwagon driver, Jason Glass.

We at Birchcliff are delighted to have returned to normal operating conditions in 2022 after the challenges faced during the COVID-19 pandemic. Being face-to-face again has allowed our team to refocus on building and maintaining the strong interpersonal relationships that are the hallmark of our unique corporate culture. The 2022 calendar year was a record year for Birchcliff on many fronts. We want to sincerely thank our Board of Directors, our Executive Team, our managers and all of our employees for their hard work, support and determination. Their focus and teamwork have allowed us to deliver on our 2022 ESG commitments. We hope you enjoy this report on our ESG performance and some of our success stories, lessons learned and future plans.

With respect,



A. Jeffery Tonken
Chief Executive Officer
and Chairman of the Board

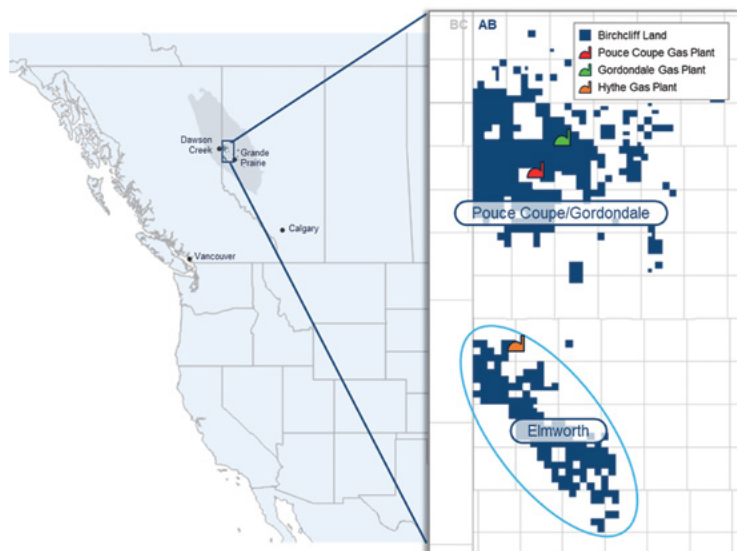


Chris Carlsen
President and
Chief Operating Officer

1.3 ABOUT BIRCHCLIFF

Birchcliff is a Calgary, Alberta based intermediate-sized, dividend-paying, low-emissions intensity energy producer that explores for, develops and produces natural gas, light oil, condensate and other natural gas liquids.

Birchcliff is focused on the Montney/Doig Resource Play in Alberta, which management considers to be one of the premier resource plays in North America. Birchcliff's operations are primarily concentrated in the Pouce Coupe and Gordondale areas of Alberta, where Birchcliff operates the vast majority of its production, owns large contiguous blocks of high working interest land and owns and controls many of the significant facilities and infrastructure that it relies upon to handle the majority of its production that is ultimately delivered to consumers. Birchcliff's common shares are listed on the Toronto Stock Exchange under the symbol "BIR".



As of May 2023

2022 OPERATIONAL HIGHLIGHTS

Wells Drilled: 44

Wells Brought on Production: 39



Average Production: 76,925 boe/d

Commodity Mix: 81% Natural Gas and 19% Liquids



PDP Reserves at December 31, 2022: 225 MMboe

2P Reserves at December 31, 2022: 986 MMboe



1.4 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 2022 to identify and prioritize topics most relevant to our key stakeholder groups.
- This report was created based on the Global Reporting Initiative ("GRI") standards and Sustainability Accounting Standards Board ("SASB") framework. This report contains standard disclosures from the GRI guidelines but has not fulfilled all of the requirements to qualify as entirely 'in accordance' with the GRI.
- Unless otherwise stated, this report concerns the year ended December 31, 2022, compared to the years ended December 31, 2021 and December 31, 2020.
- Unless otherwise stated, financial data is in Canadian dollars, environmental data is in metric units and production data is in boe.
- For further information regarding production or reserves, please refer to our annual information form ("AIF") for the year ended December 31, 2022, on our website, www.birchcliffenergy.com.
- The terms "Birchcliff", "our", "we", "us", and the "Company" refer to Birchcliff Energy Ltd.



Birchcliff's 100% owned and operated Pouce Coupe Gas Plant, located at 03-22-079-12W6

1.5 ESG TRENDS

Birchcliff continues to work on developing our comprehensive corporate responsibility strategy as reported in 2021; however, progressing this strategy remains dependent on upcoming trends in the ESG landscape.



The following is a summary of upcoming trends that Birchcliff is following and preparing for:

1. The Task Force on Climate-related Financial Disclosures (“TCFD”) has recommended disclosure of: (i) an organization’s governance around climate-related risks and opportunities; (ii) the actual and potential impacts of climate-related risks and opportunities on an organization’s business, strategy and financial planning; (iii) the processes used by an organization to identify, assess and manage climate-related risks; and (iv) the metrics and targets used to assess and manage climate-related risks and opportunities.
2. To combat the reporting burden and the lack of standardization amongst disclosure platforms globally, the International Sustainability Standards Board (“ISSB”) was created to develop a global standard for ESG reporting, including standard disclosure metrics. In June 2023, the ISSB published its first two sustainability disclosure standards: IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures* (collectively, the “ISSB Standards”). Birchcliff is currently in the process of evaluating the ISSB Standards and awaiting guidance from the Canadian Sustainability Standards Board and the Canadian Securities Administrators (“CSA”) regarding the adoption of such standards in Canada.
3. In October 2021, the CSA published for comment proposed National Instrument 51-107 – *Disclosure of Climate-related Matters*. This proposed instrument would introduce climate-related disclosure requirements for certain Canadian reporting issuers and is modelled on the TCFD recommendations, with certain modifications.
4. Birchcliff understands the importance of data validity and data governance in ESG disclosures and is monitoring the upcoming potential for mandatory third-party audits of ESG disclosures. We have high confidence in our ESG data and are developing internal processes and adopting software solutions to automate and store ESG data. This will help to streamline data collection processes, reducing the potential for errors, and create auditable information.
5. Birchcliff is aware of our impact on biodiversity and we are always looking to reduce the physical biodiversity impact of our operations. Several frameworks are currently in place for monitoring and quantifying biodiversity impacts and target setting to reduce these impacts. Additionally, we are monitoring the work of the Taskforce on Nature-related Financial Disclosures (“TNFD”) and are preparing for the subsequent outcomes and recommendations from the TNFD.



7-29 OIL INLET

SECTION 2

Environmental

LOOKING BACK

In 2022, Birchcliff:

- Maintained an industry top decile Liability Management Rating ("LMR") of 17.3 compared to the industry average of 5.2.
- Applied and received a *Water Act* Term Licence to divert water from Henderson Creek. This five-year term licence will secure the annual water volumes required to support our development plan.
- Completed the site reclamation of the Rycroft Sour Gas Plant and returned approximately 5.6 ha to agricultural land.
- Participated in Alberta's Watercourse Crossing Program to improve habitat and water quality. Birchcliff remediated two watercourse crossings that had undersized culverts to reduce aquatic habitat fragmentation.

LOOKING FORWARD

- Evaluate and utilize technology that will help monitor and reduce GHG emissions. Birchcliff will continue to implement and improve our Methane Reduction Retrofit Compliance Plan ("MRRCP") focusing on GHG emissions reduction initiatives and maintaining Birchcliff's status as a LEIP.
- Birchcliff's DARR team will execute a \$3.5 million budget in 2023. Our 2023 DARR program consists of 13 wells to be abandoned, 14 sites to be decommissioned and 12 sites to be reclaimed.
- Execute two watercourse crossing remedial plans in 2023.

MINIMIZING ENVIRONMENTAL IMPACTS

As an organization, we are committed to reducing the environmental impact of our operations.

As part of our fundamental values, we recognize the importance of our responsibility to the environment.

We strive to attain excellence in environmental stewardship and take proactive steps to eliminate or reduce our environmental impact. We seek to implement new technology, systems and processes that will help improve efficiency, reduce our environmental footprint and create a safer work environment.

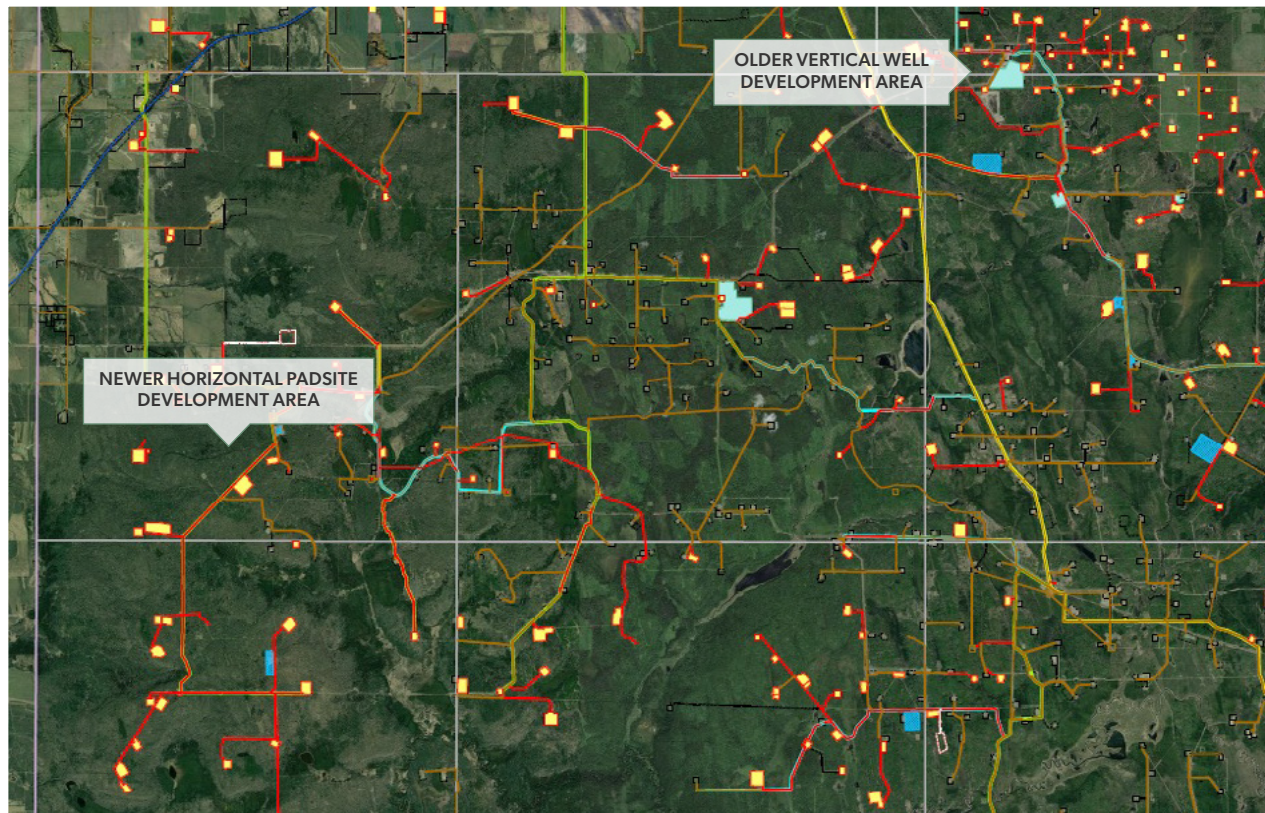
We believe that we can be a part of the long-term, sustainable energy development cycle. We are prepared to help lead the way with progressive, measurable and impactful operational practices, which will help to reduce the environmental impact we may have in the areas in which we operate and across the industry.



Gordondale 6-35-077-11W6 Well Site

DEVELOPMENT FOOTPRINT

Our development plan has substantially reduced the biophysical impact of our operations by using multi-well pad sites.



The map below shows our Montney development area near Bay Tree, Alberta. Birchcliff sites are identified in yellow. The upper right corner of the map was the first area to be developed and utilized multiple locations, each containing a vertical well or several directional wells. The previous owner developed this area and Birchcliff acquired these interests in 2016.

The remainder of the map shows our development over the last 15 years using horizontal drilling, with multiple wells drilled on an individual site. This allows us to reduce the number of roads required to access our wells, concentrate our facilities on these sites and reduce the number of pipelines needed to transport our products.

The road access to these sites was designed with dead-ends to deter through-traffic by the public and recreationists. They are also designed to leave large areas permanently undeveloped to remain as wildlife habitat, which then connect as corridors to the river valley system and the Key Wildlife Biodiversity Zones.

Because we hold a large contiguous tract of mineral land rights, we can implement long-term development plans. We have incorporated the construction of water storage reservoirs into these long-term plans. Water storage reservoirs are refilled in the spring from the nearby rivers during the peak melt/run-off period using temporary above ground water lines. Our access routes to river sources are seasonal and we utilize wooden matting rather than constructed roadways, further reducing our footprint.

HEAD OFFICE LOCATION IS LEED CERTIFIED

Birchcliff’s corporate head office is located in downtown Calgary near the banks of the Bow River in Eau Claire Tower, an office development managed by Oxford Properties Group (“Oxford”). Eau Claire Tower has received a Leadership in Energy and Environmental Design (“LEED”) v4.1 Platinum certificate.

Oxford management has implemented many green initiatives for the tenants of Eau Claire Tower. The building-wide waste diversion program encourages tenants to responsibly recycle, compost and divert waste material from being sent to landfill. In 2022, Green Calgary audited the waste diversion program for each tenant of Eau Claire Tower and identified an average waste diversion rate for Birchcliff of 54%, with a possible diversion rate of 89%. In 2022, Birchcliff’s head office generated an estimated 9.7 tonnes of waste, of which 5.2 tonnes were diverted.

Birchcliff has identified opportunities to improve its waste diversion in the future. For example, in 2022, only 46% of paper cups were sorted into the recycling bin. We will encourage staff to recycle coffee cups or bring reusable travel mugs from home. Additionally, Oxford has offered to help educate the team on the waste diversion program and help improve Birchcliff’s waste diversion rate.

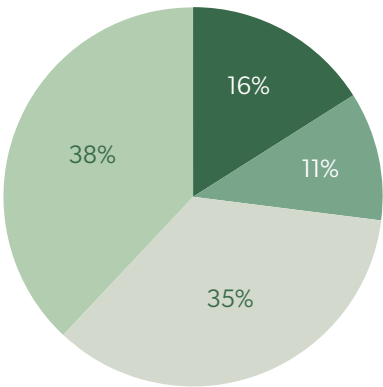


Eau Claire Tower

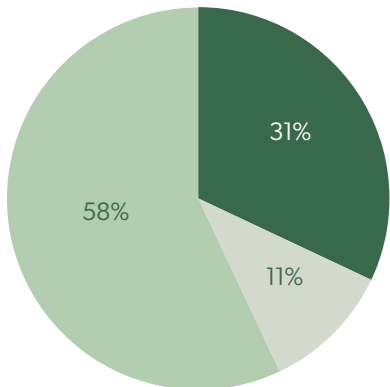
BIRCHCLIFF'S WASTE DIVERSION RATES FOR 2022

- Annual composting
- Contamination
- Annual Garbage
- Annual Recycling

ACTUAL WASTE DIVERSION - 2022



POTENTIAL WASTE DIVERSION - 2022







Air

SECTION 2.1

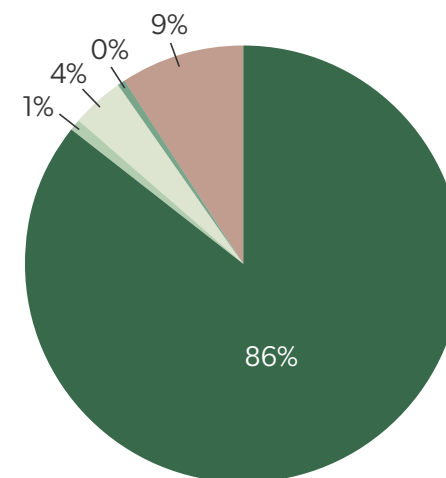
2.1 AIR

Birchcliff has again proven to be one of the industry's lowest GHG emissions-intensive producers. In 2022, Birchcliff focused primarily on methane emissions reductions to help the Province of Alberta achieve its commitment to reduce methane emissions from upstream oil and gas operations by 45% (relative to 2014 levels) by 2025. Alberta and many other jurisdictions have recently emphasized methane emissions due to its Global Warming Potential ("GWP").

Through continual evaluation of operational efficiencies and trials and implementation of new technologies and software solutions, Birchcliff is very proud of the many emissions reductions initiatives we have implemented to date.

2022 BIRCHCLIFF GHG EMISSIONS BY ACTIVITY

- Stationary Combustion
- Fugitives
- Flaring
- Vented
- Scope 2 Emissions



METHANE VENTING REDUCTION

Methane emissions reduction is a high priority for Birchcliff as methane has a GWP 28 times that of CO₂ (based on a 100-year atmospheric lifespan). There are numerous ways to reduce or eliminate vented methane emissions. Since we have designed our facilities with zero-bleed pneumatic devices and have removed all legacy high-bleed pneumatics, we were able to meet or exceed provincial regulations that came into effect at the end of 2022. All Birchcliff facilities and individual devices are now under provincial vent limits. Birchcliff has also installed equipment at some of our sites to capture and recycle or capture and combust compressor seal vent gas, further reducing methane emissions. All remaining seals still venting emissions to the atmosphere are expected to be eliminated by the end of 2023.

2022 METHANE VENT REDUCTION HIGHLIGHTS

Birchcliff tackled the majority of our high-bleed devices in 2021; however, we chose to go above and beyond provincial regulations by continuing to conduct vent elimination projects at our facilities. In 2022, Birchcliff:

- Replaced 78 pneumatic pumps with electric pumps that do not vent methane. This reduced our annual emissions by 2,920 tCO₂e, or 31.6% of our total vented emissions from pneumatics as compared to 2021.
- Removed 20 pneumatic pumps from service, reducing our annual emissions by 710 tCO₂e, or 7.7% of our total vented emissions from pneumatics as compared to 2021.
- Registered 13 instrument air compressors to start generating carbon offset credits. Each instrument air compressor drives dozen of pneumatic devices, while venting zero methane gas.
- Eliminated 100% of our high-bleed pneumatic devices. We still have some low-bleed venting devices and pneumatic venting pumps in our operations, which are allowed under the regulatory regime. These are low-emission sources and we will look to address these at a future date.

Though Birchcliff's methane emissions have appeared to remain relatively stable on our 2022 reporting metrics, we believe this is due to improved quantification methodology and that true methane reductions were actually achieved. Refer to *Section 5 - Summary* for a complete description of emission variances.



New electric pump at 13-29-077-12W6 site



EMISSIONS PERFORMANCE AND CARBON OFFSET CREDITS

By voluntarily reducing our GHG emissions, regulatory mechanisms are in place to generate one “carbon credit” per tCO₂e reduced. These credits can be used for future compliance or monetized by selling to third parties.

The Pouce Coupe Gas Plant is highly fuel efficient compared to many older plants in the Province of Alberta, as evidenced by the facility being subject to the high-performance benchmark of the Technology Innovation and Emissions Reduction ("TIER") Regulation (top 10% of facility performance in the sector).

It is equipped with modern, high-efficiency natural gas engines with state-of-the-art emissions controls (the newest and most efficient systems from Caterpillar®), waste heat recovery, high-efficiency process heaters and acid gas capture and sequestration. Our Pouce Coupe Gas Plant has two acid gas injection wells, with an approved AER acid gas disposal scheme, that have been operational for over 13 years. As of December 31, 2022, over 72,000 tonnes of CO₂ have been sequestered.

All of these features of the Pouce Coupe Gas Plant and our various emissions reduction initiatives play a significant role in Birchcliff continuing to be one of the lowest emissions intensity oil and gas producers in Alberta. Refer to *Section 2.2 - Low-Emissions Intensity Producer* for a full description.

Although Birchcliff has historically been granted Emission Performance Credits, has reduced absolute emissions and continues to be a low-emissions intensity producer, Birchcliff was exposed to a payment obligation for the 2022 year due to tightening rates built into the TIER regulation. We continue to look for new technology that will improve our emissions intensity, making it as low as possible. Refer to *Section 2.5 - Commitment to Innovation* for a description of our energy efficiency projects and emissions reduction initiatives.

Over the last couple of years, we have implemented several methane reduction initiatives such as replacing high-bleed pneumatic devices with low-bleed or zero-bleed devices, tying vent gas to flare, installing solar pump packages and instrument air compressors and electrification of instrumentation. By reducing our vented emissions at numerous sites, we have started to generate carbon offset credits and we are projecting to generate substantially more over the coming years. Reducing or eliminating methane venting is one of the most impactful ways to permanently reduce GHG emissions since methane has a GWP of 28 times that of CO₂.



Low-Emissions Intensity Producer

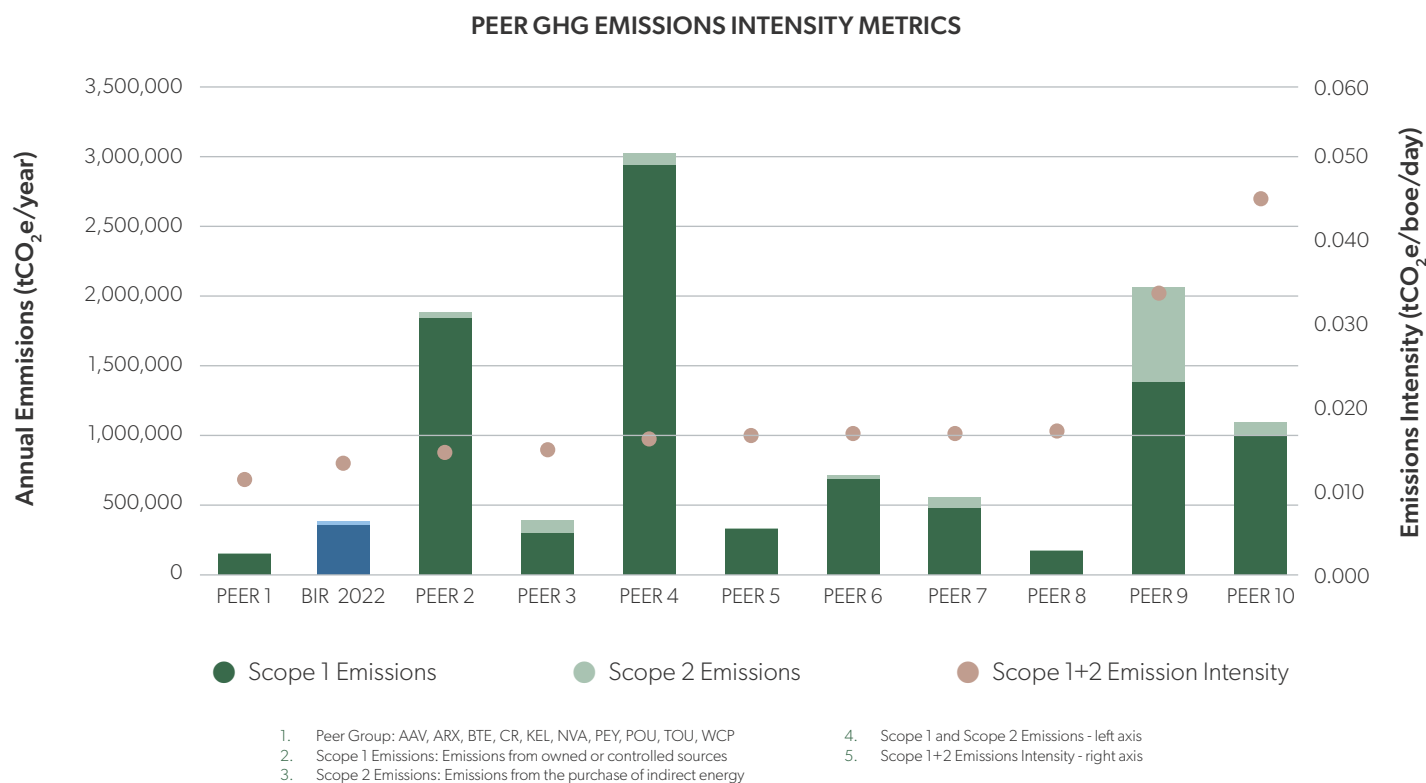




2.2 LOW-EMISSIONS INTENSITY PRODUCER

At Birchcliff, we continue to be incredibly proud of our corporate emissions performance. Birchcliff remains a top-decile emissions intensity performer amongst our industry peers, thereby maintaining our status as a LEIP.

When benchmarked against our industry peers, Birchcliff remains one of the lowest GHG emitters in the Canadian oil and gas industry. A standard industry metric for carbon emissions is $\text{tCO}_2\text{e}/\text{boe}/\text{day}$, which is the amount of GHG emitted relative to a company's raw production. Birchcliff is proud to distinguish itself as a LEIP as it embodies our initiatives to reduce our methane emissions intensity and explore opportunities to improve our environmental performance.





Land

SECTION 2.3

2.3 LAND

ASSET RETIREMENT & RECLAMATION

Birchcliff believes in being an environmental steward; therefore, we have active asset retirement and reclamation programs to ensure non-producing assets are decommissioned and the surface leases are restored to their natural state.

Our DARR team is responsible for preparing our annual budget and efficiently executing our annual asset retirement program.

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

In 2022, Birchcliff participated in the Alberta Site Rehabilitation Program ("SRP"). The SRP was a short-term, publicly funded project managed by the AER. The key intent of the program was to invigorate Alberta's economy by getting specialized oil and gas labour forces back to work, while accelerating the site abandonment and reclamation efforts of energy producers. This program provided grants directly to oilfield service contractors to perform work on wells, pipelines and other oil and gas site closure activities. Birchcliff supported our contractors, who received close to \$3.2 million dollars in SRP government grant funding and safely executed our liability reduction projects over the 3-year SRP. As of February 14, 2023, the SRP was complete.

In 2022, Birchcliff participated in the Area-Based Closure ("ABC") Program. The ABC Program encourages oil and gas licencees to work together to decommission, remediate and reclaim their energy infrastructure and sites. The ABC Program allows oil and gas licencees to select locations to include in their annual closure program. With this flexibility came a minimum spending requirement for Birchcliff of approximately \$1.1 million in 2022. Birchcliff ensured that we met our minimum ABC spend and utilized our available SRP dollars to spend a total of \$3.5 million on liability reduction in 2022.



360,000 m²
(89 acres) of land reclaimed



11

**Wellbore Abandonments
Completed**

\$3.5MM 

Funding for Reclamation



10

**Well Cut and Caps
Completed**



23

**Facilities and Pipelines
Decommissioned**

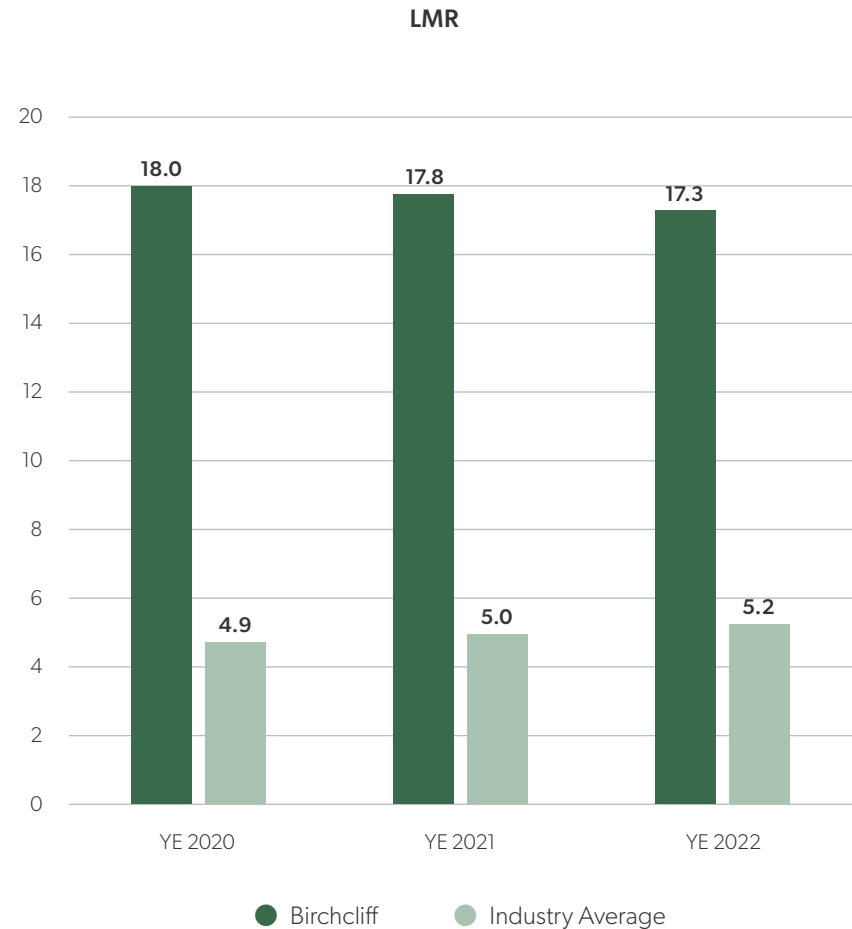
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**Phase I Environmental Site
Assessments Completed**

ALBERTA LIABILITY MANAGEMENT FRAMEWORK ("LMF")

The AER has introduced the LMF, consisting of a multifactor approach to assess licencees' capabilities to meet their regulatory and liability obligations. The liability assessment is a measure of a licensee's deemed assets to deemed liabilities, determining their LMR, and it assesses a licensee's ability to address their suspension, abandonment, remediation and reclamation liabilities. Ideally, a licensee's LMR should be 2.0 or higher, or the AER could impose regulatory restrictions on the licensee.

Birchcliff is proud to report that our LMR was 17.3 as of December 31, 2022, compared to the industry average of 5.2. This demonstrates that our deemed assets significantly outweigh our deemed liabilities.



Deemed Assets: is a calculation based on producing wells

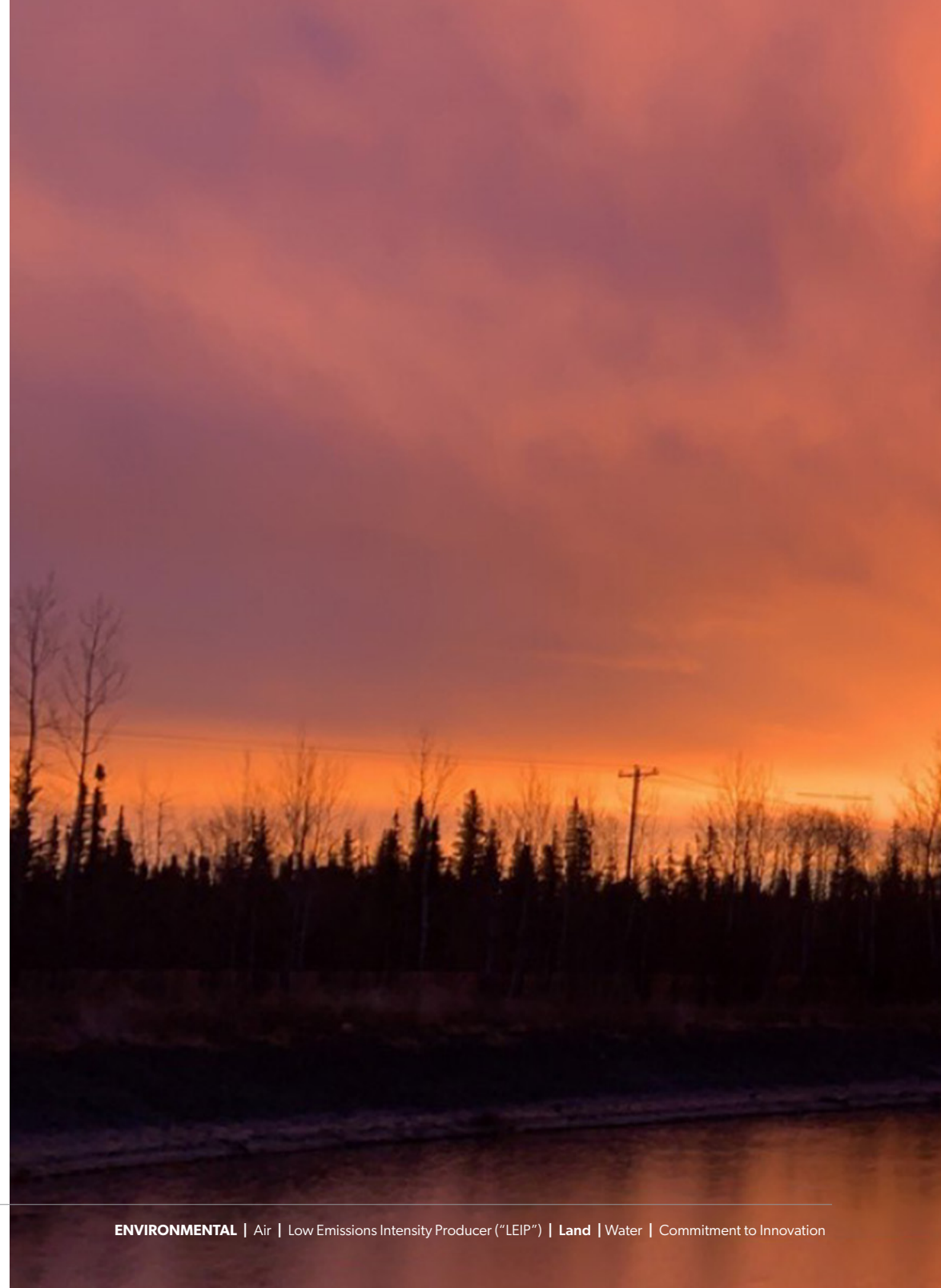
Deemed Liabilities: is a calculation based on the value the AER assigns to clean up wells and facilities

$$\text{LMR} = \frac{\text{Total Deemed Assets}}{\text{Total Deemed Liabilities}}$$

WILDLIFE PROTECTION

At Birchcliff, we diligently look for ways to minimize our impact on wildlife and their habitat.

- Multi-well pad drilling has significantly reduced our surface disturbance. Reducing our surface footprint minimizes the fragmentation of wildlife habitat and maintains travel corridors.
- To minimize our impact on wildlife, physical sweeps are conducted during our development planning and before project execution to identify any features that may require mitigation or avoidance depending on wildlife species present.
- We participate in the Alberta Watershed Planning Committee, where watercourse crossings are collectively remediated by users.
- Wetland assessments are completed on all new development projects. Sites are reviewed using remote sensing tools and field inspection to determine the presence of wetlands. Wellsite and pipeline placement are adjusted to minimize potential impacts. Site-specific reclamation plans are developed for wetlands that are impacted.
- During forest fire season, Birchcliff equips our temporary flaring operations with additional firefighting equipment to mitigate risk and response times.





A beautiful sunrise on the way to the 13-09 compressor station.

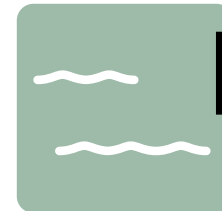
Water



2.4 WATER

We recognize the need to continually improve water-use efficiency across all areas we operate to protect freshwater supply.

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 reduce the effects associated with water usage. Through proactive measures, we have secured the volumes of water necessary for future development while meeting or exceeding regulatory requirements and minimizing our environmental impact.



Permanent

Water Infrastructure



Water Recycling



Reduced Water Consumption



Tiered Water Sourcing



Water Partnerships

UNDERSTANDING OUR WATERSHED

Birchcliff monitors the watershed to understand our impact and to predict water availability. We collect and analyze flow data, water level data and water quality of various water bodies through field testing. Understanding this information allows us to time water diversions to have the lowest impact on the watershed.

LONG-TERM WATER SUPPLY

Birchcliff has five 10-year term water licences, allowing us to fully execute our business plan while responsibly mitigating the impact on freshwater sources. These water licences satisfy the guidelines for surface water diversion as outlined in AER Manual 025: *Applications Under the Water Conservation Policy for Upstream Oil and Gas Operations*, the Government of Alberta's *Surface Water Allocation Directive* and the *Water Act* (Alberta).



WATER STORAGE INFRASTRUCTURE

Birchcliff has approximately 1,180,000 m³ of water storage at 11 strategically located reservoirs, 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 hoses, to storage sites during periods of high flow conditions, protecting the watershed's environmental flow needs.

This strategic water storage infrastructure effectively removes 15,700 truckloads of water from Alberta roads annually. This has significantly decreased GHG emissions, reduced landowner disturbances and improved public safety.



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 an alternative long-term water source.

INDUSTRY COLLABORATION

We are active in the Alberta Water Operators Group and the Canadian Association of Petroleum Producers (“CAPP”) Water Committee. Both are industry collaboration groups that work with provincial regulators, where information is shared on new recycling and reuse technologies and intercompany water sharing opportunities, which helps to improve our ability to transfer non-fresh water within our operating areas. In addition, Birchcliff engages with neighbouring third-party producers to explore opportunities to share available water and existing infrastructure when possible.



Watercourse Crossing 4-33-078-12W6

ALBERTA WATERCOURSE CROSSING PROGRAM

Birchcliff is an active participant in the Alberta Watercourse Crossing Program. This collaborative program, which includes members from several federal and provincial government agencies, the AER and energy producers, is an innovative, voluntary initiative prioritizing the remediation of watercourse crossings to improve aquatic and riparian habitat.

Energy producers complete inspections of their watercourse crossings to determine their ecological impact. A watercourse crossing may impede fish passage by having a small culvert or a hanging culvert. Once watercourse crossing inspections are completed and the highest risk crossings are identified, a remediation plan is developed to improve fish habitat.

In 2022, Birchcliff remediated two high-priority watercourse crossings. In Gordondale, we replaced the undersized culvert with a larger, longer and properly installed culvert which reconnected 11 km of fish habitat.

In Pouce Coupe, we replaced the undersized culvert with a 60 inch clear span bridge and the watercourse banks were also armoured with rock and woody debris. Utilizing a clear span bridge at this crossing dramatically reduces the impact on the watercourse and reconnects 130 km of fish habitat.



EMPLOYEE SPOTLIGHT – DARBY STOLK

For Senior Water Logistics Superintendent Darby Stolk, it always comes back to the central idea of community and her Birchcliff network of peers and colleagues. Having been raised in a small-town Alberta setting and steeped in its culture of support and collaboration, Darby grew up with an appreciation for long-lasting personal relationships and deep bonds. Darby has always valued Birchcliff's culture and open environment and she considers the Company a natural extension of what she experienced growing up.

"I really appreciate the passion that Birchcliff has for its people", she says. "For me, Birchcliff has been a family experience in the best ways."

Initially intending to enter a career in physiotherapy, Darby spent several years working with people with physical and mental health challenges. While she enjoyed it, the more she researched the profession itself, she realized that some of the medical requirements involved areas she wasn't interested in pursuing. That's when she decided to turn her attention to the Petroleum Engineering Technology program at the Southern Alberta Institute of Technology ("SAIT"). When asked about the seeming 180-degree pivot from physiotherapy to engineering technology, Darby laughs and says she is still working with people from all backgrounds and walks of life in her job, just using a different lens and approaching things from another angle.

Joining Birchcliff in July of 2007, Darby was initially hired to review files on wells for the Montney assets and transitioned into a Production Technologist. Her current role involves sourcing water for drilling,



completions, pipeline bores and dust control. Darby also deals with the governmental approval process required for water usage, then works with her team to ensure the water is where it needs to be to support Birchcliff's ongoing operations. "Once the permissions are in place, we ensure the water is where it needs to be, at whatever rates and temperatures are necessary for the operation being performed."

Even though the process around her functions may share some similarities, Darby explains that every day still brings a fresh level of challenge and interest. "We're always trying to find the balance between water availability and cost of using treated water versus fresh, looking at ways to be better, to improve our efficiency and keep bettering our sustainability." Even incidental progress in standard equipment/hardware is worthwhile. "One of the interesting elements is the improvement made in lay-flat water hose technology and design; a small improvement can mean a big difference in operation.

I'm curious to see where the industry will be going next, as it's important to stay current on development," she comments.

Given the nature of the work, Darby and her field team prepare and rig the site in advance, which involves a lot of intense, focused work, often concentrated into a fairly compact time frame. "I've got three great guys in the field, and apart from rigging, we'll also supervise to make sure nothing goes missing (rig watch). The actual work around water pumping and transfer is a bit unique and I've been lucky to have a great team that not only understands their job, but who also enjoys what they do."

Darby also comments on the long-standing contractor relationships that she (and many others at the Company) enjoys and why she feels these are important reflections on the corporate culture: "I see this as Birchcliff's philosophy: respect and listen to one another. It's a place that walks the talk when it comes to workplace relationships and success. I've made some life-long friends here."

When she thinks back on the past 16 years at Birchcliff and is asked if any particular memory of a project comes to mind, Darby gets a small smile on her face and her mind immediately goes back to her early days on the job.

She laughs when she describes her first few experiences at Birchcliff, the challenges of pushing water through winter temperatures and learning the ropes. When asked how she defines success, Darby chalks it up to "having the right people in place, evolving, looking for ways to grow as a team and finding new ways to be better and safer."

Concern for her team's safety and well-being is something that Darby sees as a natural part of her job. "I just want everyone to get home safely at the end of the day. I think I was doing "journey management" before it had a name. During bad weather, I would tell my contractors to call me when they arrived home safely or when they arrived at site when road conditions weren't the best. It was about demonstrating a necessary level of respect and care for the people you work with."

Darby also credits Birchcliff's respectful culture of open and honest communication as part of why she chose to share the news about her marriage to her long-term partner with her colleagues. "I consider many of my colleagues as family, so some people at Birchcliff already knew that Val and I were going to be married. But there was a project we were working on and the dates ended up pushing into the weekend of our ceremony. So we changed the date, but then the project shifted again – right into the new date of the ceremony! As I had a bunch of Birchcliff people invited to the ceremony, I had to go to my boss to see if we could keep

these project dates fixed so that all the invitees could make the wedding. It wouldn't have felt right if I couldn't have shared this day with all my Birchcliff family and friends."

While not someone who describes herself as a person who would attend rallies or marches for same-sex rights or legislation, Darby also realizes many workplaces claim to support diversity and inclusion but do not put much weight or real effort behind the policy. "I don't consider myself any different from anyone else; I just want to come to work and to be recognized and valued for what I do and for who I am. But it was also owing to the Birchcliff people, atmosphere and culture that I was able to share my wedding and that part of my life – there are other companies where it probably wouldn't have felt like a safe space to reveal something that personal. That means a lot and my Birchcliff family has been incredible in their support and friendship."

As she reflects on her 16 years at Birchcliff, Darby describes her impression that "every day is like attending a family reunion," she says with a smile.

She thinks this atmosphere begins with the tone set by the executive group, commenting that "Jeff Tonken has always placed a premium on Birchcliff being like a family in the best sense, with people looking out for one another. The same thing goes with Chris Carlsen, who I first worked with when he was the leader of the central team. Birchcliff attracts people who are committed to success and to growth. There's lots of opportunity here."

Darby is optimistic when asked how she sees herself as part of the energy industry's future. "I have a sense of hope about our business," she says. "I'd like to see more advances in technology and want to keep finding ways to improve our own practices." When asked for final thoughts, Darby turns back to the community and her pleasure at forming relationships with landowners in the areas where Birchcliff operates. "I think for me, having been raised with a farming background, I'm able to connect with some of the landowners in a way that some others may not. I really see this as an extension of our philosophy: we take care of each other and of our communities – whether it's through value for water access, working with our First Nations partners, to supporting STARS or the United Way, it all speaks to Birchcliff's success at building meaningful relationships that will last."



COMMITMENT TO INNOVATION

SECTION 2.5



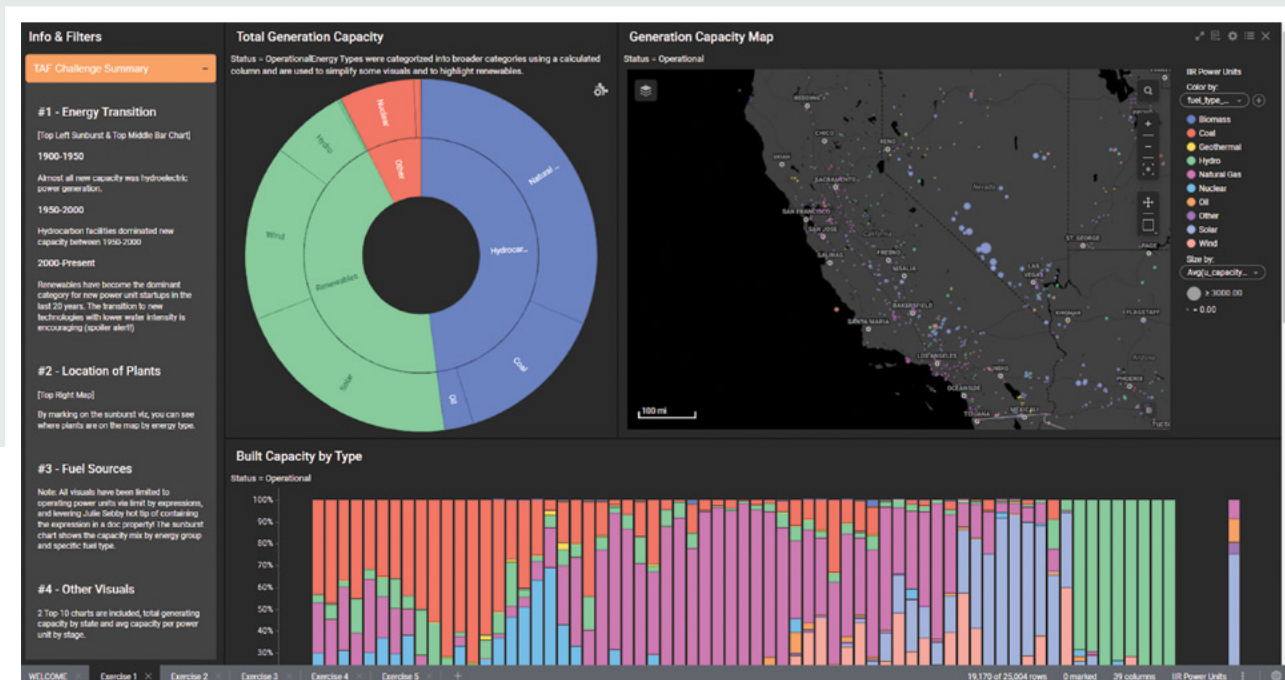
2.5 COMMITMENT TO INNOVATION

In 2022, Birchcliff spent approximately \$2.5 million in either direct funding or through NGIF Industry Grants to support several new technology companies. The funded companies focus on carbon capture, utilization and storage technology, reduction of methane emissions, waste heat recovery, produced water treatment, drilling fluid recycling and hydrogen production.

In addition to the funding that Birchcliff provides, we also engage with funding recipients to provide advice, in-kind contributions or host pilot tests. For example, one company awarded funding in 2022 that focuses on methane emission detection, Kuva Canada Inc. ("Kuva"), was also looking for industry support to host pilot tests at industrial-scale facilities. Birchcliff further supported Kuva in the commercial testing of their cost-effective continuous methane vent monitoring system by providing access to various operating sites. Although no new venting was detected, the system worked to detect known small emission sources.

Through NGIF Cleantech Ventures, Birchcliff paid approximately \$270,000 for equity positions in three new startup technology companies in 2022. These companies focus on high-efficiency HVAC solutions, heat and power generations and emissions monitoring and measurement equipment.

The total capital of \$2.5 million that Birchcliff invested in new technology startups in 2022 demonstrates our continued support of early-stage technology startups to help reduce the oil and natural gas industry's environmental impact and further improve the sector's efficiency.



Dashboard excerpt from Hackathon submission summarizing power generation in the U.S.

A PODIUM FINISH FOR BIRCHCLIFF ANALYTICS

In June of 2022, members of Birchcliff's Data Analytics team attended the TIBCO Analytics Forum, which focused on temporal and spatial analytics. Lee Grant, our Strategic Planning and Business Intelligence Supervisor, participated in their "Hackathon" event, which focused on sustainable energy. Participants were given 8 hours to answer several questions about electricity generation and water use in the United States. Spotfire™ was the critical tool used to combine various data sets, create visualizations and provide meaningful insights into U.S. electricity generation capacity by type, essential mechanisms at play and to understand the impacts on water sources. Spotfire experts judged and ranked projects and Lee's submission placed 2nd amongst 250 participants. Judges highlighted Lee's attention to detail, thorough scientific analysis and guided insights.

Monica Brookwell, Analytics Engineer with Birchcliff, also presented a session called "Efficiency Gains using Spotfire in Spatial and Analytics Workflows" to professionals from various countries and industries. There was keen interest in how Birchcliff leverages Spotfire and data virtualization to build "fit-for-purpose" apps. Participation in events like these ensures Birchcliff is on the leading edge of innovation and poised to leverage technology to solve challenging industry questions.

[Tibco Analytics Forum 2022 Hackathon Winners](#)

ANALYTICS BUILT ON A STRONG FOUNDATION

Birchcliff sees analytics as a tool to do things more efficiently and/or to make better decisions.

With that principle in mind, Birchcliff has focused on building an extensive data environment to empower our technical teams to improve their workflows.

Key strategic themes:

- Facilitate ingestion of crucial data sets via scalable data pipelines.
- Clean, refine and feature technical data sets.
- Streamline data accessibility and facilitate self-serve analytics.
- Generate insight via visualization, advanced analytics and machine learning.

Key technologies:

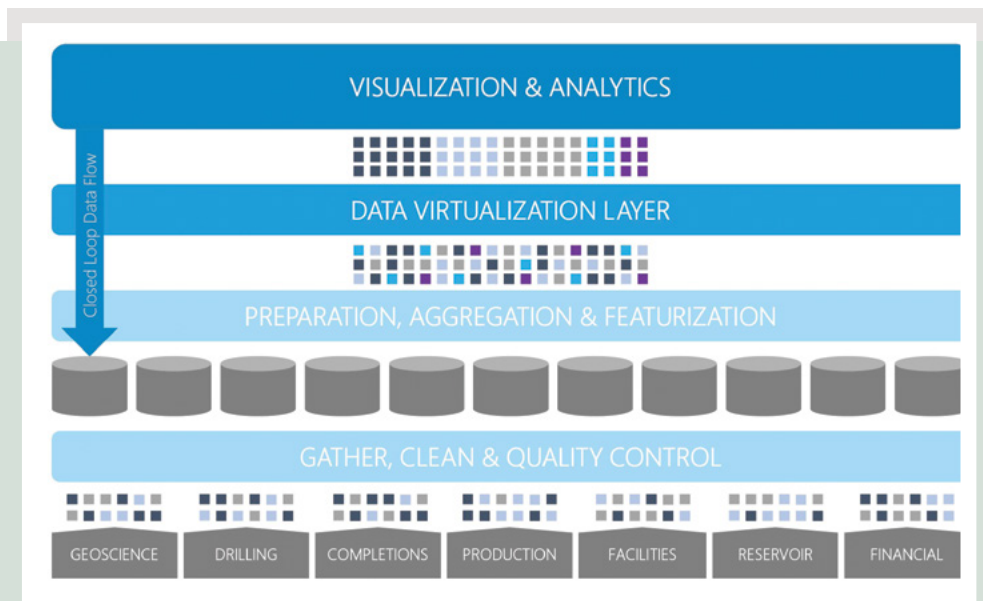
- Data virtualization – integrate disparate data and minimize redundant storage.
- Spotfire – visualize, analyze, and enrich technical workflows.
- Custom code (R, Python, etc.) – extensive use of fit-for-purpose code.

LOOKING BACK

Efforts have spanned the well lifecycle, from pre-planning to long-term well production improving site election, optimizing drilling targets and increasing efficiency in operations.

LOOKING FORWARD

Further opportunities to work with other technical disciplines, including ESG, to gain insights into collected data, trials, data verification, real-time ESG performance metrics, etc.



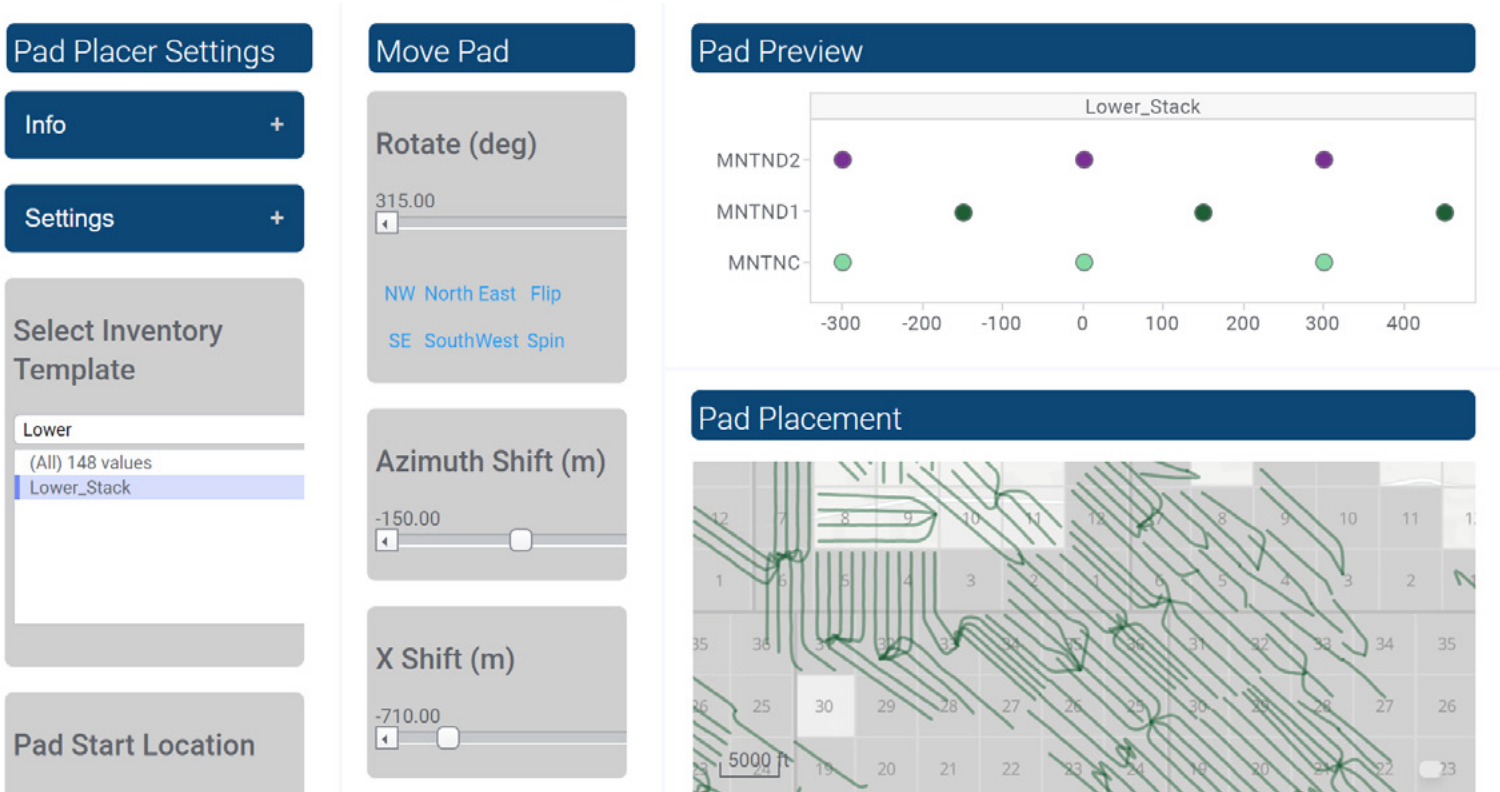
Birchcliff technology stack showing the flow of data from source (bottom) to analytical insights (top)

RAPID INVENTORY PLANNING PLATFORM IN R ("RIPPR")

Our technical teams want a methodology to rapidly create and screen new pad locations for future development opportunities. We realized that our current workflow and software were a significant bottleneck and that we needed more people with the appropriate software and training.

The analytics team created a “fit-for-purpose” app using Spotfire as a familiar front-end interface and open-source R-script and SQL on the backend. The app allows users to build pad templates, drop and move those on the map, modify individual surveys and finally submit those well entities into a centralized inventory database. This allows us to generate data for future wells that complement our existing processes, including physics-based modelling and machine-learning predictions.

The app, RippR, developed quickly and now hosts thousands of wells, scenarios and sensitivities. Data is merged in our analytics infrastructure so technical staff can work seamlessly between drilled and undrilled inventory. RippR is a collaborative space where Birchcliff’s geoscientists, engineers and analytics teams can create and share within highly intuitive software. This collaboration allows Birchcliff to find better solutions more efficiently and maximize the value from our assets, while being conscious of our development footprint.



RippR app interface that allows multi-layer pads to be placed and manipulated on the map in relation to existing surface locations and wellbores



New waste heat recovery unit installed on the PK5000 compressor at Phase I/II of the Pouce Coupe Gas Plant

WASTE HEAT RECOVERY

Leveraging off the design and operational experience gained from waste heat recovery systems installed on the Phases V and VI process trains at the Pouce Coupe Gas Plant, Birchcliff spent approximately \$2.4 million in 2022 retrofitting the exhaust and process heat medium system in the initial Phase I / Phase II process trains.

The high-temperature exhaust from the natural gas engine (used for natural gas compression) now passes through a heat exchanger where the left-over heat from combustion is transferred into the heat transfer fluid to supply heat to various gas processing units. The heat was previously provided solely from natural gas combustion in fired process heaters. By recovering the heat, each fired heater can be turned down or off, reducing fuel gas consumption and CO₂ emissions by approximately 2,500 tonnes per year. Birchcliff also benefits from the increased reliability of having an extra heat source for process heat. Work is underway to design a similar retrofit to the Phase III process train.

NOISE AND LIGHT POLLUTION

One of our primary focuses during drilling and completions operations is to minimize the overall disruption and impact on the surrounding residents.

When we build our leases, we strategically place the topsoil from lease construction downwind of our prevailing operations to act as a noise barrier to minimize noise pollution to residents. Where structural barriers are not enough to reduce noise to an acceptable level, we take extra measures and install noise-cancelling equipment.

As our operations are conducted on a 24-hour basis, we require lighting to execute our work safely. In 2022, we employed stadium-style lighting with a solid mast while pumping water from our storage ponds to a well-completion project. We received a complaint from a resident concerned with the excess lighting disrupting the night sky and their sleep. To address the landowner's concerns, we immediately discontinued the use of this style of light and replaced it with lighting that is height adjustable and can be tilted. This solution is now a standard on all of our sites.



Muffler boxes installed on the rig generators to dampen the noise.

TECHNOLOGY AND INNOVATION – DRILLING PRACTICES

Birchcliff is continuing to advance and adapt our drilling practices to improve productivity in our drilling program. For example, in 2022 we adopted a more evenly distributed drilling schedule where we drilled our wells more consistently throughout the year. This allowed Birchcliff to reduce the number of necessary drilling rigs, secure drilling contractors for extended periods, have more dependable crews, increase safety performance and develop more consistent practices. Additionally, our methodology is adaptable to allow well-profile and reservoir matching to maximize drilling performance by using rotary steerable directional tools, brine and invert fluids, drill bits and lubricants. The above processes have made our drilling program more efficient, thus reducing the days required to drill a typical well in our Montney area.

TECHNOLOGY AND INNOVATION – COMPLETIONS PRACTICES

Similar to our drilling program, consistency in employees and contractors year-over-year has allowed Birchcliff to improve productivity in our completions program. The technology employed for this program is primarily centred around “plug and perf” techniques and can involve upwards of 100 workers during peak operations. Further innovation improving our completions program include extreme limited entry perforation designs, fibre optics wellbore monitoring, microseismic acquisitions and ultrasonic post-frac imaging and inspections. Coupled with these advanced technologies, we also utilize the most environmentally friendly stimulation fluids available such as synthetic acids, biocides and friction reducers at low concentrations.



Dual Drilling Rigs at 14-28-77-13W6 Well Site

BI-FUEL EQUIPMENT

Birchcliff selects technologies that increase efficiency and reduce emissions wherever practicable. For example, Birchcliff uses bi-fuel equipment that increases efficiency and reduces emissions by using a combination of natural gas and diesel instead of just diesel fuel. Birchcliff employs bi-fuel equipment as part of our completions program, resulting in an average savings of approximately \$20,000/well using an average of 50% diesel fuel substitution. In 2022, we completed 41 wells, resulting in an overall reduction of approximately \$533,000 and over 1,000 tCO₂e. The following sets forth Birchcliff's bi-fuel equipment savings and emissions reduction statistics in 2022 as provided by our fuel supplier, Certarus Ltd.

PARAMETER	INPUT	CONVENTIONAL FLEET	STEP DUAL-FUEL
Wells (per pad)	4		
Days on Location	6		
Pump Time per Well (hrs)	18		
Average Treating Pressure (MPa)	64.997		
Average Treating Rate (m ³ /min)	12		
Substitution (%) (enter a value between 40-65% which represents STEP's average substitution rate)	50		
Diesel Equivalent Liter (DEL) Conversion (L/scm)	1.1		
Diesel Cost (\$/L)	1.22		
Natural Gas Cost (\$/scm)	0.1		
3rd Party Costs (\$/pad)	10000		
		DAILY	Diesel Required (L): 46,764 Gas Required (scm): 25,635 Savings: \$13,019
		WELL	Diesel Required (L): 70,146 Gas Required (scm): 38,453 Savings: \$19,529
		PAD	Diesel Required (L): 280,582 Gas Required (scm): 153,810 Savings: \$78,116 SAVINGS: 23%

For more information please email info@step-es.com

Typical fuel consumption comparison during a four well pad stimulation.



Birchcliff consumed a total amount of 49,195.97 MSCF of natural gas for its drilling projects for the year 2022.

ESTIMATED CUMULATIVE EMISSIONS REDUCTION

1,041,873.77 KG CO₂
based on estimated diesel displacement

2022 ENERGY EFFICIENCY EVALUATION PROJECTS

Since 2010, Birchcliff has implemented 17 emission reduction projects as set forth in the table below. These projects are difficult to accurately quantify post-implementation. A recent initiative we are particularly proud of is the waste heat recovery projects, which have reduced our annual emissions by almost 18,000 tCO₂e. Future waste heat recovery projects planned will reduce an additional estimated 25,000 tCO₂e annually. In addition, the complete elimination of compressor seal venting in 2023 is expected to reduce a further 18,000 tCO₂e annually.

Birchcliff currently has five emissions reductions initiatives under investigation as set forth in the table below. These projects include hydrogen production, grid-scale solar, post-combustion methane emissions reduction, digital twins and post-combustion carbon capture.

INITIATIVE	DEPLOYMENT STAGE	EMISSION/GAS TYPE REDUCED
Waste Heat Recovery	Implemented	CO ₂ , CH ₄ , N ₂ O
Vapor Recovery Units	Implemented	CO ₂ , CH ₄
High-to-Low Conversions (Pneumatic Instrumentation)	Implemented	CO ₂ , CH ₄
Electric Instrumentation and Controls	Implemented	CO ₂ , CH ₄
Electric Pumps on Well Sites	Implemented	CO ₂ , CH ₄
Solar/Wind Small Power Generation on Well Sites	Implemented	CO ₂ , CH ₄ , N ₂ O
Instrument Air Compressors	Implemented	CO ₂ , CH ₄
Compressor Seal Vent gas Captured or Destroyed	Implemented	CO ₂ , CH ₄
Use of CNG and Bi-Fuel System for D&C Operations	Implemented	CO ₂ , CH ₄ , N ₂ O
Flow Test Wells In Line	Implemented	CO ₂ , CH ₄ , N ₂ O
Water Storage Reservoirs	Implemented	CO ₂ , CH ₄ , N ₂ O
Super Pad Construction	Implemented	All
Walking Rigs	Implemented	CO ₂ , CH ₄ , N ₂ O
Efficient Lighting Instead of Diesel-Powered Generators	Implemented	CO ₂ , CH ₄ , N ₂ O
Camps-to-House Rig and Frac Crews	Implemented	All
Post-Combustion Carbon Capture	Under investigation	CO ₂ , CH ₄ , N ₂ O
Fugitive Emissions Management Program/Leak Detection and Repair	Implemented	CO ₂ , CH ₄
MRRCP	Implemented	CO ₂ , CH ₄
Hydrogen Production	Under investigation	CO ₂
Digital Twins	Under investigation	CO ₂
Grid Scale Solar	Under investigation	CO ₂
Post-Combustion Methane Emissions Reduction	Under investigation	CH ₄
Carbon Capture, Utilization and Storage	Not to be implemented	CO ₂



EAU LAIRE
T E R

 *Calgary Stampede*

 *Calgary Stampede*

 *Calgary Stampede*

 *Calgary Stampede*

Social

Health & Safety



3.1 HEALTH & SAFETY

LOOKING BACK

In 2022, Birchcliff:

- Continued the implementation and support of our Mental Health Awareness Program, "The Working Mind" ("TWM"), for all of our Field Operations team members.
- Expanded our Safety Recognition Program to include our contractors. This program promotes safety awareness and recognizes individuals who have demonstrated safe behaviours. In 2022, we presented 19 Safety Recognition awards.
- Implemented a formal Office Ergonomics Program, with 36 assessments performed in 2022.
- Continued to work and communicate with industry peers on rural crime reduction initiatives for the areas in which we operate. This program includes sharing information, providing awareness for our employees, contractors and stakeholders and liaising with authorities and governments to positively affect change and reduce risk.
- Engaged our employees and contractors in a safety culture survey (CultureSite by Monarch). This survey has helped us better understand the perceptions of health and safety across our organization. The survey systematically measured the maturity of our safety culture, highlighting our strengths, opportunities and risks and served as a benchmark with our peers.
- Performed an internal audit under Alberta's Certificate of Recognition ("COR") Safety Program. We continue to be successful in maintaining this certification.



Jeff Tonken and Chris Carlsen handing out Safety Recognition Awards to field personnel

LOOKING FORWARD

- Continue to manage our COR action plan items to ensure our Health and Safety ("H&S") programs are developed in accordance with changing industry and regulatory requirements. We will continue to develop an action plan to address opportunities that will improve our H&S programs.
- Re-engage employees and contractors in the CultureSite survey to provide feedback on Birchcliff's H&S programs and culture. As this is the second year, Birchcliff will look for trends and additional opportunities to improve our programs.

SUPPORTING EMPLOYEE SAFETY

Birchcliff's nationally recognized Health, Safety and Environment ("HSE") Management Program provides a framework to safeguard employees, contractors and visitors from personal injury, health and environmental hazards. Birchcliff maintains a safe work environment through 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 requirements of the HSE Management Program.

At Birchcliff we take pride in our exceptional health and safety culture and remain steadfast in improving our health and safety programs. We recognize that our health and safety culture depends entirely on our people's level of engagement and program ownership.

The one common factor with all our programs is our people. We continually seek new ways to support and improve behaviours that will positively impact our safety performance and culture.

All employees and contractors on Company worksites must follow all Birchcliff HSE policies and procedures and participate in appropriate training.

Birchcliff has a robust program for monitoring and maintaining compliance with health, safety and environmental laws, rules and regulations applicable to our operations. Our operations are conducted to meet or exceed regulatory requirements and industry standards, protecting our employees, contractors and all stakeholders while safeguarding the environment. Birchcliff's HSE Management Program is comprehensive and includes a health and safety manual, an environmental management program and other policies, practices and procedures. Roles and responsibilities are clearly defined at all Company levels, from executives to employees and contractors.

Birchcliff engaged Monarch, an ISN company, to administer a confidential survey to evaluate Birchcliff's overall safety culture and identify strengths and opportunities. Employees and contractors were surveyed and the results were compared to the Company's upstream oil and gas peers. Survey responses from Birchcliff employees and contractors indicated that Birchcliff's strengths lie in commitment, supportive resources and hazard awareness. Focus areas for potential improvement were perceived to be: competency, communication and incident reporting and investigation. The Birchcliff survey responses resulted in an overall safety culture maturity value of 82.3, above the peer benchmark average of 80.6.

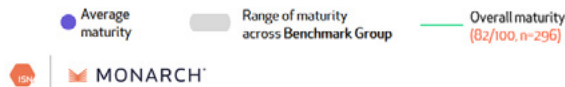
Employee and Contractor Respondent Safety Culture Perception by Value

Competency, Communication & Reporting and Investigation values are potential areas for investigation



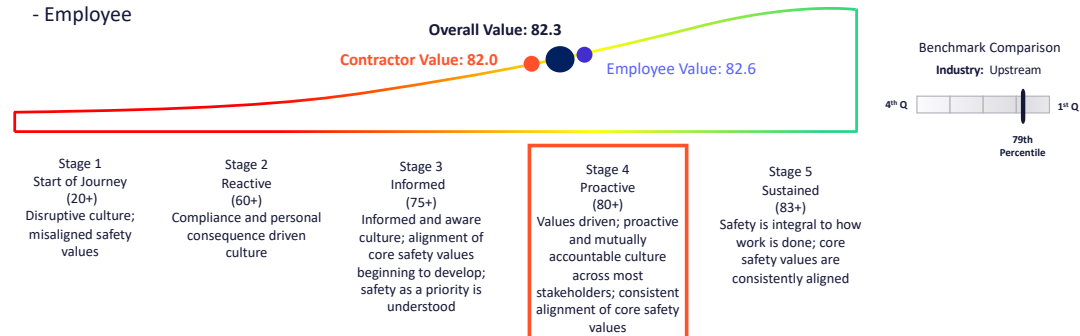
Lowest scoring Values:

- Competency
- Communication
- Reporting and Investigation



Overall Safety Culture Maturity (82.3)

“Executives take safety seriously and want everyone to get home safe!”
- Employee



EMPLOYEE TRAINING AND COMPETENCY

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

As a result of the challenges over the last several years due to the COVID-19 pandemic, Birchcliff recognizes the importance of mental health awareness and the risks associated with mental illness. To support our employees in the field, we worked with the Mental Health Commission of Canada to provide our Mental Health Awareness Program, the TWM, for all of our field operations team members. TWM is an evidence-based program designed to promote mental health and reduce the stigma around mental illness in the workplace. We continue to develop this program to ensure our employees have the support and resources to maintain positive mental health, help with conversations and reduce the stigma associated with mental illness.

CERTIFICATE OF RECOGNITION

As part of our efforts for continuous improvement, Birchcliff participates in Alberta's COR Safety Program through the Alberta Association for Safety Partnerships. Since 2011, Birchcliff has received and maintained the COR certification. The 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 HSE Management Program. The results of the audit was presented at a field H&S meeting. Recommendations were created for each area that did not receive a score of 100% and corrective actions were developed. Our Production Operations Joint Health and Safety Committee ("JHSC") meets regularly to review COR action items to continually improve our H&S programs and performance.

Our Executive Vice President, Operations, Dave Humphreys, said, "While the COR program is not mandatory, we want to know that we are continually monitoring, improving and evolving our Health and Safety programs."

COMMUNICATING THE HEALTH AND SAFETY MESSAGE

Health and safety messaging comes from all levels of the organization. Birchcliff's President and CEO each take the opportunity at the end of every staff meeting to remind everyone to "Stay Safe".

In the field, teams from our operating areas meet monthly to discuss topics that impact the health and safety of their workplace. This includes reviews of safe work practices, emergency response plan responsibilities and internal and industry incident reviews. These meetings also allow our employees to bring forward health and safety ideas and opportunities. Our field leadership team meets quarterly to review H&S performance, new initiatives and upcoming program changes.

Corporately, semi-annual meetings are held in our Calgary office to review our HSE Management Program and performance and bi-monthly operations managers' H&S meetings are held to discuss Birchcliff's related H&S positive observations or concerns raised by each operational discipline.

SAFETY STAND DOWN

Every year, members of our executive and management team take the time to visit the field and meet with front-line workers to discuss the importance of health and safety. This effort supports our workers and outlines Birchcliff's health and safety expectations. In May 2022, the Safety Stand Down included more than 400 employees and contractors. This event was well received and an excellent opportunity to engage our front line.



Executives and managers meeting with front-line workers during Safety Stand Down

LEARNING AND INCIDENT MANAGEMENT SYSTEMS

Birchcliff's Learning Management System ("LMS") and Incident Management System ("IMS") have been developed, implemented 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, manages training certifications, tracks H&S meetings and supports our competency management program.

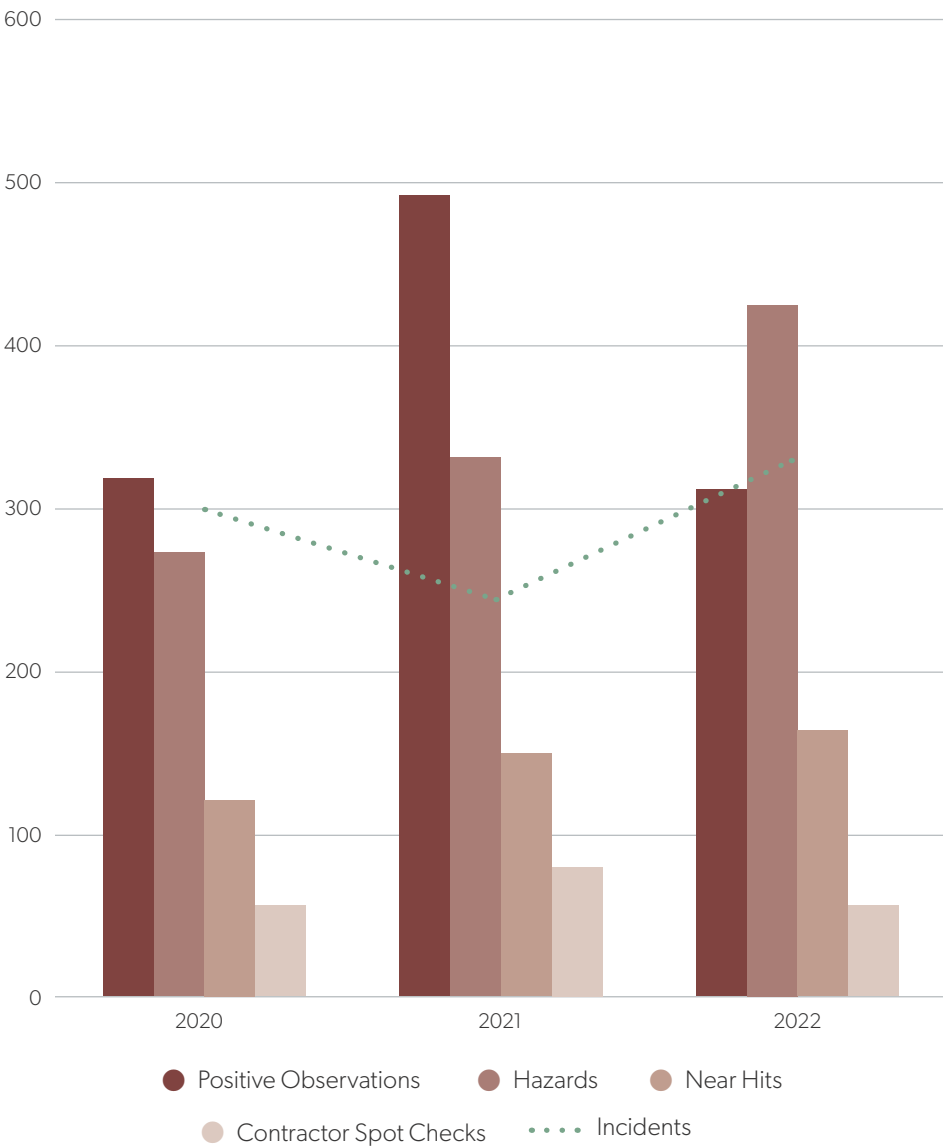
The IMS allows us to categorize, track and conduct trend analysis for incidents, near hits, hazard identifications and positive job observations.

INCIDENT MANAGEMENT AND COMMUNICATIONS

Birchcliff is steadfast in learning from all actual or potential incidents. We communicate all incidents, near hits, hazard identifications ("IDs") and proactive, positive observation reports throughout the field and operations teams. All medium and high-risk incidents, near hits and hazard IDs are reviewed with the Executive Team and investigated for root causes and the implementation of practical corrective actions. Health and safety bulletins are sent to the field, our contractors and industry groups when deemed appropriate. Birchcliff uses a proven investigation system that is recognized internationally to conduct all significant incident investigations. We 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.

Our proactive reporting programs bring awareness to conditions, hazards and risks before they can have negative consequences. By recognizing and reporting, we can look for additional control measures to reduce risk and the recurrence of incidents. In 2022, we had another great year with leading indicators (positive observations, hazards, near hits and contractor spot checks) representing 74% of reporting, with lagging indicators (incidents) at only 26%.

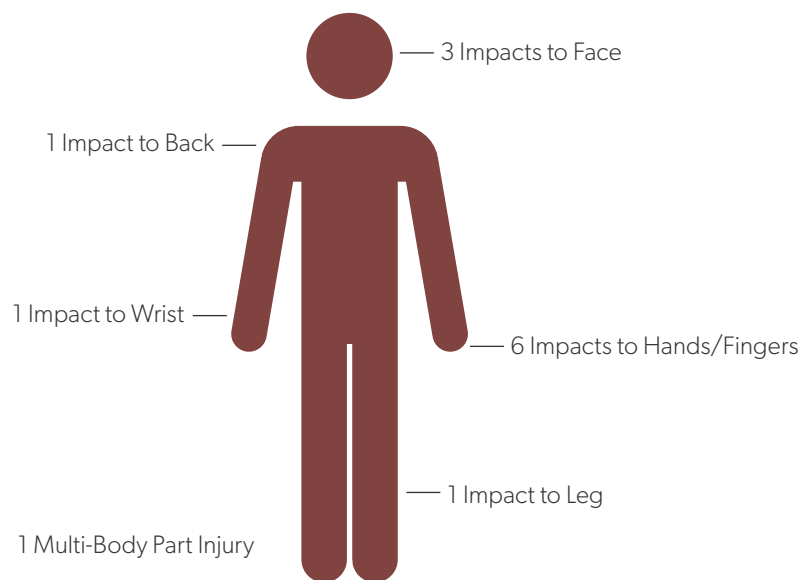
LEADING INDICATORS AND INCIDENTS



Thirteen recordable injuries occurred during 2022 on Birchcliff sites. Birchcliff employees had one medical treatment and one modified work accommodation. Our contractors had two incidents resulting in lost-time injuries, four required modified work accommodations and five needed medical treatment.

Below is a summary of the injury types and impacted areas:

2022 RECORDABLE INJURIES



Birchcliff's most commonly identified Life Saving Rules in 2022 were:

An Industry Accepted Standard



ENERGY ISOLATION



LINE OF FIRE



DRIVING

TARGETS

Health and safety goals are included in the annual performance review process for operations personnel. These goals include safe driving performance, H&S meeting participation, leading indicator reporting, inspections, audits and contractor spot checks.

Birchcliff believes that these goals help support continued awareness and improvement, which will help create a safer workplace.

HEALTH AND SAFETY INDUSTRY ENGAGEMENT

In 2022, Birchcliff supported and engaged with the Explorers and Producers Association of Canada (“EPAC”) H&S Committee. EPAC is an association comprised of over 110 oil and gas-producing companies in Western Canada. Birchcliff’s Health and Safety Manager, Ryan Sloan, is the committee chair, whose primary responsibility is to support the information flow and direction for EPAC committee members.

The committee discusses health and safety issues and makes recommendations to EPAC members about ways to prevent incidents, injuries and illness. Over the last few years, the committee has recognized mental health as a significant challenge for its members and their employees. At the EPAC H&S Committee Engagement event held in September 2022, the committee engaged Dr. Bill Howatt to deliver a discussion on workplace mental health. This presentation was well received and Birchcliff plans to continue working with Dr. Howatt on further opportunities at Birchcliff.

Birchcliff continues to be engaged with Energy Safety Canada (“ESC”) and their industry-leading initiatives. Our Executive Vice President, Operations, Dave Humphreys, sits on the ESC Board of Directors and the Safety Standards Council. In 2022, Birchcliff’s Health and Safety Manager participated with ESC’s Life Saving Rules and Potentially Serious Incidents Community of Practice forum.

EMERGENCY PREPAREDNESS AND RESPONSE

Birchcliff has an extensive Emergency Response Plan (“ERP”) that has been developed in conjunction with local authorities, emergency services and the communities in which we operate to ensure adequate preparedness and response to a potential emergency.

The ERP is reviewed annually and updated with the H&S team, management and operations staff. This plan is available to all Birchcliff employees and representatives via our intranet or IMS and key responders have a cloud-based ERP app.

We conduct annual emergency response exercises and training for our staff, far exceeding the triennial regulatory requirements. Birchcliff’s ERP covers all areas of our business. Potential risks include environmental spills/releases, injuries, area resident concerns, security issues, rig blowouts or acts of nature. 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. To ensure all new employees are adequately trained and informed of updates to the Company’s ERP, sections of the ERP are reviewed at monthly field safety meetings.

CONTRACTOR ENGAGEMENT

Birchcliff has implemented a comprehensive Contractor Engagement program aligned with our HSE Management Program. Birchcliff requires all contractors to register with a third-party contractor data management program. This system allows us to consolidate all contractor information into one system. All contractors are notified of Birchcliff's health and safety requirements during their onsite safety orientation. All changes to these requirements or any safety-related updates are sent via a "Safety Bulletin" through our Contractor Engagement 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.

In November 2022, Birchcliff held a contractor engagement meeting in Dawson Creek with over 140 contractor representatives and members of Birchcliff's management and H&S team in attendance. This was an excellent opportunity to discuss Birchcliff's health and safety expectations, significant incidents and mitigation plans and H&S performance metrics. The Birchcliff H&S team presented "Talent Retention & The Influence of a Strong Safety Culture on Engagement", "Field Leadership and Engagement" and provided the opportunity for contractors to bring up issues or concerns of their own to help bring awareness to their industry peers.



Birchcliff hosted a Contractor Engagement Meeting in Dawson Creek



JOINT HEALTH AND SAFETY COMMITTEE ("JHSC")

Alberta's health and safety legislation recognizes that employers and workers share responsibility for worksite health and safety. JHSCs enable workers to exercise their rights to know about hazards and to participate in their health and safety.

Birchcliff has two active JHSCs, one in the field and one in our Calgary corporate office. These JHSCs include members from management and workers from various operational areas. The JHSCs meet regularly to discuss pertinent H&S related issues. Before each meeting, the Production Operations JHSC works collaboratively to conduct site inspections and look for hazards or opportunities to increase awareness.

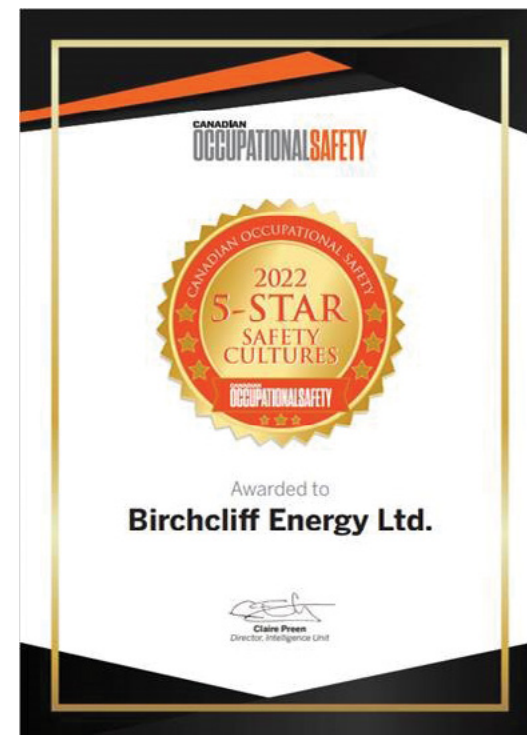
CANADA'S SAFEST EMPLOYER AWARD

For 13 years, the annual Canada's Safest Employers Awards has been recognized as the leading independent awards program in the occupational health and safety profession. The awards recognize outstanding companies for their achievements, leadership and innovation. Companies are judged on a wide range of H&S elements, including employee training, H&S management systems, incident investigation, emergency preparedness and innovative initiatives in the workplace and the communities in which they operate and conduct business.

In 2022, Birchcliff was proud to be awarded Excellence Awards for Workplace Safety and Insurance Board's "Canada's Best Health and Safety Culture" and MSA Safety Incorporated's "Safety Award for Canada's Safest Oil & Gas Employer."

In 2022, Birchcliff was one of 21 winning companies across Canada to receive a "5-Star Safety Culture" award from Canadian Occupational Safety Magazine. The methodology for consideration was a two-step process that included both an employer submission with in-depth details about their safety program and an employee survey.

An overall satisfaction rating of 75% must be achieved to be recognized as a 5-star awardee. Canadian Occupational Safety stated, "winners of the 5-Star Safety Cultures in 2022 are among the best and brightest in Canada, and their programs make a strong impact in the industry".



3.2 ASSET INTEGRITY

PRESSURE EQUIPMENT

Birchcliff is committed to the safe design and operation of its pressure equipment. Through 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. Birchcliff has approximately 1,600 Alberta Boilers Safety Association (“ABSA”) registered pressure vessels at its production sites. ABSA regularly audits our PEIM program.

During the last external audit in 2021, Birchcliff received an industry-leading audit score of 92%.

In 2022, Birchcliff completed three major turnarounds, one in each of our Gordondale and Pouce Coupe field operations and one in Phases I and II at the Pouce Coupe Gas Plant. This was the busiest year of turnaround operations that Birchcliff has ever experienced and all necessary work was completed with no outstanding concerns. Various internal and third-party groups were required to complete all necessary inspections on hundreds of vessels safely and on time.



PIPELINES

Birchcliff designs, installs and operates pipelines in such a way as to maintain the value of its pipeline assets, protect people and the environment and ensure compliance with regulatory requirements.

Birchcliff currently has 380 operating pipelines, ranging in size from 60.3 mm to 406 mm, with a combined total length of approximately 690 km. These lines transport various combinations of natural gas, hydrocarbon liquids, produced water and fuel gas.

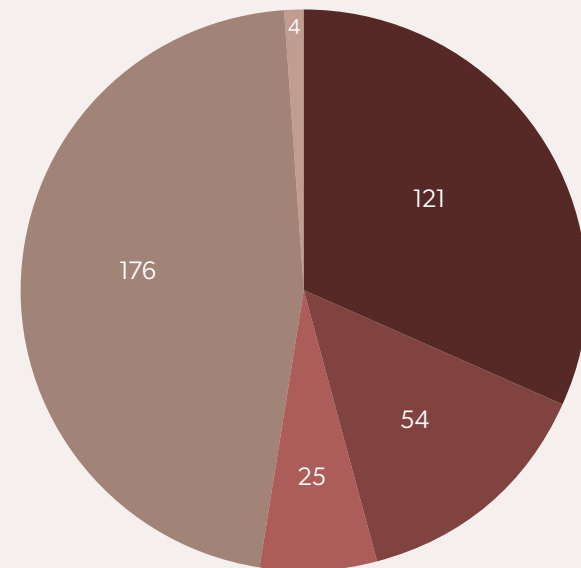
Pipeline integrity parameters are continuously monitored and evaluated to identify potential system risks and ensure the gathering network has adequate protection. Information from these programs and our ongoing maintenance and operations is utilized to perform pipeline risk assessments. Pipeline risk assessments are updated at least once per year on all operating pipelines with all key stakeholders. Birchcliff also conducts annual right-of-way inspections on each of our pipelines and flies over each line via helicopter to aerially inspect the pipelines and any critical crossings (e.g., waterways, roads, agricultural fields).

Birchcliff proactively inspects pipelines to ensure mitigation programs are working as expected and to confirm that our assets are fit to remain in service. In 2022, Birchcliff performed 18 inline inspections without reportable releases from our licenced pipelines. To extend the life of our pipelines and minimize any chance of a leak or spill, Birchcliff implements a comprehensive chemical program. By preventing corrosion, hydrates and other common issues seen with pipelines, we can safely operate our various types of pipelines while maintaining steady production.

OPERATING PIPELINES BY SERVICE TYPE

Of the 380 operating pipelines

- Fuel Gas
- Natural Gas
- Oil Well Effluent
- Sour Gas
- Salt Water



3.3 CYBER SECURITY

At Birchcliff, we take increasing cyber security risk seriously and take action to reduce such risk.

We manage cyber security risks with a multifaceted approach and protect our critical data and assets in the following ways:

- Collaborating with experts in cyber security, industry peers and the Canadian Centre for Cyber Security.
- Protecting our assets with multiple layers of defence, which include technology, processes and people.
- Maintaining regular backups of all corporate data.
- Using audit and alert tools to monitor the operational status of Birchcliff's I/T equipment.
- Training all staff continuously on cyber security progression and trends.
- Engaging independent third parties to regularly assess our infrastructure and systems.



3.4 STAKEHOLDER ENGAGEMENT

Fostering a strong relationship with the community and our stakeholders is integral to successfully and responsibly developing our resources.

At Birchcliff, cooperative, sincere and responsive consultation efforts with stakeholders in the areas where we operate create a solid foundation for our business.

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

Birchcliff is actively engaged in many industry groups. Our executives participate as governors and directors or play other vital roles within the following organizations:

- CAPP
- EPAC
- ESC
- NGIF
- Calgary Economic Development
- Canadian Energy Executive Association

In 2021, to further show Birchcliff's commitment and performance in ESG, we produced a [video](#) that illustrates this commitment and how we execute on our core values.

The table below summarizes our engagement with different stakeholder groups:

STAKEHOLDER GROUP	HOW WE ENGAGE
Indigenous Groups	<ul style="list-style-type: none"> • Direct consultation and communication pertaining to our capital programs • Partnerships with local Indigenous group-affiliated service companies • Community and education grant funding • Providing industry learning opportunities
Local Communities and Landowners	<ul style="list-style-type: none"> • Support local projects and initiatives through active participation and charitable donations • Direct communication and engagement, including open houses • Participation in the Wapiti Area Synergy Partnership
Employees and Contractors	<ul style="list-style-type: none"> • Development and training • Performance reviews • Quarterly staff meetings and monthly corporate updates • Area-specific monthly HSE meetings and annual Safety Stand Downs
Government Regulators	<ul style="list-style-type: none"> • Obtaining necessary approvals • Provide input in the development of balanced legislation, regulations, best practices and guidelines • Engagement and participation in regulatory advisory groups
Shareholders	<ul style="list-style-type: none"> • Annual and quarterly reports • Press releases • Annual general meetings • ESG reports • Continual one-on-one communication
Industry Groups	<ul style="list-style-type: none"> • CAPP • EPAC • ESC • Canadian Association of Energy Contractors • Canadian Energy Executive Association • Canadian Society of Unconventional Resources



BENEFITS OF CANADIAN NATURAL GAS

The world needs more Canadian energy. In regards to natural gas, Canada is well equipped to be a leading producer and exporter of natural gas, contributing positively to the lowering of worldwide carbon emissions. According to the IEA, natural gas burns 50% cleaner than coal when used for electrical generation. Worldwide, demand for LNG is expected to double by 2040 from 397 million tonnes in 2022 to over 700 million tonnes in 2040 ([Shell 2023 Outlook](#)). Natural gas is a reliable energy source and accounts for the principal source of energy in Albertan households and is an essential energy source for homes across Canada. Alberta will have phased-out all coal generation by early 2024 ([Government of Alberta](#)).

Canada ranked 6th globally (2021) in producing natural gas and had approximately 83 Tcf of proved natural gas reserves as of January 2022 ([EIA](#)). Canadian natural gas is both ethically and responsibly produced. Producing natural gas in Canada means adhering to robust regulatory and legal frameworks. As the population-intensive regions around the world continue to switch towards natural gas from coal and other less-efficient fuel sources, it will be imperative that Canada continues to increase its presence in global natural gas markets. Displacing coal and other emissions-intensive fuel sources with responsibly produced Canadian natural gas will help reduce emissions worldwide and help meet global climate goals.

Asian countries such as Japan and South Korea seek long-term reliable LNG partners to supply their nations with natural gas and offset the coal-fired power that they're currently utilizing. As the Japanese ambassador to Canada, Yamanouchi Kanji, puts it, "the world is waiting for Canada." In 2022, 35% of South Korea's energy came from coal. Won Cho, an energy developer for Korea Gas Corporation, notes that "our mission is to secure stable and affordable energy." ([Canadian Energy Centre](#)).

Future export projects on Canada's West Coast have the added advantage of being closer to major demand centers in Asia when compared with U.S. Gulf Coast facilities, meaning Canada has the opportunity to ship at a lower cost with lower relative transportation emissions. Combining the Yale Environmental Performance Index, the Social Progress Imperative and the World Bank Governance Indicators, Canada ranks as a leader in environmental, social and governance practices among the world's top oil reserve holders ([BMO](#)).



ROCKIES LNG/KSI LISIMS LNG

Birchcliff is part of Rockies LNG, a partnership of Canadian natural gas producers working together to advance West Coast LNG opportunities. Rockies LNG collectively represents approximately one-third of Canada's natural gas production and holds reserves to supply local and international markets for decades.

Rockies LNG is collaborating with the Nisga'a Nation, a modern treaty Nation in British Columbia, and Western LNG, an experienced LNG developer, to develop a 12 million tonnes per year (approximately 1.7 – 2.0 Bcf/d) net-zero LNG export project on the West Coast of British Columbia.

The project, Ksi Lisims LNG, will create significant economic and employment opportunities for local Indigenous people, British Columbia, Alberta and the rest of Canada, providing Rockies LNG's producers access to growing international markets.

3.5 INDIGENOUS RELATIONSHIPS

Birchcliff's operations are focused in the Peace River Area of Alberta, within the traditional area of the Treaty 8 First Nations members and Metis people. Birchcliff has built long-term relationships with the First Nations Groups whose recognized traditional lands are located within the areas of our operations. This includes Horse Lake and Duncan's First Nations, along with the East Prairie and Gift Lake Metis Settlements. Birchcliff recognizes and respects these Indigenous groups, their rights and their culture. Much of our activity takes place upon unoccupied Crown lands that the Province of Alberta administers; these Indigenous groups retain certain rights within these areas. We remain committed to open, honest and straightforward communication with the Indigenous groups having rights within the areas in which we operate.

We support these communities and their ventures to enhance human, economic and cultural development. We ensure that our support is aligned with the communities' key philosophies and is based on the principle that all individuals must be treated fairly and respectfully.



This principle includes the understanding that our children's and future generations' success is critical. For this reason, we strongly support educational initiatives, including early childhood programs, adolescent support programs, 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 identity and the cultural, ceremonial and spiritual aspects of Indigenous Peoples. At Birchcliff, we take pride in supporting 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 unite youth and elders for traditional learning and sharing opportunities.

We believe communities are most successful when their members are 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 assisting when requested.

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

EDUCATION

As part of our commitment to fair treatment and to strengthening Alberta's Indigenous youth, Birchcliff provides scholarships, typically up to a maximum of \$6,000 per semester for up to two semesters per year, to eligible students from the First Nations stakeholder communities in the areas where we operate. Additional amounts may be considered under special circumstances. Scholarships are paid from an annual budget, usually set up as a community development fund established as part of a consultation and cooperation agreement between Birchcliff and the community. As such, the community administration and Chief and Council are informed of any scholarships awarded and the amounts. We often work with a community's education director to supplement their existing projects and scholarship programs.

The table below sets forth the scholarship amounts paid by Birchcliff to support Indigenous students:

YEAR	SCHOLARSHIPS
Prior Years	\$198,974
2019	\$17,576
2020	\$24,250
2021	\$31,500
2022	\$37,800
Total	\$310,100

COMMUNITY DEVELOPMENT

The table below sets forth the amounts paid by Birchcliff into the community development fund:

YEAR	COMMUNITY FUNDING
Prior Years	\$670,483
2019	\$104,720
2020	\$151,200
2021	\$53,607
2022	\$84,400
Total	\$1,064,410



Horse Lake First Nation Career Fair



INPUT INTO OUR PROJECTS

Alberta has rigorous standards for formal consultation with Indigenous communities potentially impacted by oil and gas development. At Birchcliff, the regulatory requirements are the starting point of our collaborative consultation and inclusive engagement process. We engage with the Indigenous communities, share 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 requires that we conduct our business activities respectfully. We work hard to ensure that we mitigate risks to the environment and people to the fullest extent possible to maintain the trust we have been granted through the consultation process.

- Birchcliff embraces the consultation process and works with the Indigenous communities to conduct pre-approval site inspections with elders and environmental monitors from the Indigenous communities.
- Our field development team attends these site inspections with the communities to ensure the safety of the Indigenous inspectors, to discuss our specific developments and to learn. These learnings are applied in planning future developments to minimize impacts early in the planning process.
- We provide capacity funding to the communities for desktop reviews and site inspections.
- Where concerns are identified, we work with the communities to determine appropriate solutions such as mitigation, rerouting and supporting pre-disturbance harvesting when specific herbs and medicines are identified.

INDIGENOUS EMPLOYMENT OPPORTUNITIES

Birchcliff supports:

- Indigenous community-owned companies;
- Indigenous member-owned companies; and
- third-party contractor companies who are, in a significant way, directly employing members of or otherwise supporting a First Nation whose recognized traditional lands fall within the areas of our operations.

The table below sets forth our spending on these companies over the past six years:

2022	2021	2020	2019	2018	2017
\$6,620,079	\$2,303,682	\$1,750,957	\$1,433,141	\$366,842	\$98,941

NATIONAL DAY FOR TRUTH AND RECONCILIATION

September 30th is Canada's National Day for Truth and Reconciliation. This day is essential in the reconciliation process as it honours the survivors of the residential school system, their families and their communities. This day is also "Orange Shirt Day", an Indigenous-led grassroots commemorative day that is intended to raise awareness of Canada's history with residential schools and promote the concept of "Every Child Matters".

To commemorate the National Day for Truth and Reconciliation in 2022, Birchcliff was honoured to have Indigenous speaker, Luticia Millar, come to our Calgary office and educate our staff about the history of colonialism and residential schools and the impacts that they have on Indigenous communities today. Birchcliff believes that education for our team will go a long way in helping people understand the importance of reconciliation and the role that it has in our business.



Luticia Millar and Birchcliff employees during a presentation to commemorate National Day of Truth and Reconciliation



Shane Smith and Eugene Horseman of Status Energy

INTERVIEW – STATUS ENERGY: SHANE SMITH & EUGENE HORSEMAN

While business partners Eugene Horseman and Shane Smith grew up in different parts of Canada, they speak as one voice when it comes to their commitment to people, their interest in the ongoing responsible development of their company and the energy industry and their shared belief about the long-term future of their Grande Prairie community.

Originally from New Brunswick, Shane moved to Alberta in 2005, initially working in the energy sector for an oil and gas producer. While his initial relocation was to the Sylvan Lake area, it wasn't long before he learned about other working opportunities and moved to the northern part of the province, up to the Grande Prairie area. As he puts it: "Initially, it was an idea I had of seeing what it would be like working in this part of Alberta for one winter, but I was drawn to the community and the people and now it's home."

For Eugene, the Grande Prairie and Peace River communities of Horse Lake First Nation, Duncan's First Nation and Sturgeon Lake Cree Nation have been home to his family and neighbours for generations, reflecting the deep and long-lasting bonds he has in the area. With his entry into local politics in 2006, Eugene served on the Horse Lake First Nations Council until 2013, when he was elected to a four-year term as Chief. "While I was in Council, one of my aims was to make some business investment at the band level while working to keep the lanes of politics and business separated where possible and practical."

When one such opportunity presented itself (a local trucking company being sold), the Horse Lake Council decided to invest in the business (shortly after, to be rebranded as Status Energy). Coincidentally, at the time of purchase, the company's day-to-day operations were being managed by Shane, which is how the two met. "We asked Shane to come aboard with us, and he's been tremendous in helping grow the company over the years."

Initially starting with two trucks and trailers in their equipment roster, Status Energy thrived under the Horse Lake First Nations partnership. "We've been very successful," says Horseman. "Over six years, we expanded the initial trucking business through additional service offerings. At that time, we had over 40 members of our community employed with us." In late 2018, the Horse Lake First Nations decided to sell Status Energy to pursue other business interests. The new owners contacted Eugene (his term as Chief had concluded in 2017), asking him to join them as a partner in April 2019.

Over time, Status Energy's core business lines have expanded to include produced water hauling, oil hauling and NGLs-LPG hauling, in addition to frac sand hauling services.

"Fracking has been a lucrative market, and there's been much activity in that area," comments Shane. "One of the things I'm most proud of is that we've been a nimble company, and we've adjusted to the market and business conditions as they've changed. It was a challenge at times, especially during the energy market downturn, but we adapted to it by taking control of our own growth and direction."

Birchcliff initially approached Status Energy for some of its land-clearing services, and the relationship expanded and grew from that point forward. "I first met Jeff Tonken (Birchcliff CEO) back when I was Chief," remembers Eugene. "At that time, the business was more around the land clearing happening in the Grande Prairie area, and some of the projects Birchcliff had underway. Jeff was great to work with."

Shane adds, "Birchcliff was also really helpful to us with providing introductions to other companies and being a positive reference for our work."

While beginning as a business connection, as the relationship grew, it brought about some exciting opportunities for the community, including a chance to meet people who work in the Calgary energy industry first-hand. Shane noted, "In early 2020 we co-arranged an education/introduction program with Birchcliff, where we brought some of our community's kids down to Birchcliff's offices in Calgary. We spent two days there, meeting and talking with different people, introducing the young people to an energy company so that they could learn more about what really goes on. It was Jeff (Tonken) who first extended the offer to us, and the kids really got a lot out of it."

Eugene and Shane also speak about Birchcliff's support during the uncertain economic days of 2020 with appreciation. "We saw established, multi-generational companies that simply couldn't survive and went bankrupt," Shane remembers. "We kept moving forward and plugging away, but I truly believe that one of the reasons we came through was because we knew we had strong relationships with our client base. We knew if we needed to pick up the phone and have a conversation or talk through an issue, we could do that. Those personal relationships help see you through the hard times." Eugene adds, "Birchcliff recommended our services to other producers and provided some introductions, which helped give Status a real boost."

This sense of dependability was brought into sharp focus with the COVID-19 pandemic when very little seemed certain. "Having strategic, long-term relationships with companies like Birchcliff helped tremendously," said Shane. "One thing we're proud of is that we kept all of our staff during the downturn; we kept all our people working, while some other companies weren't able to."

While tending to the economic health of their company, Shane and Eugene also gave an equal amount of attention to the creation of opportunities for their community. "Eugene and I started an in-house

Youth apprentice program back in 2016,” said Shane. “We wanted to find ways to hire more people from our local community, and we’ve been successful in that. We also would try to move people into other roles and positions if they expressed interest in trying something else.”

This program has been a source of pride for Eugene and Shane as they reflect on some of the success stories they’ve helped contribute to. “Eugene and I talk about this a lot, but we believe that if you’re running a local business anywhere, you have an obligation and a responsibility to give back to your community.”

Eugene speaks about this need to give back based on his experience growing up on the reserve. He saw oil and gas producers working in the area, but opportunities to join these companies weren’t available. “I didn’t have anybody who I could turn to for assistance for an introduction to these companies,” he says. “So, later when I had the chance, and we could offer opportunities to our local youth, we’d host yearly Career Fairs. They were really successful; we’d invite 50 producers and energy groups to attend. I wanted to show our youth what was available outside our community and give them a chance to see what was out there.”

Through Status Energy’s ongoing Aboriginal Youth Program, young people entering the job market now have an entryway to more options and introductions to an industry that were not available previously. “These are some of the programs that I wish had been available when I was growing up,” said Eugene. “Training and education is also key to success, and part of our program is the awarding of bursaries to students from all three local First Nations for further education.” The success of this program can be partially measured through the fact that nearly one-third of employees at Status Energy are Indigenous.

Shane and Eugene are visible in the Grande Prairie area, not only through their business but also through their volunteer work on local boards. “Between Eugene and myself, we sit on nine different community boards, helping to ensure that the Indigenous perspective is folded into the decisions being made,” says Shane.

Status Energy was founded with the sustainable operation and environmental responsibility guiding principles. “Our whole Grande Prairie facility is run on 100% renewable energy,” says Shane. “The fuel we buy and use has 5% renewable elements, and we’ve done things like establish a “no idle” zone for the equipment. During winter, sometimes the cold would mean that the

equipment had to keep running all night just to avoid freezing. We installed an electrical system that allows the equipment to be plugged in which keeps the engine block warm but allows us to shut down the engines so they don’t have to idle all night, burning fuel. We also have an oil recycling program, where 100% of our waste fluids are recycled.”

Both men are optimistic and upbeat when asked about their vision of their company’s future. “I’d like to work more closely with all three of the local First Nations groups, combining our resources and increasing our business. The energy landscape is changing – but no one knows what the industry will really look like in 40 years. But no matter what happens, we’ll still be here in the community. I think there’s a lot of opportunity for us as a group,” says Eugene.

Shane adds to this sentiment. “We’re not in it to be the biggest operator,” he said. “We’re in it to be the most sustainable and responsible service provider we can be, and along with that comes the increased opportunities for Indigenous youth. We didn’t build this business to sell it; we built it to sustain and support the industry and our community.”

We’ve always considered Birchcliff as an industry partner, but they’ve also been a friend to us,” said Shane. “Anytime that we’ve reached out, Birchcliff has always been responsive when we’ve called.”

Eugene adds his thanks to Birchcliff and the energy industry in general when he comments that “I’d like to say thank you to all the energy producers who have allowed us to work with them over the years,” he said. “We’ve been able to share those opportunities with our communities and make a difference in the lives of everyone who lives and works here.”



3.6 OUR PEOPLE



LOOKING BACK

- Birchcliff was named one of Alberta's Top 75 Employers in 2022 by Canada's Top 100 Employers project.
- Introduced a Considerate Care Leave Guideline to support employees who may require an unplanned temporary absence from work to fulfil a family responsibility. In addition to this, a Working from Home When Sick Guideline was also introduced. This policy helps to prevent the spread of viruses within the office so that all employees feel safe at work. It also gives employees the time to take care of themselves, returning to the office only when they are well.
- The Birchcliff Medical Concierge ("BMC") ran successfully and efficiently provided employees and their families access to health care services. The launch for dependents, spouses and partners was successful.
- The Education & Training Guideline was streamlined to ensure consistency throughout all departments. Birchcliff encourages and supports talent development within the Company.

LOOKING FORWARD

- Continue supporting our employees' and their families' health and wellness through our health and educational programs. Our benefits team regularly assesses current programs and compares them to others to find the best options for employees.
- Continue to invest in employee talent, with training and educational opportunities.
- Continue our rigorous annual employee performance review process of two-way constructive feedback and goal setting.
- Increase access to the BMC to our field employees to foster an enhanced quality of life and health for all of our employees and their families.

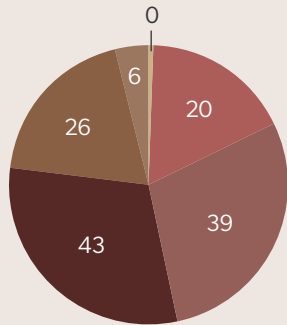
Our mission is to be a leader in producing the most reliable, low-cost and responsible Canadian energy for the world. While doing this, we strive to support our employees and their families' health and wellness through our health and educational programs.

In our workplace, we promote equality and inclusion, maintain and promote a culture of growth and support the financial health of our people. We focus on fostering a work environment of innovation, good communication and respect.

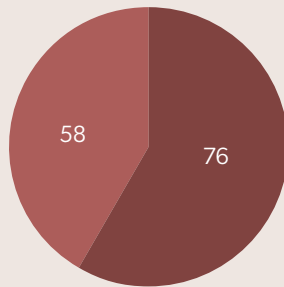
BIRCHCLIFF CORPORATE STATISTICS

CALGARY EMPLOYEES

Age of Employees (number)



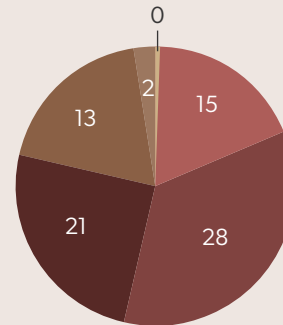
Gender of Employees (number)



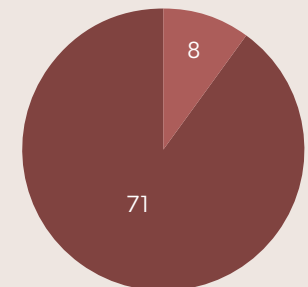
- Below 20 (0%)
- 20 - 29 (15%)
- 30 - 39 (29%)
- 40 - 49 (32%)
- 50 - 59 (19%)
- 60+ (5%)
- Female (43%)
- Male (57%)

FIELD EMPLOYEES

Age of Employees (number)



Gender of Employees (number)



- Below 20 (0%)
- 20 - 29 (19%)
- 30 - 39 (35%)
- 40 - 49 (27%)
- 50 - 59 (16%)
- 60+ (3%)
- Female (10%)
- Male (90%)

134
Full-Time
Calgary
Employees

76 Male
Employees



52 Male Staff
5 Male Supervisors
12 Male Managers
7 Male Executives



58 Female
Employees



48 Female Staff
8 Female Supervisors
1 Female Manager
1 Female Executive

79
Full-Time
Field
Employees

71 Male
Employees



65 Male Staff
5 Male Foreman
1 Male Superintendent



8 Female
Employees



8 Female Staff

Note: Above employee statistics are valid as of December 31, 2022.

BIRCHCLIFF WOMEN'S INITIATIVE

The purpose of the Birchcliff Women's Initiative ("BWIN") is to provide a forum for women employed by Birchcliff to critically analyze issues affecting women in the workplace and beyond. BWIN's mandate is to advocate for women's equality and leadership by providing inclusive and meaningful support, education and volunteer and team-building opportunities. The committee hosts various events addressing various topics and elements of equality that women face in the corporate world.

In 2022, BWIN organized a women's retreat in Kananaskis with the focus on "Building Confidence in the Workplace".

Four women in leadership roles engaged in a panel discussion sharing their knowledge, answering various questions about their success, and explaining how they overcame obstacles they faced along the way. Birchcliff's female employees also participated in team-building activities and listened to a keynote address by Hilary Foulkes, Chair of the Board of Enerplus and the non-profit, Let's Talk Science.

In addition to the retreat, BWIN organized a workshop on unconscious bias and a seminar by the Association of Professional Engineers and Geoscientists of Alberta ("APEGA") on its '30 by 30' initiative, APEGA's goal of having women comprise 30% of professional members in engineering and geoscience by 2030. Included here, as an example of BWIN's work and its impact, is a detailed summary of the unconscious bias workshop.



Guest Panel at Women's Retreat in Kananaskis

UNCONSCIOUS BIAS WORKSHOP

BWIN hosted an 'Unconscious Bias' workshop for all Birchcliff employees on June 28, 2022. BWIN arranged for Lean In Calgary (a grassroots non-profit initiative of the Sheryl Sandberg & Dave Goldberg Family Foundation, founded to help women achieve their ambitions and work to create an equal world) to host an interactive workshop focused on recognizing and pushing back against unconscious bias in the workplace based on the Lean In program, '50 Ways to Fight Bias'. The event was held in person in Birchcliff's Calgary office and began with an ice-breaker Q&A session and a short video describing certain types of bias. Birchcliff's employees then broke out into small groups and worked through specific examples of workplace bias. As the activity wrapped up, employees were asked to commit to taking one action to fight bias based on what they learned at the workshop.

Research shows that gender bias contributes to women being passed over for jobs and promotions. Almost three in four women experience discrimination at work, and those who do are more likely to leave their jobs. Training to both identify unconscious and gender biases and take action to combat those biases allows employees to talk about and challenge bias within their teams and workplace. Examples of the types of bias that BWIN focused on at the workshop included, but were not limited to:

- Performance/Attribution bias: False assumptions about women versus men's abilities. The tendency to underestimate women's performance and overestimate men's and to give women less credit for accomplishments and more blame for mistakes;
- Affinity bias: The tendency to gravitate toward people like ourselves in appearance, beliefs, and background; and
- Maternal bias: False assumptions that mothers are less committed to their careers.

BWIN received positive feedback from Birchcliff's employees and management, with several employees noting that the workshop empowered them to discuss bias with their co-workers.

EMPLOYEE AND FAMILY EDUCATION

EMPLOYEE EDUCATION AND PROFESSIONAL DEVELOPMENT

All employees are encouraged to enhance their knowledge and skill sets related to Birchcliff's business. Managers and supervisors support participation in seminars, courses and conferences as they are expected to be actively involved in the professional development of those reporting to them. Birchcliff reimburses approved training and provides employees with time off to attend training and educational development opportunities. If an employee has a professional designation, Birchcliff provides them with the support necessary to remain in good standing with their governing organization.

Birchcliff continues to host an in-house Technical Training forum for employees in technical roles. This creates a space to reflect on critical projects and new technologies implemented in the past year, focusing on continuous improvement.



President and COO, Chris Carlsen presenting at our annual Inhouse Technical Training Forum

Birchcliff's Technical Training forum is a two-day session with multiple presentations, almost all presented by our staff of engineers, geologists and data scientists.

Additionally, we offer resources to our employees to help expand their knowledge in many different areas. One of the resources we utilize is SAGA Wisdom, a platform that provides access to various learning topics and disciplines, including engineering, operations, geoscience and ESG. We offer access to any employee who wants to take advantage of these learning resources.

Birchcliff encourages employees to seek educational opportunities outside of their specific roles. The Company supports employees' learning endeavours by offering financial assistance, including courses on weekends or evenings. As a guideline, Birchcliff may fund educational initiatives that provide a better understanding of Birchcliff's business or assist in transitioning into a different role within the Company.

OPERATOR PROGRESSION TRAINING PROGRAM

Birchcliff has partnered with SAIT to offer supplementary educational opportunities to our field operations staff with a view toward continued development. The programs are focused on production field operations, gas plant operations and power engineering, which are used to accelerate on-the-job technical learning for our field staff.

Completion of course certification allows operators to transfer to different worksites, from field operations to gas plant operations, enabling our employees to develop new skills and advance in their careers. We have seen steady growth and talent development amongst our field staff, who have successfully completed 115 certificates since the implementation of the program.



Different departments within Birchcliff discussing the next steps of the Gordondale Turnaround

SCHOLARSHIP PROGRAM

The Birchcliff Scholarship program was built to encourage and promote higher education within our employees' families. Full-time students enrolled in an accredited educational institution and who meet the academic requirements of their program are eligible for an annual tuition award. As each educational journey is unique, there are two different scholarship categories. Birchcliff awards \$12,000 per school year to dependents enrolled in a university program and \$7,000 per school year to dependents enrolled in a trades or apprenticeship program. Since the start of this program in 2013, Birchcliff has granted scholarships to approximately 90 students, helping them pay for tuition, books, fees and other associated post-secondary education costs. In 2022 alone, Birchcliff awarded scholarships to 40 different students.

TUTORING PROGRAM

Birchcliff recently created and implemented the Birchcliff Tutoring program. The goal of this program is to provide financial aid of up to \$2,000 per school year to dependent children of employees to increase the likelihood of future academic success. This program is offered to children in primary education, including early childhood development, and elementary and secondary education up to and including grade 12. It includes all supplementary learning resources directly supporting their education, including tutoring classes, after-school programs and additional educational materials and supplies. In 2022, Birchcliff provided financial aid to 21 students to help them flourish within the academic community.

EMPLOYEE CORRESPONDENCE

Birchcliff ensures that all employees can keep up-to-date with the latest industry news, especially news that directly affects the Company. An internal email created by our Investor Relations team is sent to the entire Company each morning, summarizing oil and gas industry highlights, relevant commodity prices and market updates. Birchcliff also offers employees subscriptions to publications relevant to their work areas and the industry.

ANNUAL PERFORMANCE REVIEW

In the fourth quarter of each year, we ask employees to embark on self-discovery and analysis by setting goals for the following year. During this time, employees review their current year's goals, reflect on their successes/achievements and acknowledge areas where they can improve. This process helps each employee better understand their contribution towards Birchcliff's success. Each supervisor then constructively evaluates the employee's contribution and provides the

required mentorship and guidance to assist them in achieving their individual and corporate goals. At this time, the supervisor also positively recognizes employees based on their accomplishments that year. During this process, employees are encouraged to provide feedback directly to the Executive Team to offer their views on themselves, management and the Company. This process allows employees to address their accomplishments, reflect on where they can improve and provide constructive feedback to their supervisor and the Executive Team. This process is critical to the efficient execution of Birchcliff's business and to developing an inclusive, welcoming and open corporate culture.



EMPLOYEE HEALTH & WELLNESS

EMPLOYEE HEALTH BENEFITS

We place the utmost importance on the health and wellness of our staff. Wellness is an ongoing process and aims to help our team become more aware of and make choices toward a healthier existence. Our employee health benefits and wellness package is designed to help employees and their families by providing services focused on promoting and maintaining good health.

Birchcliff aims to provide our employees and their families with the best health benefits package. Our benefits team regularly assesses current programs and compares them to others to find the best options for employees.

Birchcliff offers the following:

- employee group benefits which include coverage for health, dental, vision care and para-medical support for each employee and their families;
- an annual Healthcare Spending Account with a one-year carry-over allotment;
- extended diagnostic and imaging coverage;
- access to an online mental health counselling platform;
- an Employee and Family Assistance Program;
- an annual stipend for fitness & wellness programs; and
- a comprehensive employee insurance program.

EYESAFE PARTNERSHIP

In 2019, Birchcliff collaborated with Eyesafe™ to ensure that all prescription safety eyewear worn in the field meets the standards of Occupational Health and Safety and the Canadian Standards Association. Birchcliff covers a set dollar amount for field prescription safety eyewear every two years for each employee participating in this program.

BIRCHCLIFF MEDICAL CONCIERGE

Birchcliff has partnered with a team of highly qualified and specialized health professionals to provide health concierge services to our employees and their families via the Birchcliff Medical Concierge ("BMC") program. The BMC is designed to enhance and simplify our employees' healthcare necessities,

ensuring our people and their families are informed and confident when navigating the Alberta health system and Birchcliff's benefits package.

The team is readily available for consultations during office hours. This includes answering questions, providing a second opinion when needed, evaluating exams, accompanying employees to doctors' appointments, reviewing and evaluating health booklets and coverage, and advocating for our employees' health.



Corporate office field tour

INTERVIEW – STARS PARTNERSHIP COMES FULL CIRCLE – K. THOMPSON & L. THOMPSON

As an organization with ongoing operations in some less-densely populated areas of Alberta, Birchcliff has always demonstrated strong corporate support for and recognition of the essential medical services that the STARS (Shock Trauma Air Rescue Service) Air Ambulance provides. As a familiar name around the province for more than thirty-seven years, STARS has flown more than 24,000 missions since December of 1985. For the Thompson family living near Dawson Creek, BC, they never imagined that they would be a recipient of the STARS service, but all that changed one day in late June of 2022.

Lurind and Garth Thompson have been living in Bay Tree Area of Peace Country for more than fifty years. Birchcliff began to make inroads into the community in 2005 when the Company's first vertical exploration gas well was completed in February of that year, on the Pouce Coupe property, just to the southeast of the city of Dawson Creek. One of the local roads that Birchcliff used for access to the field happens to run directly past the Thompson's property and home, and Birchcliff equipment and employees became a regular presence around Bay Tree, AB.

"Birchcliff has been an approachable and responsive producer in the area," says Lurind. "Especially when compared with some other energy companies in the area, Birchcliff has always been willing to talk with and listen to the community."

As the Pouce Coupe operation expanded over time, the Thompsons became more closely associated with Birchcliff, as the Company eventually leased a small piece of land from the family beginning in 2014, eventually drilling three wells on the leased property. This relationship was further deepened when Lurind and Garth's grandson, Austen, joined Birchcliff as an employee in October of 2020 as a Field Operator.

Kelly Thompson (mother of Austen) then picks up the story. "I had already been vaccinated, including a booster, against COVID-19," she explains, "but ended up contracting it in June of last year." At first, Kelly's symptoms presented themselves as fairly mild (just a runny nose), but after a week, things began to change rapidly. "I went to our hospital and admitted myself," she says. "I was in the hospital for two days - actually on the verge of being released and sent home - but then I felt something change. At that point, it became very difficult for me to breathe. I went out to the nurse's station and told them my lungs felt different and I was having trouble catching my breath."

Things began to accelerate. The medical staff at Dawson Creek began to look at more vigorous options for Kelly's treatment, initially wanting to move her closer to facilities in Prince George, BC. However, the virus had already worsened her condition to the point where time was of the essence.

The medical team at Dawson Creek learned that transport to Prince George wasn't immediately available, so the call was made to the STARS dispatch. It was quickly arranged for Kelly to be airlifted to the larger medical center in Grande Prairie, Alberta. "Owing to my condition, I don't have any memory of the STARS flight, but I know 100% that they saved my life."

Kelly was intubated in Dawson Creek prior to arriving at the Grande Prairie hospital, as the ventilator was required to breathe for her. After 10 days, the medical staff had stabilized her to the point where Kelly began to breathe on her own, no longer needing assistance. "It took a few days before Kelly's condition began to really improve," remembers Lurind, "but around day four or five, that's when we began to have some hope for her recovery."



After being removed from the ventilator and having her respiratory system return to normal functioning, Kelly was released from the Grande Prairie hospital in mid-July. Upon her discharge, her Intensive Care Unit ("ICU") physician told her that in all his years of trauma practice, she was the first person he had ever treated who had been able to regain their strength quickly enough to walk out of the ICU on their own. "The doctor told me that for each 24 hours you spend in ICU care, you lose the equivalent of about a week's worth of muscle and strength," Kelly remembers. "But I was really fortunate that I began to respond quickly."

Once back at home and taking the necessary time to heal and recover her strength, Kelly's condition improved rapidly; she was walking several kilometres by September and was able to join her husband Tyler in some pipeline work in October of that same year.

Looking back at the experience, the Thompsons would like to extend their sincere thanks to her doctor and the medical team at the Dawson Creek hospital for recognizing the seriousness of Kelly's condition and for arranging the immediate move, to the team at the Grande Prairie hospital who brought her through the worst of the virus and stabilized her, and to the team at STARS who airlifted her to the medical center she required.

Since their first mission in December of 1985, STARS Air Ambulance has been a familiar name and a valued service in Alberta for over 37 years. Started as an answer to the need for rapid medical response in remote parts of the province, STARS has expanded over the past three decades to include a fleet of helicopters, providing immediate transport and care options for severely injured and critically ill patients outside of larger medical centers and facilities.

To learn more about STARS, its operations and service mandate, please visit their website at: <https://stars.ca>.

3.7 COMMUNITY INVOLVEMENT



LOOKING BACK

- Adapted to the changing environment from COVID-19 to continue our giving spirit despite limitations on in-person gatherings.
- Continued our involvement in the Wapiti Area Synergy Partnership through virtual meetings.

LOOKING FORWARD

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

We recognize the communities' role in Birchcliff's success and 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, cooperative, sincere and responsive stakeholder consultation is foundational to our operations. We are committed to keeping lines of communication open with the area residents. To support this, we have updated our procedures to provide weekly updates to residents close to our drilling, completion and facility construction operations. Birchcliff has an experienced team working with local stakeholders to learn their values and priorities and to resolve any issues or concerns arising during our field operations.

STARS AIR AMBULANCE

Birchcliff is committed to ensuring that STARS Air Ambulance remains in operation as it is a vital health link for the remote communities in which we operate. As of December 31, 2022, Birchcliff has donated \$2.5 million to STARS Air Ambulance in Grande Prairie.

We hosted our annual golf tournament in 2022, raising local awareness and funds for STARS Air Ambulance in the Grande Prairie region through donations and a silent auction. In 2022, this tournament, together with funds from Birchcliff, raised \$120,000.

Birchcliff continues to be the largest corporate fleet sponsor in Alberta for STARS and will continue to fulfill a \$500,000 commitment to STARS. In 2022, we committed an additional \$1.5 million. This commitment has helped STARS purchase 10 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.



2022 UNITED WAY CAMPAIGN CALGARY AND AREA

Birchcliff holds an annual fundraising campaign for the United Way of Calgary and Area. In 2022, Birchcliff raised \$140,800 through the campaign (\$70,400 through employee donations, \$45,400 through a corporate gift to United Way and \$25,000 through a corporate gift to FearsNotLove). Throughout the years of fundraising, Birchcliff has helped raise \$1,530,733. Each year, Birchcliff chooses a specific campaign to raise funds for. In 2022, Birchcliff chose to highlight FearsNotLove (the new brand evolution of the Calgary Women's Emergency Shelter) which supports individuals, families and communities to live free from domestic violence and abuse. Since 1974, FearsNotLove has helped more than 260,000 individuals build safe lives and healthy relationships through a comprehensive range of innovative programs and services offered in the community.

The United Way nominated Birchcliff for the 2022 Award of Excellence. This award recognizes candidates that have demonstrated outstanding and innovative campaigns with active leadership giving programs and a commitment to making Calgary a resilient and caring community where everyone thrives.



2022 GORDIE HOWE C.A.R.E.S. PRO-AM HOCKEY TOURNAMENT



GORDIE HOWE CARES

The Gordie Howe CARES Pro-AM hockey tournament is an annual event that educates and supports caregivers that selflessly dedicate their time to caring for loved ones affected with Alzheimer's and dementia. Every five minutes, someone receives a new diagnosis of dementia that will change their lives forever. Birchcliff has participated in the Gordie Howe CARES Pro-Am charity hockey tournament since 2016. In total, Birchcliff has helped to raise over \$100,000 for the [Gordie Howe](#) CARES charity.

COMMUNITY

Communication with the stakeholders in the areas where we operate is essential to maintaining the local community's trust. Birchcliff provides a weekly project update to residents close to our drilling and completion operations. This update describes the pending operations for the coming weeks and the potential consequences that these operations may have on the local traffic volumes, noise and visual impacts. When the community knows what to expect, they are better prepared to manage disturbances and identify potential issues in advance. This enables us to work with the community members to address and attempt to mitigate concerns.

In 2022, Birchcliff held an open house for the surrounding community and our stakeholders. Technical specialists and members of Birchcliff's Executive and Management Teams attended this event. The open house allowed community members to meet with our team to discuss specific items or questions regarding our operations. It also allowed our technical staff to meet the community members and understand the needs of these individuals.

We continue to partner with the County of Saddle Hills annually for dust suppression in areas with high-traffic operations. Birchcliff continues to ensure that residents have an adequate road to use for their purposes. We continue to have a great relationship with the local municipality and continue to look for ways to ensure that our operations are the least impactful to them.



Technical Specialists connecting with stakeholders at the Open House held at Gordondale Hall

MOFFATT ROAD

Birchcliff had a long-lasting relationship with the late James 'Jim' Allen Moffatt, owner of Jim Moffatt Construction from Worsley, AB. Through the years, Birchcliff utilized his equipment and expertise for various earthwork projects. Jim's company assisted Birchcliff in building a connector road that strategically linked two heavily used lease roads. Outside of his work, community involvement was important to Jim. His encouragement and support were evident in the forefront and behind the scenes. Jim attended the annual golf tournament Birchcliff hosted to raise funds for STARS in the Grande Prairie region. Each year at this fundraising event, Jim donated generously and helped Birchcliff support STARS and the Grande Prairie region. As a tribute to Jim, Birchcliff has named the connector road, which he helped construct, the "Moffatt Road."



SUPPORT OF COMMUNITY GROUPS

Birchcliff empowers our field staff to make decisions regarding their communities. Our field employees are local to the areas where we operate and are part of these communities.

To Birchcliff, these communities are our own and allow 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 support local groups and organizations within our operating areas. In 2022, Birchcliff donated over \$300,000 to the following community programs:

- Bay Tree Farmers Market on 49th
- Bay Tree Park Association
- Beaverlodge Daycare Society
- Bonanza Hall
- Central Peace Firefighter's Association
- Central Peace Oilmen's Association
- Dawson Creek and District Hospital Foundation
- Dawson Creek Elementary Curling League
- Dawson Creek Golf & Country Club
- Dawson Creek Minor Hockey - U11 Division
- Dawson Creek Senior Canucks Hockey
- Dawson Creek Volleyball Club
- Gordondale Hall
- Hines Creek Composite School
- Rimrock Wildlife Rehabilitation Society
- Rycroft Agricultural Society
- Rycroft Men's Hockey
- Rycroft Rage – Baseball
- Savanna Ag Society
- Savanna Renegades Hockey
- Savanna School
- South Peace Motorsports Association
- Spirit River Kinettes
- Spirit River Rangers
- The Village of Pouce Coupe
- Threads of Life
- Westvale Cemetery



SYNERGY GROUPS

In 2018, we played a crucial role in establishing the Wapiti Area Synergy Partnership, which was formed to help bring together area landowners, residents and industry to discuss energy development in the Wapiti area (the western portion of the County of Grande Prairie). It comprises local area residents, energy industry representatives, local government representatives and representatives from the AER.

This partnership facilitates early multi-stakeholder input into project development processes and communication on important issues. Subjects for discussion include specific project proposals for well sites, access roads, pipelines,

facilities, long-term development plans and ongoing operational matters.

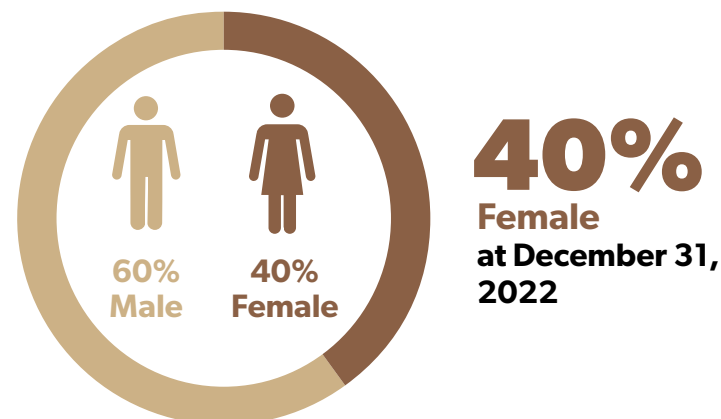
We remain a strong supporter of the group's initiatives and coordinate the educational segment for the regular monthly meetings. The partnership is designed to bring together the community, industry and the energy regulator to communicate and address community members' issues and concerns regarding energy developments in and around their communities.



Governance

At Birchcliff, we recognize the importance of, and our responsibility for, the safe and responsible production and delivery of clean, reliable natural gas and oil.

We believe that our corporate governance practices and our corporate culture of integrity, continuous improvement and accountability provide the framework for Birchcliff to execute its mission of being a leader in producing the most reliable, low-cost and responsible Canadian energy for the world.



~99% Board meeting attendance in 2022

GOVERNANCE STRUCTURE



4.1 BOARD OF DIRECTORS

Birchcliff's Board of Directors (the "Board") is ultimately responsible for the stewardship of the Company and ensuring accountability to our stakeholders. As at December 31, 2022, the Board consisted of five directors, three of whom are independent. Birchcliff's independent directors are Dennis Dawson, Debra Gerlach and Stacey McDonald. The non-independent directors are Jeff Tonken, the Chairman of the Board and Chief Executive Officer and a founder of the Company, and James Surbey a founder of the Company and the former Vice President, Corporate Development. Biographies of our directors can be found at <https://www.birchcliffenergy.com/about-us/board-of-directors>.

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

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

4.2 BOARD COMMITTEES

The Board has five committees: the Audit Committee, Compensation Committee, Environment, Health, Safety and Sustainability ("EHSS") Committee, Nominating Committee and Reserves Evaluation Committee. While each of these committees has specific duties, the Board is ultimately responsible for the oversight of risk and direction of management of the business and affairs of the Company. Formal charters for each of the committees can be found at <http://birchcliffenergy.com/investors/corporate-governance/>.

	AUDIT	COMPENSATION	EHSS	NOMINATING	RESERVES EVALUATION
Jeff Tonken*			•		
Dennis Dawson**	•	• (Chair)	•	• (Chair)	•
Debra Gerlach**	• (Chair)	•	•	•	•
Stacey McDonald**	•	•	• (Chair)	•	•
James Surbey					• (Chair)

*Chairman of the Board and CEO. **Independent director.

AUDIT COMMITTEE

The Audit Committee is responsible for assisting the Board in its oversight of Birchcliff's financial reporting and accounting matters, including, among other things:

- recommending to the Board the Company's proposed external financial auditors;
- overseeing the work of the financial auditors with respect to preparing or issuing an auditors' report or performing other audit, review or attest services for Birchcliff;
- reviewing and reporting to the Board on Birchcliff's interim and annual financial statements and related management's discussion and analysis ("MD&A") before they are filed with the applicable regulatory authorities;
- reviewing and reporting to the board on Birchcliff's earnings press releases prior to their public disclosure; and
- overseeing management's reporting on internal controls.

COMPENSATION COMMITTEE

The Compensation Committee is responsible for assisting the Board in its oversight of Birchcliff's compensation matters, including, among other things:

- the compensation and benefit philosophy for all employees of the Company;
- the compensation of Birchcliff's executive officers;
- the compensation of non-employee directors; and
- reviewing Birchcliff's incentive compensation and other benefit plans and practices and recommending changes in such plans and practices to the Board.



In-line Inspection

EHSS COMMITTEE

The EHSS Committee is responsible for assisting the Board in its oversight responsibilities as they relate to EHSS matters. Responsibilities include, among other things:

- i. ensuring that Birchcliff's business is conducted in a socially responsible, ethical and transparent manner and that management engages, respects and supports the communities in which we work;
- ii. reviewing reports from management on Birchcliff's performance in the areas relating to EHSS;
- iii. reviewing reports from management concerning significant reported incidents related to EHSS matters and where appropriate, meeting with management to review the risks and exposure posed and any mitigating actions and corrective measures taken to address such risks and exposure;
- iv. reviewing reports from management concerning significant issues or risks related to EHSS matters that have been identified;
- v. reviewing any significant report or audit issued by a regulatory agency, external consultant or auditor and any necessary corrective measures taken to address issues and risks identified by regulatory agencies, external consultants or auditors;
- vi. reviewing Birchcliff's public disclosure of its performance in the areas of EHSS, including but not limited to ESG reports, AIFs and management information circulars;
- vii. reviewing significant communications with stakeholders on EHSS issues;
- viii. ensuring that management proactively identifies and monitors the impact of proposed legislation and other emerging issues in the areas relating to EHSS, as well as other emerging issues, trends and public opinion which could impact Birchcliff's activities, plans, strategies or reputation and recommending, where significant, appropriate responses to the Board; and
- ix. reviewing Birchcliff's fundamental policies and internal controls pertaining to EHSS matters and reviewing procedures designed to minimize EHSS risks to asset value and mitigate such risks.

NOMINATING COMMITTEE

The Nominating Committee assists the Board in fulfilling its responsibilities with respect to nominations of directors, including, among other things:

- i. periodically reviewing the size and composition of the Board and making recommendations to the Board with respect thereto;
- ii. periodically evaluating the effectiveness of the Board as a whole, the committees of the Board and the contributions of the individual directors and reporting to the Board thereon; and
- iii. making recommendations to the Board regarding the criteria for potential director candidates and identifying and recommending to the Board suitable candidates to be appointed or nominated for election as directors, including at AGMs.

The Board is ultimately responsible for nominating for appointment any new directors and directors are selected for their integrity and character, sound judgment, breadth of experience, insight into and knowledge of Birchcliff's business and the oil and natural gas industry and overall business acumen.

RESERVES EVALUATION COMMITTEE

The Reserves Evaluation Committee is responsible for assisting the Board in discharging its obligations under National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101"), including, among other things:

- i. annually reviewing the selection of the proposed external independent qualified reserves evaluator ("IQRE") chosen to report to the Board on the Company's reserves data and making a recommendation to the Board regarding the appointment of the proposed IQRE;
- ii. overseeing the work of the IQRE in preparing reserves reports;
- iii. reviewing all reserves reports prepared by the IQRE with management and the IQRE and making recommendations to the Board regarding their approval; and
- iv. reviewing all NI 51-101 filings and making a recommendation to the Board as to whether to approve the content and filing thereof.

4.3 POLICIES AND GUIDELINES

BOARD DIVERSITY

The Board and Nominating Committee consider the level of representation of women on the Board when appointing, nominating, or recommending for nomination, as applicable, candidates for election or appointment to the Board.

Although the Nominating Committee and the Board consider the level of representation of women on the Board in identifying and nominating candidates, the Board has not adopted a written policy relating to the identification and nomination of women directors. The directors of the Company have a fiduciary duty to act in the best interests of the Company. As part of that duty, the Board believes that it is required to select and nominate for election or appointment as directors those individuals who will best serve the interests of the Company, regardless of gender. The Board believes that implementing such a policy will potentially restrict its ability to select those individuals who will best serve the interests of the Company.

ETHICS POLICY

At Birchcliff, we hold ourselves to the highest ethical standards. Birchcliff's Ethics Policy provides a framework for the minimum levels of conduct to which all directors, officers, employees, contractors and consultants are expected to comply. This includes a strict requirement that all employees, consultants and contractors act lawfully, honestly and in good faith in their dealings with:

- i. Birchcliff;
- ii. other Birchcliff employees, contractors and consultants;
- iii. third parties with whom Birchcliff has business relationships; and
- iv. members of the public.

Birchcliff will not tolerate dishonesty by any of its employees, contractors or consultants.

The Ethics Policy also requires adherence by employees to all professional ethical standards applicable to them and sets out requirements with respect to receiving benefits from business counterparties.

WHISTLEBLOWER POLICY

The Audit Committee and the Board have adopted a Whistleblower Policy to provide for the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters. Under the Whistleblower Policy, the Board encourages the submission of all good faith concerns and complaints regarding Birchcliff's accounting, auditing and financial reporting matters and provides that no retaliation of any kind is permitted against any individual for complaints or concerns made in good faith.



HARASSMENT, VIOLENCE AND DISCRIMINATION POLICY

Birchcliff believes that its employees deserve to work in a safe, inclusive and harassment-free environment. Birchcliff does not tolerate harassment, violence or discrimination in any form and is committed to providing a positive and healthy work environment, where the dignity of all individuals is respected, and eliminating or mitigating the hazards of harassment and violence.

Birchcliff has implemented a Harassment, Violence and Discrimination Policy to help prevent harassment, discrimination and violence from becoming part of Birchcliff's workplace. The policy sets out prohibited actions and behaviours, describes the process for the reporting of complaints and the investigation process. Further, the policy provides the corrective actions Birchcliff may take to deal with incidents involving harassment, violence and discrimination, which may include disciplinary action up to and including termination for just cause. The policy provides that retaliation is strictly prohibited against anyone who has reported incidents of harassment, violence or discrimination or participated in the complaint process.

COMMITMENT TO TRANSPARENCY

Birchcliff has publicly reported its payments to governments and Indigenous groups, as required by the *Extractive Sector Transparency Measures Act* (ESTMA), since 2016. These reports can be found on Birchcliff's website at <https://www.birchcliffenergy.com/investors/annual-filings>.

4.4 RISK MANAGEMENT

Understanding and proactively working to mitigate risks is a fundamental requirement for any successful business. Set out below are some of the most significant risks that Birchcliff has identified relating to ESG matters, along with their potential impact and how we manage risk. For additional information on these and other material risks identified by Birchcliff, please see our most recent AIF at <https://www.birchcliffenergy.com/investors/annual-filings>.

ESG RISKS	DESCRIPTION OF RISK	HOW WE MANAGE RISK
Changes to Laws	Birchcliff is subject to extensive regulation on nearly every aspect of its business and operations, including but not limited to, exploration and production activities, environmental requirements, GHG emissions, employment standards, H&S, taxes (including carbon pricing and taxes) and royalties. Changes to any of these regulations can affect Birchcliff.	<ul style="list-style-type: none"> • We operate only in Alberta, Canada, which has one of the world's most stringent regulatory regimes, significantly mitigating risks related to political instability, human rights violations and insufficient environmental and employment standards regulation. • We proactively engage with industry groups, regulatory agencies and the government to understand potential changes to existing laws and regulations and, where appropriate, provide input on new and changing laws and regulations.
Physical Climate Change Risks	Climate change poses varied and far-ranging risks to the business and operations of Birchcliff. These include, but are not limited to, the potential for increased extreme weather events, long-term temperature trend changes and decreased access to water.	<ul style="list-style-type: none"> • We monitor changes to laws and regulatory regimes to ensure that we meet or exceed regulatory requirements including climate-related legislation. Refer to <i>Section 2 - Environment</i>. • We reduce our overall site footprint, which increases the ability to retain water, thereby reducing the risk of flooding and increasing resilience to the threat of forest fires. • We maintain significant barriers between vegetation and our physical equipment to reduce the risk of impact from forest fires. • We have a significant ability to store water, which reduces the threat of flooding, while also providing on-demand access to water in the event of a fire. Refer to <i>Section 2.4 - Water</i>.

ESG RISKS (CONTINUED)	DESCRIPTION OF RISK	HOW WE MANAGE RISK
Environmental Damage	<p>Our business faces environmental risks and hazards including, but not limited to, fire, explosion, blowouts, cratering, sour gas releases, GHG emissions, spills and other environmental hazards. These typical risks and hazards could result in substantial damage to property or the environment and cause personal injury, contribute to climate change or threaten wildlife.</p>	<ul style="list-style-type: none"> • We maintain detailed policies and procedures, including our Environmental Management program, Asset Integrity program, COR certification and ERP in order to help prevent incidents and mitigate consequences if an incident occurs. Refer to <i>Section 3.1 - Health & Safety</i> and <i>Section 3.2 - Asset Integrity</i>. • We ensure training of employees and contractors to limit environmental impacts on operations sites. Refer to <i>Section 3.1 - Health & Safety</i> and <i>Section 3.6 - Our People</i>. • We strive for continuous improvement in methane and CO₂ emissions. Refer to <i>Section 2 - Environmental</i>. • We invest in new technologies to help reduce our emissions and contribution to climate change. Refer to <i>Section 2.5 - Commitment to Innovation</i>. • We monitor changes to laws and regulatory regimes to ensure that we meet or exceed regulatory requirements including climate-related legislation. Refer to <i>Section 2 - Environment</i>. • We design facilities and well programs to minimize our environmental footprint and take precautionary measures to protect the ecosystems in which we operate. • We engage in projects to supply natural gas to displace higher GHG contributing fuels helping to reduce our overall contribution to climate change. Refer to <i>Section 3.4 - Stakeholder Engagement</i>. • We have a dedicated Business Innovation team that continually explores new technologies and investment opportunities that can reduce environmental impact and GHG emissions.

ESG RISKS (CONTINUED)	DESCRIPTION OF RISK	HOW WE MANAGE RISK
Public Opposition	The oil and natural gas industry has become a politically polarizing topic in Canada, resulting in some cases in protests or civil disobedience surrounding oil and natural gas development. Public opposition could expose Birchcliff to the risk of higher costs, operational delays and disruptions or even project cancellations.	<ul style="list-style-type: none"> • We engage in regular ESG reporting to show our dedication to continuous improvement and progress. • We participate in industry advocacy groups such as CAPP and EPAC. Refer to <i>Section 3.4 - Stakeholder Engagement</i>. • We maintain a proactive public information program, including our annual open house for residents and ongoing meetings with communities where we operate, to ensure stakeholder understanding and participation. Refer to <i>Section 3.4 - Stakeholder Engagement</i>. • We support and give back to the communities where we operate. Refer to <i>Section 3.7 - Community Involvement</i>.
Energy Transition	A transition away from the use of petroleum products, including due to technological advances in fuel economy and renewable energy, could reduce the demand for oil and natural gas.	<ul style="list-style-type: none"> • We are working to expand market access for LNG through Rockies LNG and Ksi Lisims. Refer to <i>Section 3.4 - Stakeholder Engagement</i>. • Our Business Innovation team explores new technologies and investment opportunities to help Birchcliff to adapt to and continue to be successful in a lower emissions future.
Indigenous Land and Rights Claims	Indigenous land and rights claims and opposition by Indigenous groups to Birchcliff's operations, development or exploratory activities may negatively impact the Company in terms of public perception, the diversion of management's time and resources, the incurrence of legal and other advisory expenses, and could adversely impact Birchcliff's progress and ability to explore and develop properties.	<ul style="list-style-type: none"> • Continually build on our strong existing relationships with the Indigenous groups where we operate. • Maintain open, honest and straightforward communications with First Nations and Metis people living where we operate. • Educate our employees and encourage them to reflect on the importance of reconciliation with Canada's Indigenous peoples. Refer to <i>Section 3.5 - Indigenous Relationships</i>.

4.5 ENVIRONMENT & REGULATORY COMMITTEES

ESG COMMITTEE

Birchcliff's ESG Committee is made up of managers and other employees from a broad range of disciplines at the Company. The purpose of this committee is to drive continuous improvement of Birchcliff's ESG-related corporate metrics by:

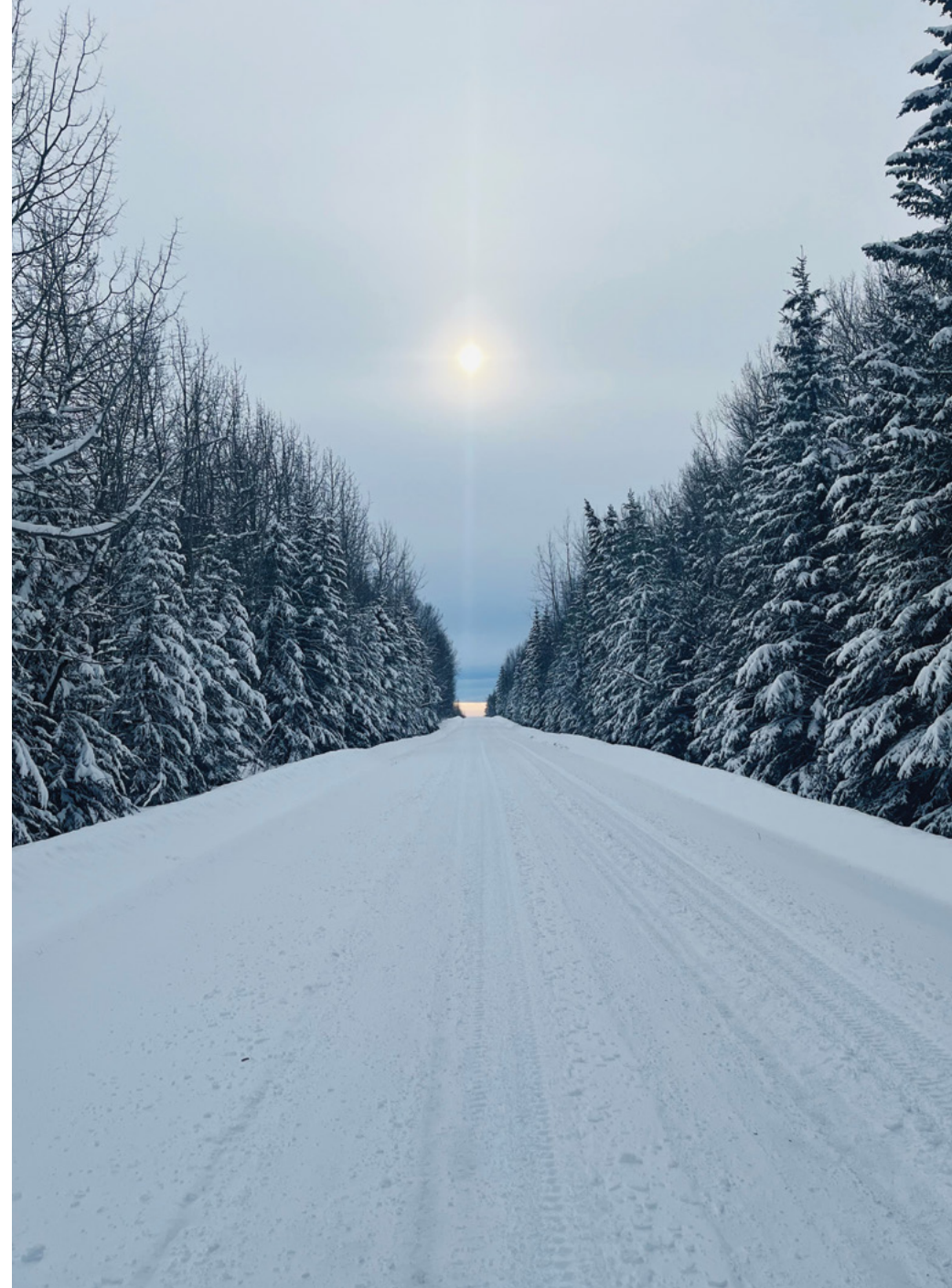
- i. establishing and monitoring ESG-related key performance indicators;
- ii. developing and maintaining an effective strategy to communicate ESG-related key performance indicators; and
- iii. working closely with pertinent Birchcliff personnel to identify, prioritize, and implement initiatives to improve ESG key performance indicators within the Company.

GREENHOUSE GAS REGULATORY COMPLIANCE COMMITTEE

Birchcliff's Greenhouse Gas Regulatory Compliance Committee is made up of team members from the operations, production accounting and finance departments and is tasked with ensuring that there is awareness and compliance with the latest provincial and federal GHG emissions legislation requirements. This committee strives for understanding, communication and compliance with the various GHG emission regulations that impact our operations.

DECOMMISSIONING, ABANDONMENT, REMEDIATION AND RECLAMATION COMMITTEE

Birchcliff's DARR committee consists of employees in the operations department and is tasked with reducing our corporate asset retirement obligations and ensuring compliance with all provincial and federal regulations. The DARR committee members work diligently to ensure we conduct our asset retirement projects in the most efficient manner possible.



County road just west of the Horse Lake Reserve

SECTION 5

Summary



5.1 ESG PERFORMANCE SUMMARY

The following is a summary of material changes and variances with historical performance metrics:

HEALTH AND SAFETY

- The only significant variance for H&S was the number of contractor hours worked. This variance is the result of a plant turnaround at our Pouce Coupe Gas Plant.

EMISSIONS

- Birchcliff transitioned our emission quantification to a software system that dramatically improved our data collection and improved our accuracy in quantification methodology by using true data over estimates in several areas. This will result in more accurate reporting moving forward and will allow increased accuracy in year-over-year comparisons into the future. This unfortunately results in some variances in flaring, fugitive emissions and venting and does not allow us to accurately reflect the tremendous amount of work we have implemented in reducing emissions in these areas. However, these variances do not result in a material change that would drive a baseline restatement under the TIER regulations. It should be noted that all historical estimates utilized were accepted practices under the TIER quantification protocol and were verified by an independent third-party.
- Total GHG emissions decreased by almost 1.3% in 2022 as compared to 2021. We believe this reduction would be significantly higher if we were to use similar quantification methodology as previous years.
- Emissions intensity increased by 0.0001 tCO₂e/boe, from 0.0135 tCO₂e/boe to 0.0136 tCO₂e/boe. While this is not a dramatic increase, we note the variance as the result of slightly decreased production.

- Birchcliff experienced increased flaring activity in 2022 as compared to previous reporting years, mostly due to turnaround activity. In addition, as part of the improvements to its reporting methodology, Birchcliff was able to use true run times for this year's reporting as opposed to estimated run times. As a result, reported flaring emissions increased by almost 80%.
- In addition to improved data collection and calculation methodology, Birchcliff was able to assign actual leak dates as opposed to assuming 100% of the year for leaking equipment, resulting in a decrease of 76% in fugitive emissions as compared to 2021.
- Though Birchcliff eliminated all high-bleed pneumatic devices in 2022, we experienced an increase in pneumatic vented emissions of 12% as compared to 2021. This is the result of improved calculations and using true gas analyses vs default factors. Using real fuel gas analysis showed an increase in methane emissions, which are the only component of fuel gas which carries a global warming factor, resulting in an increased value.
- Some significant differences were also seen in the criteria air contaminants, specifically nitrogen oxide (NO_x), carbon monoxide (CO), volatile organic compounds (VOC), total particulate matter (TPM) and sulphur dioxides (SO_x). These changes are all the result of improved data collection and calculation methodology.



Gordondale Gas Boot at 02-06-079-11W6 site

WATER

- Birchcliff was able to utilize approximately 5,700 m³ of non-fresh water in 2022. This metric was not reported on in 2021 or 2020.

WASTE

- Both solid and liquid waste volumes increased in 2022 as compared to 2021 as a result of the turnaround that was completed at our Pouce Coupe Gas Plant in 2022.

RECLAMATION

- Birchcliff did not receive any reclamation certificates in 2022. This is not the result of decreased work; in fact, the opposite is true as Birchcliff completed over 18 phase 2 environmental site assessments at our reclamation sites and spent \$3.5 million in 2022.

DIVERSITY

- A female manager was promoted to an executive position in 2022 resulting in the change to the female executive metric. It should be noted that Birchcliff has always believed in hiring the best candidate for the job based on merit.



5.2 ESG PERFORMANCE METRICS

	UNITS	2020	2021	2022	GRI ⁽¹⁾	SASB ⁽²⁾	UN SDG ⁽³⁾
Regulatory Compliance							
External regulatory inspections	number/year	19	29	21	11.8.1	EM-EP-320a.2	11,14
Health & Safety							
Lost time injury frequency - employee	LTI*1 MM/exposure hours	2.4	0.0	0.0	11.9.10	EM-EP-320a.1	3,8
Lost time injury frequency - contractor	LTI*1 MM/exposure hours	0.9	1.4	0.9	11.9.10	EM-EP-320a.1	3,8
Lost time injury frequency - combined	LTI*1 MM/exposure hours	1.1	1.1	0.8	11.9.10	EM-EP-320a.1	3,8
Recordable incident frequency - employee	RI*200,000/exposure hours	0.5	0.0	1.0	11.9.10	EM-EP-320a.1	3,8
Recordable incident frequency - contractor	RI*200,000/exposure hours	0.4	0.4	0.9	11.9.10	EM-EP-320a.1	3,8
Recordable incident frequency - combined	RI*200,000/exposure hours	0.4	0.3	0.9	11.9.10	EM-EP-320a.1	3,8
Fatalities - employee	number/year	0.0	0.0	0.0	11.9.10	EM-EP-320a.1	3,8
Fatalities - contractor	number/year	0.0	0.0	0.0	11.9.10	EM-EP-320a.1	3,8
Number and rate of high-consequence work-related injuries (excluding fatalities) - employee	number/year	1.0	0.0	0.0	11.9.10	EM-EP-320a.1	3,8
Main types of work-related injury - employee	type	Slips and Trips	N/A	Struck by and slips, trips and falls	11.9.10	N/A	3,8
Number of hours worked - employee	hours	410,005	410,004	410,000	11.9.10	EM-EP-320a.1	3,8
Number and rate of high-consequence work-related injuries (excluding fatalities) - contractor	number/year	1	1	0.0	11.9.10	EM-EP-320a.1	3,8
Main types of work-related injury - contractor	type	Slips and Trips	Slips, trips, frostbite and pinched finger	Struck by and slips, trips and falls	11.9.10	EM-EP-320a.1	3,8
Number of hours worked - contractor	hours	2,249,218	1,402,633	2,346,897	11.9.9	EM-EP-320a.1	3,8
Environment ⁽⁴⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾⁽⁸⁾⁽⁹⁾							
Direct GHG emissions (scope 1)	tCO ₂ e	322,063	353,192	348,407	11.1.5	EM-EP-110a.1	13,14
Direct GHG intensity (scope 1)	tCO ₂ e/boe	0.01154	0.01232	0.01241	11.1.8	EM-EP-110a.1	13,14
Indirect GHG emissions (scope 2)	tCO ₂ e	38,312	34,693	34,416	11.1.6	N/A	13,14
Indirect GHG intensity (scope 2)	tCO ₂ e/boe	0.00137	0.00121	0.00123	11.1.8	N/A	13,14

	UNITS	2020	2021	2022	GRI ⁽¹⁾	SASB ⁽²⁾	UN SDG ⁽³⁾
Total GHG intensity (scopes 1+2)	tCO ₂ e/boe	0.01289	0.01353	0.01363	11.1.8	N/A	13,14
Other indirect emissions (scope 3)	tCO ₂ e	N/R	N/R	N/R	11.1.7	N/A	13,14
Total methane emissions	tCH ₄	2,816	2,770	2,534	11.1.8	EM-EP-110a.1	13,14
% Methane	%	21.8	19.6	18.2	11.1.8	EM-EP-110a.1	13,14
Stationary combustion emissions	tCO ₂ e	297,912	331,551	328,734	11.1.8	EM-EP-110a.1	13,14
Flared emissions	tCO ₂ e	3,837	2,536	4,539	11.1.8	EM-EP-110a.2	13,14
Vented emissions	tCO ₂ e	16,691	11,901	13,325	11.2.3	EM-EP-110a.2	13,14
Fugitive emissions	tCO ₂ e	4,279	7,187	1,743	11.3.2	EM-EP-110a.2	13,14
GHG emissions reduced as direct result of reduction initiatives (scope 1)	tCO ₂ e	NR	4,122	NR	11.3.2	EM-EP-110a.3	7
ODS emissions (ozone depleting substances) ⁽⁸⁾	tonnes	N/A	N/A	N/A	11.3.2	N/A	3,11,15
Nitrogen oxides (NOx)	tonnes	480.1	403.5	563.0	11.3.2	EM-EP-120a.1	3,11,15
Carbon monoxide (CO)	tonnes	983.3	858.1	1,121.5	11.3.2	EM-EP-120a.1	3,11,15
Volatile organic compounds (VOCs)	tonnes	437.8	375.1	536.4	11.3.2	EM-EP-120a.1	3,11,15
Sulphur dioxides (SOx)	tonnes	181.9	185.1	239.4	11.3.2	EM-EP-120a.1	3,11,15
Total particulate matter	tonnes	5.5	4.9	10.0	11.3.2	EM-EP-120a.1	3,11,15
Fresh water withdrawal	m ³ /year	472,147	508,874	453,931	11.6.4	EM-EP-140a.1	6,12,14,15
Non-fresh water withdrawal	m ³ /year	NPR	NPR	5,712	11.6.4	EM-EP-140a.1	6,12,14,15
Solid wastes disposed	tonnes	6,423	24,199	38,744	11.5.6	EM-EP-210b.1	3,6,12,14,15
Liquid wastes disposed	m ³	49,925	36,408	48,129	11.5.6	EM-EP-210b.1	3,6,12,14,15
Well abandoned	wells	11	19	11	11.7.4	EM-EP-160a.1	4,8,11,14,15
Reclamation certificates received	count	1	5	0	11.7.4	EM-EP-160a.1	4,8,11,14,15
Alberta licensee liability rating (LMR)	AER rating	17.8	17.9	17.3	11.7.6	EM-EP-160a.1	4,8,11,14,15
Reportable releases / spills	count	1	2	4	11.8.2	EM-EP-160a.2	11,14
Total volume of releases / spills	m ³	25.0	5.5	34.2	11.8.2	EM-EP-160a.2	11,14
Workforce							
Female permanent employees	percent	32	32	30	11.11.5	EM-EP-210b.1	4,5,8,10,16
Female managers	percent	12	13	8	11.11.5	EM-EP-210b.1	4,5,8,10,16
Female executives	percent	0	0	13	11.11.5	EM-EP-210b.1	4,5,8,10,16
Female board members	percent	40	40	40	11.11.5	EM-EP-210b.1	4,5,8,10,16

	UNITS	2020	2021	2022	GRI ⁽¹⁾	SASB ⁽²⁾	UN SDG ⁽³⁾
Voluntary turnover	percent	2	6	8	11.10.2	EM-EP-210b.1	4,5,8,10
Full-time employee workforce	count	206	204	213	11.10.1	EM-EP-210b.1	4,5,8,10
Part-time employee workforce	count	4	1	3	11.10.1	EM-EP-210b.1	4,5,8,10
Full-time contractor and temporary workforce ⁽¹⁰⁾	count	18	16	16	11.10.1	EM-EP-210b.1	4,5,8,10
Communities							
Scholarship awards	\$	177,250	245,500	341,000	11.15.2	EM-EP-530a.1	1,3,5,6,16
Community investment	\$	1,181,798	1,053,030	1,927,985	11.15.2	EM-EP-530a.1	1,3,5,6,16
Economic and Operational							
Average daily production	boe/d	76,401	78,520	76,925	11.14.2	EM-EP-000.A	1,5,8,9,10
Petroleum and natural gas revenue	\$000s	528,505	932,406	1,340,180	11.14.2	EM-EP-420a.1	1,5,8,9,10
Operating expense	\$/boe	2.95	3.19	3.62	11.21.7	EM-EP-420a.1	1,16,17
General and administrative expense (net)	\$/boe	0.88	0.99	1.27	11.21.2	EM-EP-530a.1	1,16,17
Net income (loss)	\$000s	(\$57,821)	\$314,676	\$656,831	11.21.7	EM-EP-530a.1	1,16,17
Number of onshore sites ⁽¹¹⁾	count	NPR	50	135	11.14.4	EM-EP-000.B	1,5,8,9,10

1. GRI 11: Oil and Gas Sector 2021. Sector Standard Reference Number.

2. SASB Oil & Gas - Exploration & Production Code.

3. United Nations Sustainable Development Goals.

4. Gases included in Scope 1 and 2 calculations: CO₂, CH₄, N₂O, HFCs, PFCs, SF₆ and NF₃.

5. Source of emission factors and global warming potentials used in calculations: All emission factors used for Scope 1 and 2 emissions, ODS, nitrogen oxides, sulphur dioxides, Other Significant Air Emissions, and Biogenic Emissions are provided by CAPP, Canada Energy Regulator, Environment Climate Change Canada ("ECCC") and Alberta Environment and Parks ("AEP").

6. Standards, methodologies, assumptions used in calculations: All standards, methodologies, and assumptions used for air emission calculations are provided by the CAPP, ECCC and AEP.

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

8. No ODS were generated in any Birchcliff operations.

9. Emissions figures do not include any emissions from drilling or completions activities as these are considered Scope 3 emissions.

10. Includes field and office contractors and term employees.

11. For 2022, onshore sites included compressor stations, gas plants, oil batteries and wellsites as opposed to 2021, which only included gas plants, oil batteries and compressor stations.

N/A - Not applicable

NPR - Not previously reported

NR - Not reported

ABBREVIATIONS AND DEFINITIONS

\$000s	thousands of dollars	MMboe	millions of barrels of oil equivalent
2P	proved plus probable reserves	Mcf	thousand cubic feet
bbl	barrel	Mcf/d	thousand cubic feet per day
bbls/d	barrels per day	mm	millimetre
Bcf/d	billion cubic feet per day	MM	millions
boe	barrel of oil equivalent	MMBtu	million British thermal units
boe/d	barrel of oil equivalent per day	MMcf/d	millions of cubic feet per day
CH ₄	methane	MSCF	thousands of standard cubic feet
CO ₂	carbon dioxide	N ₂ O	nitrous oxide
D&C	drilling and completions	NF ₃	nitrogen trifluoride
GHG	greenhouse gas	NGLs	natural gas liquids
ha	hectare	NOX	nitrogen oxides
HFC	hydrofluorocarbon	ODS	ozone-depleting substance
KG	kilogram	PDP	proved developed producing reserves
km	kilometre	PFC	perfluorocarbon
LNG	liquified natural gas	SF ₆	sulfur hexafluoride
LPG	liquified petroleum gas	Tcf	trillion cubic feet
m ²	metres squared	TCH ₄	tonnes of methane
m ³	cubic metres	tCO ₂ e	tonnes of CO ₂ equivalent
m ³ oe	cubic metres of oil equivalent		

5.3 ADVISORIES

NOTICE REGARDING DISCLOSURES

This report is intended to voluntarily provide certain information that we have determined might be of interest to our stakeholders. This report should be read in conjunction with the disclosure contained in the filings we have made under Canadian securities laws, including our press releases, annual and interim financial statements and MD&A, AIFs and information circulars. Nothing in this report should be read as in any way qualifying, amending, modifying or superseding any of the disclosure contained in the filings we have made under Canadian securities laws. In addition, the inclusion of any information in this report should not be construed as an indication that we consider this information to be material or required to be disclosed for the purposes of Canadian securities laws. We may change the information we determine to provide in future ESG reports without prior notice. This report does not provide investment advice and readers are responsible for making their own financial and investment decisions.

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.

PRODUCTION

With respect to the disclosure of Birchcliff's production contained in this report: (i) references to "light oil" mean "light crude oil and medium crude oil" as such term is defined in National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101"); and (ii) references to "natural gas" mean "shale gas", which also includes an immaterial amount of "conventional natural gas", as such terms are defined in NI 51-101. Birchcliff's 2022 annual average production of 76,925 boe/d consists of the following product types: (i) 2,223 bbls/d of light oil; (ii) 12,125 bbls/d of NGLs; and (iii) 375,315 Mcf/d of natural gas.

RESERVES

In this report, references to "reserves" are to Birchcliff's gross reserves (Birchcliff's working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of Birchcliff). The information contained herein relating to reserves is based upon the evaluation by Deloitte LLP, independent qualified reserves evaluator, with an effective date of December 31, 2022 as contained in the report of Deloitte dated February 15, 2023 (the "**Deloitte Report**"). The Deloitte Report was prepared in accordance with NI 51-101 and the Canadian Oil and Gas Evaluation Handbook. There are numerous uncertainties inherent in estimating quantities of reserves and the future net revenue attributed to such reserves. See "*Risk Factors – Uncertainty of Reserves Estimates*" in Birchcliff's management's discussion and analysis for the year ended December 31, 2022 ("**MD&A**"), a copy of which is available on www.birchcliffenergy.com and on www.sedar.com.

ESG METRICS

There is no single standard system that applies across companies for compiling and calculating the quantity of GHG emissions and other ESG metrics attributable to our operations. Accordingly, such information may not be comparable with similar information reported by other companies. Our GHG emissions are derived from various internal reporting systems that may be different from those applicable to the financial information presented in our consolidated financial statements and, in particular, may be subject to less sophisticated internal documentation as well as preparation and review requirements, including the general internal control environment. We may change our policies for calculating these GHG emissions in the future without prior notice.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this 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 report should not be unduly relied upon.

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

- Birchcliff's plans, operations, focus, objectives, strategies, opportunities, priorities and goals including: Birchcliff's mission to be a leader in the safe and responsible production and delivery of clean, reliable Canadian natural gas and oil; and that Birchcliff is well positioned to support Canada's role as a leading supplier of responsible natural gas and oil to the world;
- ESG trends, including: that Birchcliff progressing its comprehensive corporate responsibility strategy remains dependent on upcoming trends in the ESG landscape; that Birchcliff is developing internal processes and adopting software solutions to automate and store ESG data, which will streamline data collection processes, reducing the potential for errors and create auditable information; that Birchcliff is monitoring the work of the TNFD and is preparing for the subsequent outcomes and recommendations from the TFND; and that changes to the Company's emissions quantification will result in more accurate reporting moving forward and will allow increased accuracy in year-over-year comparisons into the future;
- Birchcliff's environmental stewardship, including: statements relating to GHG emissions reductions (including that: Birchcliff will evaluate and utilize technology that will help monitor and reduce GHG emissions; that Birchcliff will continue to implement and improve the MRRCP focusing on GHG emissions reduction initiatives and maintaining its status as a LEIP; that all remaining compressor seals still venting to the atmosphere are expected to be eliminated by the end of 2023; that future waste heat recovery projects planned will reduce an additional estimated 25,000 tCO₂e annually and the complete elimination of compressor seal venting in 2023 is expected to reduce a further 18,000 tCO₂e annually; and that Birchcliff will look to address its remaining low-bleed venting devices and pneumatic venting pumps at a later date); that Birchcliff's DARR team will execute a \$3.5 million budget in 2023, consisting of 13 wells to be abandoned, 14 sites to be decommissioned and 12 sites to be reclaimed; that Birchcliff will execute two watercourse crossings remedial plans in 2023; and statements relating to emissions performance and carbon offset credits (including that "carbon credits" can be used for future compliance or monetized by selling to third parties; that we continue to look for new technology that will improve our emissions intensity, making it as low as possible; and that we are projecting to generate substantially more carbon offset credits over the coming years);
- Innovation, including: that Birchcliff believes we can be part of the long-term, sustainable energy development cycle and are prepared to lead the way with progressive, measurable, and impactful operational practices, which will help to reduce the environmental impact we may have in the areas in which we operate and across the industry; and statements regarding Birchcliff's analytics team having further opportunities to work with other technical disciplines, including ESG, to gain insights into collected data, trials, data verification, real-time ESG performance metrics, etc.;
- Birchcliff's H&S goals, including: that Birchcliff will continue to manage our COR action plan items to ensure our H&S programs are developed in accordance with changing industry and regulatory requirements and continue to develop an action plan to address opportunities that will improve our H&S programs; that Birchcliff will re-engage employees and contractors in the CultureSite survey to provide feedback on Birchcliff's H&S programs and culture and look for trends and additional opportunities to improve our programs; and that Birchcliff believes that the H&S goals set out in operations personnel performance reviews help support continued awareness and improvement, which will help create a safer workplace;
- Global energy security and the benefits of Canadian natural gas, including: that Birchcliff believes we can help meet the challenge of supplying responsible Canadian oil and natural gas while at the same time assisting in the worldwide reduction of greenhouse gases and a lower carbon future; that Alberta will have phased-out all coal generation by early 2024; that displacing coal and other emissions-intensive fuel sources with responsibly produced Canadian natural gas will help reduce emissions worldwide and help meet global climate goals; that future export projects on Canada's west coast have the added advantage of being closer to major demand centers in Asia when compared with the US Gulf Coast facilities, meaning Canada has the opportunity to ship at a lower cost with lower relative transportation emissions; and statements regarding Rockies LNG and Ksi Lisims LNG (including the size of the Ksi Lisims LNG project, that the project will have net-zero emissions and that Ksi Lisims LNG will create significant economic and employment opportunities for local Indigenous people, British Columbia, Alberta and the rest of Canada, providing Rockies LNG's producers access to growing international markets);

- Our people, including that Birchcliff will continue to support employees' and their families' health and wellness through health and educational programs, continue to invest in employee talent with training and educational opportunities, continue our rigorous annual employee performance review process and increase access to the BMC program to field employees;
- Birchcliff's ongoing commitment to maintaining strong relationships with local communities and to continue to give back to the communities it works in, including that Birchcliff will support initiatives that promote education, employment and cultural preservation and will continue to give back to our communities and invest in local programs that will enhance the quality of life, including youth health and educational opportunities, agricultural societies and local emergency services; and Birchcliff's ongoing commitment to and future support of STARS and the United Way of Calgary; and
- estimates of reserves.

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 including, but not limited to, the risks posed by pandemics (including COVID-19), epidemics and global conflict (including the Russian invasion of Ukraine and the Israel-Hamas conflict), the impact of general economic conditions; industry conditions; changes to the regulatory framework in the locations where the Corporation operates, including changes to tax laws, environmental laws, climate change laws, carbon tax regimes, incentive programs and other regulations that affect the oil and natural gas industry; political uncertainty and uncertainty associated with government policy changes; actions by government authorities; an inability of the Corporation to comply with existing and future laws and the cost of compliance with such laws; environmental risks; claims by Indigenous peoples; negative public perception of the oil and natural gas industry and fossil fuels; the inability to further reduce emissions intensity; and the occurrence of unexpected events such as fires, severe weather, explosions, blow-outs, equipment failures, transportation

incidents and other similar events; an inability to access sufficient water or other fluids needed for operations; uncertainty that development activities in connection with Birchcliff's assets will be economic; an inability to access or implement some or all of the technology necessary to operate its assets and achieve expected future results. The other assumptions on which the forward-looking statements are based and the risk factors and uncertainties that could cause Birchcliff's actual results to differ materially are discussed under "*Advisories – Forward-Looking Statements*" in Birchcliff's most recent annual and interim MD&A, and such factors are incorporated herein by reference. 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 AIF 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 report in order to provide readers with a more complete perspective on Birchcliff's future operations and management's current expectations relating to Birchcliff's future performance. Readers are cautioned that this information may not be appropriate for other purposes.

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



2022 Environmental, Social and Governance Report

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