BIRCHCLIFF ENERGY LTD. ANNOUNCES 2026 BUDGET AND GUIDANCE AND UPDATED FIVE-YEAR OUTLOOK

PROFITABLE PRODUCTION GROWTH FORECAST TO REACH 105,000 BOE/D ANNUALLY BY 2030

Calgary, Alberta (January 20, 2026) – Birchcliff Energy Ltd. ("**Birchcliff**" or the "**Corporation**") (TSX: BIR) is pleased to announce its 2026 budget and guidance and its updated five-year outlook for 2026 to 2030. The Corporation also announces that Birchcliff's board of directors (the "**Board**") has declared a quarterly cash dividend of $0.03 per common share for the quarter ending March 31, 2026.

Chris Carlsen, Birchcliff's President and Chief Executive Officer, commented: "In 2025, we demonstrated the strength of our business by continuing to deliver on our strategy of improving capital efficiencies and driving our costs lower through disciplined execution. We expect that we will achieve record average production in 2025 of approximately 80,000 boe/d and average production of approximately 82,500 boe/d in Q4 2025[(1)] with estimated annual F&D capital expenditures of approximately $300 million.[(2)] We look forward to releasing Birchcliff's unaudited financial and operational results for the year ended December 31, 2025 on February 11, 2026.

Our priorities are unchanged for 2026 – profitable production growth by fully utilizing our existing infrastructure, strengthening our balance sheet and paying a sustainable base dividend. Our 2026 capital program has been designed with the optionality to adjust as required throughout the year in response to changes in commodity prices, with an F&D capital budget of $325 million to $375 million that includes approximately $25 million directed towards progressing the development of our Elmworth area. This level of capital spending is expected to deliver average production of 81,000 to 84,000 boe/d in 2026, representing year-over-year production growth of approximately 1% to 5%. Production is expected to reach ~87,500 boe/d in Q4 2026 at the high end of capital spending, fully utilizing our existing infrastructure in Pouce Coupe and Gordondale approximately one year ahead of our previous five-year outlook.[(3)]

Our five-year outlook for 2026 to 2030 is designed to deliver long-term shareholder value by utilizing internally generated adjusted funds flow to profitably grow annual average production to approximately 105,000 boe/d by the end of the period, while we reduce our total debt to less than 0.1 times annual adjusted funds flow.[(4)] Once our facilities in Pouce Coupe and Gordondale are fully utilized, production in these areas is expected to remain flat and generate meaningful free funds flow, a portion of which will be directed towards advancing development in our Elmworth area. This includes completing and filling the first phase (100 MMcf/d) of our proposed 100% owned and operated natural gas processing plant (the "**Goodfare Gas Plant**") in the Elmworth area. With the positive outlook for natural gas demand and significant incremental LNG export capacity expected in North America over the next five years, we continue to believe that our capital allocation strategy of investing in and profitably growing our business, strengthening our balance sheet and paying a sustainable base dividend allows us to continue delivering significant shareholder value."[(5)]

*This press release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. For further information regarding the forward-looking statements and forward-looking information contained herein, see "Advisories – Forward-Looking Statements". With respect to the disclosure of Birchcliff's production contained in this press release, production volumes have been disclosed on a "gross" basis as such term is defined in National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities ("**NI 51-101**"). For further information regarding the disclosure of Birchcliff's production contained herein, see "Advisories – Production". In addition, this press release uses various "non-GAAP financial measures", "non-GAAP ratios" and "capital management measures" as such terms are defined in National Instrument 52-112 – Non-GAAP and Other Financial Measures Disclosure ("**NI 52-112**"). Non-GAAP financial measures and non-GAAP ratios are not standardized financial measures under GAAP and might not be comparable to similar financial measures disclosed by other issuers. For further information regarding the non-GAAP and other financial measures used in this press release, see "Non-GAAP and Other Financial Measures".*

(1) 2025 annual average production and Q4 2025 average production are based on preliminary field estimates. See *"Advisories – Forward-Looking Statements"*.

(2) Birchcliff's estimate of 2025 annual F&D capital expenditures excludes acquisitions, dispositions and the capitalized portion of cash incentive payments. See *"Advisories – Forward-Looking Statements"*.

(3) See *"2026 Guidance"* and *"Advisories – Forward-Looking Statements"* for further information regarding the Corporation's 2026 guidance and the commodity price, exchange rate and other assumptions underlying such guidance.

(4) Based on year-end total debt of $30 million and annual adjusted funds flow of $590 million for 2030. Total debt is a capital management measure and total debt to annual adjusted funds flow is a non-GAAP ratio. See *"Non-GAAP and Other Financial Measures"*.

(5) See "*Five-Year Outlook*" and "*Advisories – Forward-Looking Statements*" for further information regarding the Corporation's updated five-year outlook for 2026 to 2030 and the commodity price, exchange rate and other assumptions underlying such outlook.

2026 GUIDANCE

- Flexible F&D capital budget of $325 million to $375 million in 2026, which is expected to deliver annual average production of 81,000 to 84,000 boe/d. Production is expected to reach ~87,500 boe/d in Q4 2026 at the high end of F&D capital expenditures.
- Birchcliff expects adjusted funds flow[(6)] of $430 million and free funds flow[(6)] of $55 million to $105 million in 2026.
- Birchcliff's outlook for natural gas prices remains strong as it expects the addition of Train 2 of LNG Canada, further U.S. LNG projects and gas-fired power for data centres to drive the demand for natural gas in 2026 and beyond. Birchcliff is well positioned to take advantage of strengthening North American natural gas prices, with 54% of the Corporation's natural gas production anticipated to be effectively sold in the NYMEX HH and Dawn sales markets and 46% sold at the AECO sales market in 2026. As Birchcliff currently has no fixed price commodity hedges in place, for every $0.10 change in each of the AECO, Dawn and NYMEX HH benchmark price for natural gas, Birchcliff's estimated free funds flow for 2026 changes by $19.2 million (in aggregate).[(7)]
- Birchcliff expects to exit 2026 with total debt of $410 million to $460 million, which will result in a total debt to annual adjusted funds flow ratio of approximately 1.0 times at the mid-point of the total debt guidance range.
- Expected annual base dividend for 2026 of $0.12 per common share (approximately $33 million in aggregate[(8)]).
- The following tables set forth Birchcliff's guidance, commodity price assumptions and free funds flow sensitivity for 2026:

	2026 guidance and assumptions[(1)]
Production	
Annual average production *(boe/d)*	81,000 – 84,000
% Light oil	1%
% Condensate	6%
% NGLs	9%
% Natural gas	84%
Average Expenses *($/boe)*	
Royalty	$1.85 – $2.05
Operating	$2.80 – $3.00
Transportation and other[(2)]	$5.15 – $5.35
Adjusted Funds Flow *(millions)*[(3)]	$430
F&D Capital Expenditures *(millions)*	$325 – $375
Free Funds Flow *(millions)*[(3)]	$55 – $105
Total Debt at Year End *(millions)*[(4)]	$410 – $460
Natural Gas Market Exposure	
AECO exposure as a % of total natural gas production	46%
Dawn exposure as a % of total natural gas production	38%
NYMEX HH exposure as a % of total natural gas production	16%
Commodity Prices[(5)]	
Average WTI price *(US$/bbl)*	$60.00
Average WTI-MSW differential *(CDN$/bbl)*	$5.40
Average AECO price *(CDN$/GJ)*	$2.60
Average Dawn price *(US$/MMBtu)*	$3.40
Average NYMEX HH price *(US$/MMBtu)*	$3.60
Exchange rate *(CDN$ to US$1)*	1.37

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

(7) Holding all other variables constant. See the free funds flow sensitivity table presented herein.

(8) Assumes that an annual base dividend of $0.12 per common share is paid during 2026 or over the five-year period, as the case may be, and that there are 274.8 million common shares outstanding, with no special dividends paid. The declaration of future dividends is subject to the approval of the Board and is subject to change.

Forward twelve months' free funds flow sensitivity[5][6]	Estimated change to 2026 free funds flow *(millions)*
Change in WTI US$1.00/bbl	$3.7
Change in NYMEX HH US$0.10/MMBtu	$3.3
Change in Dawn US$0.10/MMBtu	$8.2
Change in AECO CDN$0.10/GJ	$7.7
Change in CDN/US exchange rate CDN$0.01	$4.2

(1) Birchcliff's guidance for its production commodity mix, adjusted funds flow, free funds flow, total debt and natural gas market exposure in 2026 is based on an annual average production rate of 82,500 boe/d in 2026, which is the mid-point of Birchcliff's annual average production guidance range for 2026. Changes in assumed commodity prices and variances in production forecasts can have an impact on the Corporation's forecasts of adjusted funds flow and free funds flow and the Corporation's other guidance, which impact could be material. In addition, any acquisitions or dispositions completed over the course of 2026 could have an impact on Birchcliff's 2026 guidance and assumptions set forth herein, which impact could be material. For further information regarding the risks and assumptions relating to the Corporation's guidance, see *"Advisories – Forward-Looking Statements"*.

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

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

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

(5) Birchcliff's commodity price and exchange rate assumptions and free funds flow sensitivity for 2026 are based on anticipated full-year averages using the Corporation's anticipated forward benchmark commodity prices and the CDN/US exchange rate as of January 13, 2026.

(6) Illustrates the expected impact of changes in commodity prices and the CDN/US exchange rate on the Corporation's forecast of free funds flow for 2026, holding all other variables constant. The sensitivity is based on the commodity price and exchange rate assumptions set forth in the table above. The calculated impact on free funds flow is only applicable within the limited range of change indicated. Calculations are performed independently and may not be indicative of actual results. Actual results may vary materially when multiple variables change at the same time and/or when the magnitude of the change increases.

FIVE-YEAR OUTLOOK[9]

- The Board has approved an updated five-year outlook for 2026 to 2030, which is designed to deliver long-term shareholder value by:
  - fully utilizing the Corporation's existing infrastructure in the Pouce Coupe and Gordondale areas in Q4 2026, which will allow Birchcliff to reduce its per unit cost structure, improve its operating netbacks and margins and generate significant free funds flow throughout the five-year outlook;
  - using a portion of the free funds flow generated from the Pouce Coupe and Gordondale areas to advance development in Birchcliff's Elmworth area, including the construction of the first phase of the Goodfare Gas Plant and bringing approximately 16,000 to 18,000 boe/d on production in late 2028. Birchcliff is targeting a final investment decision on the construction of the Goodfare Gas Plant in late 2026 or early 2027; and
  - continuing to strengthen the Corporation's balance sheet while paying a sustainable base dividend.
- Birchcliff's five-year outlook forecasts annual average production growth of approximately 31% and a compound annual growth rate of approximately 6% over the five-year period,[10] with anticipated annual average production of ~105,000 boe/d in 2030.
- Total F&D capital expenditures over the five-year period are anticipated to be $1.9 billion to $2.1 billion.
- Birchcliff's five-year outlook forecasts cumulative adjusted funds flow of approximately $2.7 billion, cumulative free funds flow of approximately $700 million and cumulative excess free funds flow[11] (after the payment of cumulative dividends of $165 million[8]) of approximately $535 million during the five-year period.
- The free funds flow generated from the Corporation's Pouce Coupe and Gordondale areas are expected to provide Birchcliff with the financial flexibility to strengthen its balance sheet, while also self-funding major investments in the Elmworth area that have the potential to create significant per share value over time. Total debt at year-end 2030 is anticipated to be less than 0.1 times total debt to annual adjusted funds flow.
- Should commodity prices be higher or lower than the commodity price assumptions underlying its five-year outlook, Birchcliff has the flexibility to adjust its capital spending and production profile over the next five years accordingly.

(9) For illustrative purposes only and should not be relied upon as indicative of future results. The internal projections, expectations and beliefs underlying Birchcliff's five-year outlook for 2026 to 2030 are subject to change in light of ongoing results and prevailing economic and industry conditions. Birchcliff's F&D capital budgets for 2027 to 2030 have not been finalized and are subject to approval by the Board. Accordingly, the levels of F&D capital expenditures set forth herein are subject to change, which could have an impact on the forecasted production, adjusted funds flow, free funds flow, excess free funds flow, total debt and other metrics set forth herein. Changes in assumed commodity prices and variances in production forecasts can have an impact on the Corporation's forecasts of adjusted funds flow and free funds flow and the Corporation's other metrics for the five-year plan, which impact could be material. In addition, any acquisitions or dispositions completed over the course of the five-year plan could have an impact on Birchcliff's forecasts and assumptions set forth herein, which impact could be material. For further information regarding the risks and assumptions relating to the Corporation's five-year outlook, see *"Advisories – Forward-Looking Statements"*.

(10) As compared to 2025 and based on an estimated annual average production rate of 80,000 boe/d in 2025.

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

Pouce Coupe and Gordondale – Profitable Production and Free Funds Flow Generation

- Building on the strong asset performance and capital efficiencies achieved in 2025, Birchcliff's five-year outlook provides for profitable production growth in 2026, reaching approximately 87,500 boe/d in Q4 2026 as the Corporation fully utilizes its existing infrastructure in Pouce Coupe and Gordondale. Production is then expected to remain flat at approximately 87,500 boe/d for the remainder of the five-year period, with between 160 and 170 wells brought on production in these areas.
- The sustaining capital required to maintain ~87,500 boe/d is anticipated to trend toward $275 million by the end of the five-year period. F&D capital spending is forecast to be approximately $300 million to $350 million in each of 2026 and 2027. From 2028 to 2030, sustaining F&D capital expenditures are forecast to decrease as base production declines moderate, to approximately $275 million to $300 million annually.
- Birchcliff anticipates that its Pouce Coupe and Gordondale assets will generate approximately $920 million of cumulative free funds flow over the five-year period, with annual free funds flow from the areas increasing as sustaining F&D capital spending decreases in 2028 through 2030. This anticipated free funds flow provides Birchcliff with the flexibility to allocate capital toward strategic priorities, including the development of the Elmworth area and shareholder returns.

Elmworth Development – Unlocking Significant Value

- The free funds flow generated from Birchcliff's assets in Pouce Coupe and Gordondale create the opportunity to move forward with significant value creation in the Elmworth area, including the construction of and filling the first phase of the Goodfare Gas Plant.
- Assuming a positive final investment decision, capital spending in the Elmworth area is estimated to be approximately $450 million to $550 million during the five-year period. A significant portion of this capital is expected to be invested in 2027 and 2028 to construct the first phase (100 MMcf/d) of the Goodfare Gas Plant, which is expected to be commissioned in Q4 2028, including the DCCET activities and ancillary infrastructure projects required to reach production of 16,000 to 18,000 boe/d in Q4 2028 from the Elmworth asset.
- Birchcliff anticipates the first phase of its Elmworth asset will begin generating meaningful free funds flow in 2029, with the sustaining F&D capital expenditures required to maintain annual average production of approximately 17,000 boe/d decreasing towards the end of the five-year period.
- The Elmworth asset has significant growth potential, with the scale to support production well above what is contemplated in this five-year outlook.
- Development of Birchcliff's Elmworth asset is expected to benefit from increased natural gas egress opportunities in Canada, including the proposed 12 million tonne-per-year Ksi Lisims LNG project, which Birchcliff expects to have access to through its participation as a partner in Rockies LNG Partners.

Strong Balance Sheet and Sustainable Shareholder Returns

- By the end of 2030, Birchcliff forecasts total debt to be less than 0.1 times total debt to annual adjusted funds flow.
- Birchcliff's five-year outlook contemplates that Birchcliff will pay shareholders a base common share dividend that is sustainable through commodity price cycles. Aggregate dividends over the five years are expected to be approximately $165 million (assuming an annual dividend of $0.12 per common share throughout the five-year period).
- Birchcliff will evaluate dividend increases and opportunistic share buybacks under its normal course issuer bid against other strategic opportunities, including growth opportunities, to create value for shareholders.
- Under its five-year outlook, Birchcliff anticipates that it will be required to pay Canadian income taxes starting in 2029.

2026 F&D CAPITAL BUDGET

Overview

- The Board has approved a flexible F&D capital budget for 2026 of $325 million to $375 million, with approximately $25 million allocated to Birchcliff's Elmworth asset and $300 million to $350 million allocated to Pouce Coupe and Gordondale. The following table sets forth details regarding Birchcliff's expected capital spending allocation in 2026:

Classification	**Capital** *(millions)*
DCCET(1)	$240 – $280
Facilities and infrastructure	$40 – $45
Maintenance and optimization	$22 – $25
Other(2)	$23 – $25
Total F&D Capital Expenditures(3)	**$325 – $375**

(1) On a DCCET basis, the average well cost in 2026 is estimated to be approximately $7.1 million, excluding DCCET costs in the Elmworth area. These costs can vary depending on factors such as the size of the associated multi-well pads, horizontal well length, the costs of construction, the existence of pipelines and other infrastructure and the distance to existing or planned pipelines and other infrastructure.

(2) Other primarily includes capitalized G&A, Crown land sales and seismic.

(3) Net property acquisitions and dispositions have not been included in the table above as these amounts are generally unbudgeted. See *"Advisories – F&D Capital Expenditures"* and *"Advisories – Forward-Looking Statements"*.

Drilling and Completions

- The 2026 capital program is designed to target high rate-of-return wells with attractive paybacks and strong capital efficiency metrics. Two drilling rigs will be utilized to deliver a level-loaded capital program focused on efficient execution, with optimized capital spending throughout the year. The Corporation has significant flexibility with respect to the timing of its completions and tie-in operations, which will allow it to adjust capital spending if necessary in response to commodity price volatility.

- In Pouce Coupe and Gordondale, Birchcliff plans to drill 29 (29.0 net) wells and bring between 29 (29.0 net) and 37 (37.0 net) wells on production, targeting wells placed in the Lower and Upper Montney.

- In Elmworth, the Corporation plans to complete a horizontal land retention well that was drilled in Q2 2023. This well will undergo a short flow test to continue a number of sections of Montney lands in the area and is not currently planned to be tied in. Birchcliff also plans to drill a land retention well in the area that will not be completed as part of the 2026 capital program.

- In order to prepare for the efficient execution of the Corporation's capital program in 2027, Birchcliff's 2026 F&D capital budget includes capital for the drilling of 8 (8.0 net) wells in Pouce Coupe and Gordondale in late Q4 2026, which are expected to be completed and brought on production in Q1 2027. Additionally, Birchcliff plans to drill various surface holes and conduct pad-site construction activities in Q4 2026.

Facilities and Infrastructure

- Birchcliff anticipates allocating $40 million to $45 million to facilities and infrastructure. This includes approximately $21 million for a planned facility turnaround and optimization projects designed to maximize year-round throughput and improve operating efficiency at its 100% owned and operated Pouce Coupe natural gas processing plant in Q2 2026.

OPERATIONAL UPDATE

Update on 2025 Capital Program

- Through disciplined execution and an unrelenting focus on efficiency, Birchcliff reduced its average well cost[12] by approximately 9% year-over-year, from ~$7.6 million per well in 2024 to ~$6.9 million per well in 2025.

- Birchcliff brought 29 (29.0 net) wells on production from five pads (four in Pouce Coupe and one in Gordondale) during 2025. Based on preliminary field estimates, Birchcliff anticipates that its average production for 2025 will be approximately 80,000 boe/d, at the high end of its previous guidance range of 79,000 to 80,000 boe/d.

(12) On a DCCET basis.

- Birchcliff turned its 6-well 07-10 pad over to production though the Corporation's permanent facilities in September 2025. This pad targeted high-rate natural gas wells in the Lower Montney. The following table summarizes the aggregate and average production rates for the wells from the pad:

6-Well 07-10 Pad IP Rates

	Wells: IP 30(1)	**Wells: IP 60**(1)
Aggregate production rate *(boe/d)*	**8,657**	**7,951**
Aggregate natural gas production rate *(Mcf/d)*	48,914	45,441
Aggregate condensate production rate *(bbls/d)*	504	378
Average per well production rate *(boe/d)*	**1,443**	**1,325**
Average per well natural gas production rate *(Mcf/d)*	8,152	7,573
Average per well condensate production rate *(bbls/d)*	84	63
Condensate-to-gas ratio *(bbls/MMcf)*	**10**	**8**

(1) Represents the cumulative volumes for each well measured at the wellhead separator for the 30 or 60 days (as applicable) of production immediately after each well was considered stabilized after producing fracture treatment fluid back to surface in an amount such that flow rates of hydrocarbons became reliable. The natural gas volumes represent raw natural gas volumes as opposed to sales gas volumes. See *"Advisories – Initial Production Rates"*.

- Birchcliff turned 3 wells on its 02-27 pad over to production through Birchcliff's permanent facilities in November 2025. This pad targeted liquids-rich natural gas wells in the Lower Montney. The following table summarizes the aggregate and average production rates for the wells from the pad:

3-Well 02-27 Pad IP Rates

	Wells: IP 30(1)	**Wells: IP 60**(1)
Aggregate production rate *(boe/d)*	**3,410**	**3,162**
Aggregate natural gas production rate *(Mcf/d)*	16,617	15,640
Aggregate condensate production rate *(bbls/d)*	640	555
Average per well production rate *(boe/d)*	**1,137**	**1,054**
Average per well natural gas production rate *(Mcf/d)*	5,539	5,213
Average per well condensate production rate *(bbls/d)*	213	185
Condensate-to-gas ratio *(bbls/MMcf)*	**39**	**36**

(1) Represents the cumulative volumes for each well measured at the wellhead separator for the 30 or 60 days (as applicable) of production immediately after each well was considered stabilized after producing fracture treatment fluid back to surface in an amount such that flow rates of hydrocarbons became reliable. The natural gas volumes represent raw natural gas volumes as opposed to sales gas volumes. See *"Advisories – Initial Production Rates"*.

Update on 2026 Capital Program

- The Corporation completed the drilling of its 6-well 02-09 pad in Pouce Coupe in October 2025. Completions are currently underway on the pad, with the wells scheduled to come on production in February 2026. The pad was drilled in the Lower Montney targeting high-rate natural gas wells.
- Drilling operations at the 4-well 13-21 pad in Pouce Coupe commenced in October 2025, with 2 wells drilled by year end. Drilling of the remaining 2 wells recommenced in early January 2026. The pad is targeting high-rate natural gas wells in the Lower and Upper Montney. The wells are anticipated to be brought on production in late Q1 2026.
- Drilling operations at Birchcliff's 6-well 04-05 pad in Pouce Coupe commenced in January 2026, with completions operations scheduled to begin in late Q1 2026. The pad is targeting high-rate natural gas wells in the Lower Montney. The wells are anticipated to be brought on production in Q2 2026.
- In Elmworth, the Corporation is currently completing a horizontal land retention well that was drilled in Q2 2023. This well will undergo a short flow test to continue a number of sections of Montney lands in the area and is currently not planned to be tied in.

DECLARATION OF Q1 2026 QUARTERLY DIVIDEND

- The Board has approved an annual base dividend of $0.12 per common share for 2026. This annual base dividend will be declared and paid quarterly at the rate of $0.03 per common share, at the discretion of the Board.
- In connection therewith, the Board has declared a quarterly cash dividend of $0.03 per common share for the quarter ending March 31, 2026. The dividend will be payable on March 31, 2026 to shareholders of record at the close of business on March 13, 2026. The dividend has been designated as an eligible dividend for the purposes of the *Income Tax Act* (Canada).

ABBREVIATIONS

~	approximately
AECO	benchmark price for natural gas determined at the AECO 'C' hub in southeast Alberta
bbl	barrel
bbls/d	barrels per day
bbls/MMcf	barrels per million cubic feet
boe	barrel of oil equivalent
boe/d	barrel of oil equivalent per day
condensate	pentanes plus (C5+)
DCCET	drill, case, complete, equip and tie-in
F&D	finding and development
G&A	general and administrative
GAAP	generally accepted accounting principles for Canadian public companies, which are currently International Financial Reporting Standards as issued by the International Accounting Standards Board
GJ	gigajoule
GJ/d	gigajoules per day
HH	Henry Hub
IP	initial production
LNG	liquefied natural gas
Mcf	thousand cubic feet
Mcf/d	thousand cubic feet per day
MMBtu	million British thermal units
MMBtu/d	million British thermal units per day
MMcf	million cubic feet
MMcf/d	million cubic feet per day
MSW	price for mixed sweet crude oil at Edmonton, Alberta
NGLs	natural gas liquids consisting of ethane (C2), propane (C3) and butane (C4) and specifically excluding condensate
NYMEX	New York Mercantile Exchange
OPEC	Organization of the Petroleum Exporting Countries
Q	quarter
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma, for crude oil of standard grade
$000s	thousands of dollars

NON-GAAP AND OTHER FINANCIAL MEASURES

This press release uses various "non-GAAP financial measures", "non-GAAP ratios" and "capital management measures" (as such terms are defined in NI 52-112), which are described in further detail below.

Non-GAAP Financial Measures

NI 52-112 defines a non-GAAP financial measure as a financial measure that: (i) depicts the historical or expected future financial performance, financial position or cash flow of an entity; (ii) with respect to its composition, excludes an amount that is included in, or includes an amount that is excluded from, the composition of the most directly comparable financial measure disclosed in the primary financial statements of the entity; (iii) is not disclosed in the financial statements of the entity; and (iv) is not a ratio, fraction, percentage or similar representation. The non-GAAP financial measures used in this press release are not standardized financial measures under GAAP and might not be comparable to similar measures presented by other companies. Investors are cautioned that non-GAAP financial measures should not be construed as alternatives to or more meaningful than the most directly comparable GAAP financial measures as indicators of Birchcliff's performance. Set forth below is a description of the non-GAAP financial measures used in this press release.

Adjusted Funds Flow, Free Funds Flow and Excess Free Funds Flow

Birchcliff defines "adjusted funds flow" as cash flow from operating activities before the effects of decommissioning expenditures, retirement benefit payments and changes in non-cash operating working capital. Birchcliff eliminates settlements of decommissioning expenditures from cash flow from operating activities as the amounts can be discretionary and may vary from period to period depending on its capital programs and the maturity of its operating areas. The settlement of decommissioning expenditures is managed with Birchcliff's capital budgeting process which considers available adjusted funds flow. Birchcliff eliminates retirement benefit payments from cash flow from operating activities as such payments reflect costs for past service and contributions made by eligible executives under the Corporation's post-employment benefit plan, which are not indicative of the current period. Changes in non-cash operating working capital are eliminated in the determination of adjusted funds flow as the timing of collection and payment are variable and by excluding them from the calculation, the Corporation believes that it is able to provide a more meaningful measure of its operations and ability to generate cash on a continuing basis. Management believes that adjusted funds flow assists management and investors in assessing Birchcliff's financial performance after deducting all operating and corporate cash costs, as well as its ability to generate the cash necessary to fund sustaining and/or growth capital expenditures, repay debt, settle decommissioning obligations, buy back common shares and pay dividends.

Birchcliff defines "free funds flow" as adjusted funds flow less F&D capital expenditures. Management believes that free funds flow assists management and investors in assessing Birchcliff's ability to generate shareholder value and returns through a number of initiatives, including but not limited to, debt repayment, common share buybacks, the payment of common share dividends, acquisitions and other opportunities that would complement or otherwise improve the Corporation's business and enhance long-term shareholder value.

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

The most directly comparable GAAP financial measure to adjusted funds flow, free funds flow and excess free funds flow is cash flow from operating activities. The following table provides a reconciliation of cash flow from operating activities to adjusted funds flow, free funds flow and excess free funds flow for the twelve months ended December 31, 2024:

($000s)	**Twelve months ended December 31, 2024**
Cash flow from operating activities	**203,710**
Change in non-cash operating working capital	17,269
Decommissioning expenditures	1,964
Retirement benefit payments	13,851
Adjusted funds flow	**236,794**
F&D capital expenditures	(273,084)
Free funds flow	**(36,290)**
Dividends on common shares	(107,833)
Excess free funds flow	**(144,123)**

Birchcliff has disclosed in this press release forecasts of adjusted funds flow, free funds flow and excess free funds flow for the period from 2026 to 2030, which are forward-looking non-GAAP financial measures. The equivalent historical non-GAAP financial measures are adjusted funds flow, free funds flow and excess free funds flow for the twelve months ended December 31, 2024. Birchcliff anticipates that, on an annualized basis, the forward-looking non-GAAP financial measures for adjusted funds flow, free funds flow and excess free funds flow disclosed herein will generally exceed their respective historical amounts primarily due to a higher commodity price forecast and higher annual average production forecast over the relevant periods as compared to 2024. The forward-looking non-GAAP financial measure for excess free funds flow disclosed herein is also anticipated to exceed its historical amount as a result of a lower annual base common share dividend rate forecast during 2026 to 2030. The commodity price assumptions on which the Corporation's 2026 guidance is based are set forth under the heading *"2026 Guidance"* and the commodity price assumptions on which the Corporation's five-year outlook is based are set forth under the heading *"Advisories – Forward-Looking Statements".*

Transportation and Other Expense

Birchcliff defines "transportation and other expense" as transportation expense plus marketing purchases less marketing revenue. Birchcliff may enter into certain marketing purchase and sales arrangements with the objective of reducing any unused transportation or fractionation fees associated with its take-or-pay commitments and/or increasing the value of its production through value-added downstream initiatives. Management believes that transportation and other expense assists management and investors in assessing Birchcliff's total cost structure related to transportation and marketing activities. The most directly comparable GAAP financial measure to transportation and other expense is transportation expense. The following table provides a reconciliation of transportation expense to transportation and other expense for the twelve months ended December 31, 2024:

($000s)	Twelve months ended December 31, 2024
Transportation expense	**149,534**
Marketing purchases	51,496
Marketing revenue	(54,069)
Transportation and other expense	**146,961**

Non-GAAP Ratios

NI 52-112 defines a non-GAAP ratio as a financial measure that: (i) is in the form of a ratio, fraction, percentage or similar representation; (ii) has a non-GAAP financial measure as one or more of its components; and (iii) is not disclosed in the financial statements of the entity. The non-GAAP ratios used in this press release are not standardized financial measures under GAAP and might not be comparable to similar measures presented by other companies. Set forth below is a description of the non-GAAP ratios used in this press release.

Total Debt to Annual Adjusted Funds Flow

Birchcliff calculates "total debt to annual adjusted funds flow" as total debt at the end of the year divided by annual adjusted funds flow in that year. Management believes that total debt to annual adjusted funds flow assists management and investors in assessing Birchcliff's overall debt position in respect of its cash generated in the year and the strength of the Corporation's balance sheet. Birchcliff uses this ratio in its capital allocation decisions, including capital spending levels, returns to shareholders and other financial considerations.

Transportation and Other Expense Per Boe

Birchcliff calculates "transportation and other expense per boe" as aggregate transportation and other expense in the period divided by the production (boe) in the period. Management believes that transportation and other expense per boe assists management and investors in assessing Birchcliff's cost structure as it relates to its transportation and marketing activities by isolating the impact of production volumes to better analyze its performance against prior periods on a comparable basis.

Capital Management Measures

NI 52-112 defines a capital management measure as a financial measure that: (i) is intended to enable an individual to evaluate an entity's objectives, policies and processes for managing the entity's capital; (ii) is not a component of a line item disclosed in the primary financial statements of the entity; (iii) is disclosed in the notes to the financial statements of the entity; and (iv) is not disclosed in the primary financial statements of the entity. Set forth below is a description of the capital management measure used in this press release.

Total Debt

Birchcliff calculates "total debt" at the end of the period as the amount outstanding under the Corporation's extendible revolving credit facilities plus working capital deficit (less working capital surplus) plus the fair value of the current asset portion of financial instruments less the current portion of other liabilities discounted to the end of the period. The current portion of other liabilities has been excluded from total debt as these amounts have not been incurred and reflect future commitments in the normal course of operations. Management believes that total debt assists management and investors in assessing Birchcliff's overall liquidity and financial position at the end of the period.

The following table provides a reconciliation of the amount outstanding under the Corporation's credit facilities, as determined in accordance with GAAP, to total debt as at December 31, 2024:

($000s)	As at December 31, 2024
Revolving term credit facilities	**566,857**
Working capital surplus(1)	(88,953)
Fair value of financial instruments – asset(2)	71,038
Other liabilities(2)	(13,385)
Total debt	**535,557**

(1) Current liabilities less current assets.

(2) Reflects the current portion only.

ADVISORIES

Currency

Unless otherwise indicated, all dollar amounts are expressed in Canadian dollars, all references to "$" and "CDN$" are to Canadian dollars and all references to "US$" are to United States dollars.

Boe Conversions

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

MMBtu Pricing Conversions

$1.00 per MMBtu equals $1.00 per Mcf based on a standard heat value Mcf.

Oil and Gas Metrics

This press release contains metrics commonly used in the oil and natural gas industry. These oil and gas metrics do not have any standardized meanings or standard methods of calculation and therefore may not be comparable to similar measures presented by other companies. As such, they should not be used to make comparisons. Management uses these oil and gas metrics for its own performance measurements and to provide investors with measures to compare Birchcliff's performance over time; however, such measures are not reliable indicators of Birchcliff's future performance, which may not compare to Birchcliff's performance in previous periods, and therefore should not be unduly relied upon.

Production

With respect to the disclosure of Birchcliff's production contained in this press release: (i) references to "light oil" mean "light crude oil and medium crude oil" as such term is defined in NI 51-101; (ii) references to "liquids" mean "light crude oil and medium crude oil" and "natural gas liquids" (including condensate) as such terms are defined in NI 51-101; and (iii) references to "natural gas" mean "shale gas", which also includes an immaterial amount of "conventional natural gas", as such terms are defined in NI 51-101. In addition, NI 51-101 includes condensate within the product type of natural gas liquids. Birchcliff has disclosed condensate separately from other natural gas liquids as the price of condensate as compared to other natural gas liquids is currently significantly higher and Birchcliff believes presenting the two commodities separately provides a more accurate description of its operations and results therefrom.

With respect to the disclosure of Birchcliff's production contained in this press release, all production volumes have been disclosed on a "gross" basis as such term is defined in NI 51-101, meaning Birchcliff's working interest (operating or non-operating) share before the deduction of royalties and without including any royalty interests of Birchcliff.

Initial Production Rates

Any references in this press release to initial production rates or other short-term production rates are useful in confirming the presence of hydrocarbons; however, such rates are not determinative of the rates at which such wells will continue to produce and decline thereafter and are not indicative of the long-term performance or the ultimate recovery of such wells. In addition, such rates may also include recovered "load oil" or "load water" fluids used in well completion stimulation. Readers are cautioned not to place undue reliance on such rates in calculating the aggregate production for Birchcliff. Such rates are based on field estimates and may be based on limited data available at this time.

With respect to the production rates for the Corporation's 6-well 7-10 and 3-well 02-27 pads disclosed herein, such rates represent the cumulative volumes for each well on the respective pad measured at the wellhead separator for the 30 and 60 days (as applicable) of production immediately after each well was considered stabilized after producing fracture treatment fluid back to surface in an amount such that flow rates of hydrocarbons became reliable, divided by 30 or 60 (as applicable). The wells on each pad were then added together to determine the aggregate production rates for the pad and then divided by 6 or 3, respectively, to determine the per well average production rates. The production rates excluded the hours and days when the wells did not produce. To-date, no pressure transient or well-test interpretation has been carried out on any of the wells. The natural gas volumes represent raw natural gas volumes as opposed to sales gas volumes.

F&D Capital Expenditures

"F&D capital expenditures" denotes exploration and development expenditures as disclosed in the Corporation's financial statements in accordance with GAAP and is primarily comprised of capital for land, seismic, workovers, drilling and completions, well equipment and facilities and capitalized G&A costs and excludes any acquisitions, dispositions, administrative assets and the capitalized portion of cash incentive payments that have not been approved by the Board. Management believes that F&D capital expenditures assists management and investors in assessing Birchcliff's capital cost outlay associated with its exploration and development activities for the purposes of finding and developing its reserves.

Forward-Looking Statements

Certain statements contained in this press release constitute forward-looking statements and forward-looking information (collectively referred to as "**forward-looking statements**") within the meaning of applicable Canadian securities laws. The forward-looking statements contained in this press release relate to future events or Birchcliff's future plans, strategy, operations, performance or financial position and are based on Birchcliff's current expectations, estimates, projections, beliefs and assumptions. Such forward-looking statements have been made by Birchcliff in light of the information available to it at the time the statements were made and reflect its experience and perception of historical trends. All statements and information other than historical fact may be forward-looking statements. Such forward-looking statements are often, but not always, identified by the use of words such as "seek", "plan", "focus", "future", "outlook", "position", "expect", "project", "intend", "believe", "anticipate", "estimate", "forecast", "guidance", "potential", "proposed", "predict", "budget", "continue", "targeting", "may", "will", "could", "might", "should", "would", "on track", "maintain", "deliver" and other similar words and expressions.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Accordingly, readers are cautioned not to place undue reliance on such forward-looking statements. Although Birchcliff believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct and Birchcliff makes no representation that actual results achieved will be the same in whole or in part as those set out in the forward-looking statements.

In particular, this press release contains forward-looking statements relating to:

- Birchcliff's plans and other aspects of its anticipated future financial performance, results, operations, focus, objectives, strategies, opportunities, priorities and goals, including: that the Corporation expects it will achieve record average production in 2025 of approximately 80,000 boe/d and average production of approximately 82,500 boe/d in Q4 2025 with estimated annual F&D capital expenditures of approximately $300 million; that the Corporation's priorities for 2026 are profitable production growth by fully utilizing its existing infrastructure, strengthening its balance sheet and paying a sustainable base dividend; that the 2026 capital program has been designed with the optionality to adjust as required throughout the year in response to changes in commodity prices; that the Corporation's five-year outlook for 2026 to 2030 is designed to deliver long-term shareholder value by utilizing internally generated adjusted funds flow to profitably grow annual average production to approximately 105,000 boe/d by the end of the period, while reducing total debt to less than 0.1 times annual adjusted funds flow; that once the facilities in Pouce Coupe and Gordondale are fully utilized, production in these areas is expected to remain flat and generate meaningful free funds flow, a portion of which will be directed towards advancing development in the Corporation's Elmworth area, including completing and filling the first phase of the Goodfare Gas Plant; and that with the positive outlook for natural gas demand and significant incremental LNG export capacity expected in North America over the next five years, Birchcliff continues to believe that its capital allocation strategy of investing in and profitably growing its business, strengthening its balance sheet and paying a sustainable base dividend allows it to continue delivering significant shareholder value;
- the information set forth under the heading *"2026 Guidance"* and elsewhere in this press release as it relates to Birchcliff's guidance for 2026, including: forecasts of annual average production, production growth, production commodity mix, average expenses, adjusted funds flow, F&D capital expenditures, free funds flow, total debt at year end, natural gas market exposure and the expected impact of changes in commodity prices and the CDN/US exchange rate on Birchcliff's forecast of free funds flow; that Birchcliff's outlook for natural gas prices remains strong as it expects the addition of Train 2 of LNG Canada, further U.S. LNG projects and gas-fired power for data centres to drive the demand for natural gas in 2026 and beyond and that Birchcliff is well positioned to take advantage of

strengthening North American natural gas prices, with 54% of the Corporation's natural gas production anticipated to be effectively sold in the NYMEX HH and Dawn sales markets and 46% sold at the AECO sales market in 2026; that for every $0.10 change in each of the AECO, Dawn and NYMEX HH benchmark price for natural gas, Birchcliff's estimated free funds flow for 2026 changes by $19.2 million (in aggregate); and that Birchcliff expects to exit 2026 with total debt of $410 million to $460 million, which will result in a total debt to annual adjusted funds flow ratio of approximately 1.0 times at the mid-point of the total debt guidance range;

- the information set forth under the headings *"2026 Guidance", "2026 F&D Capital Budget"* and *"Operational Update"* and elsewhere in this press release as it relates to Birchcliff's 2026 capital program and its exploration, production and development activities and the timing thereof, including: that Birchcliff's flexible F&D capital budget of $325 million to $375 million is expected to deliver average production of 81,000 to 84,000 boe/d in 2026 and that production is expected to reach ~87,500 boe/d in Q4 2026 at the high end of F&D capital expenditures; that the 2026 capital budget allocates approximately $25 million to its Elmworth asset and $300 million to $350 million to Pouce Coupe and Gordondale; the focus of, the objectives of, the anticipated results from and expected benefits of the 2026 capital program; estimates of average well costs and statements regarding capital allocation; the anticipated number, types and timing of wells and pads to be drilled and brought on production and targeted product types; that the 2026 capital program is designed to target high rate-of-return wells with attractive paybacks and strong capital efficiency metrics; that two drilling rigs will be utilized to deliver a level-loaded capital program focused on efficient execution, with optimized capital spending throughout the year; that the Corporation has significant flexibility with respect to the timing of its completions and tie-in operations, which will allow it to adjust capital spending if necessary in response to commodity price volatility; that in Elmworth, Birchcliff plans to complete a horizontal land retention well that was drilled by Birchcliff in Q2 2023, which will undergo a short flow test to continue a number of sections of Montney lands in the area and is not currently planned to be tied in and also plans to drill a land retention well in the area that will not be completed as part of the 2026 capital program; that in order to prepare for the efficient execution of the Corporation's capital program in 2027, Birchcliff's 2026 F&D capital budget includes capital for the drilling of 8 (8.0 net) wells in Pouce Coupe and Gordondale in late Q4 2026, which are expected to be completed and brought on production in Q1 2027; that Birchcliff plans to drill various surface holes and conduct pad-site construction activities in Q4 2026; and that Birchcliff's facilities and infrastructure capital includes approximately $21 million for a planned facility turnaround and optimization projects designed to maximize year-round throughput and improve operating efficiency at its 100% owned and operated Pouce Coupe natural gas processing plant in Q2 2026;

- the information set forth under the heading *"Five-Year Outlook"* and elsewhere in this press release as it relates to Birchcliff's updated five-year outlook for 2026 to 2030, including: forecasts of production, production growth, F&D capital expenditures, adjusted funds flow, free funds flow, excess free funds flow, dividends and total debt over the five-year period; that Birchcliff's five-year outlook is designed to deliver long-term shareholder value by: (i) fully utilizing the Corporation's existing infrastructure in the Pouce Coupe and Gordondale areas in Q4 2026, which will allow Birchcliff to reduce its per unit cost structure, improve its operating netbacks and margins and generate significant free funds flow throughout the five-year outlook; (ii) using a portion of the free funds flow generated from the Pouce Coupe and Gordondale areas to advance development in Birchcliff's Elmworth area, including the construction of the first phase of the Goodfare Gas Plant and bringing approximately 16,000 to 18,000 boe/d on production in late 2028; and (iii) continuing to strengthen the Corporation's balance sheet while paying a sustainable base dividend; that Birchcliff is targeting a final investment decision on construction of the Goodfare Gas Plant in late 2026 or early 2027; that Birchcliff's five-year outlook forecasts annual average production growth of approximately 31% and a compound annual growth rate of approximately 6% over the five-year period, with anticipated annual average production of ~105,000 boe/d in 2030; that total F&D capital expenditures over the five-year period are anticipated to be $1.9 billion to $2.1 billion; that the five-year outlook forecasts cumulative adjusted funds flow of approximately $2.7 billion, cumulative free funds flow of approximately $700 million and cumulative excess free funds flow (after the payment of cumulative dividends of $165 million) of approximately $535 million during the five-year period; that free funds flow generated from the Corporation's Pouce Coupe and Gordondale areas are expected to provide Birchcliff with the financial flexibility to strengthen its balance sheet, while also self-funding major investments in the Elmworth area that have the potential to create significant per share value over time; that total debt at year-end 2030 is anticipated to be less than 0.1 times total debt to annual adjusted funds flow; that, should commodity prices be higher or lower than the commodity price assumptions underlying its five-year outlook, Birchcliff has the flexibility to adjust its capital spending and production profile over the next five years accordingly; that, building on the strong asset performance and capital efficiencies achieved in 2025, Birchcliff's updated five-year outlook provides for profitable production growth in 2026, reaching approximately 87,500 boe/d in Q4 2026 as the

Corporation fully utilizes its existing infrastructure in Pouce Coupe and Gordondale; that production is then expected to remain flat at approximately 87,500 boe/d for the remainder of the five-year period, with between 160 and 170 wells brought on production in these areas; that the sustaining capital required to maintain ~87,500 boe/d is anticipated to trend toward $275 million by the end of the five-year period; that F&D capital spending is forecast to be approximately $300 million to $350 million in each of 2026 and 2027; that from 2028 to 2030, sustaining F&D capital expenditures are forecast to decrease as base production declines moderate, to approximately $275 million to $300 million annually; that Birchcliff anticipates that its Pouce Coupe and Gordondale assets will generate approximately $920 million of cumulative free funds flow over the five-year period, with annual free funds flow from the areas increasing as sustaining F&D capital spending decreases in 2028 through 2030; that this anticipated free funds flow provides Birchcliff with the flexibility to allocate capital toward strategic priorities, including the development of the Elmworth area and shareholder returns; that the free funds flow generated from Birchcliff's assets in Pouce Coupe and Gordondale create the opportunity to move forward with significant value creation in the Elmworth area, including the construction of and filling the first phase of the Goodfare Gas Plant; that, assuming a positive final investment decision, capital spending in the Elmworth area is estimated to be approximately $450 million to $550 million during the five-year period; that a significant portion of this capital is expected to be invested in 2027 and 2028 to construct the first phase (100 MMcf/d) of the Goodfare Gas Plant, which is expected to be commissioned in Q4 2028, including the DCCET activities and ancillary infrastructure projects required to reach production of 16,000 to 18,000 boe/d in Q4 2028 from the Elmworth asset; that Birchcliff anticipates the first phase of its Elmworth asset will begin generating meaningful free funds flow in 2029, with the sustaining F&D capital expenditures required to maintain annual average production of approximately 17,000 boe/d decreasing towards the end of the five-year period; that the Elmworth asset has significant growth potential, with the scale to support production well above what is contemplated in its five-year outlook; that development of Birchcliff's Elmworth asset is expected to benefit from increased natural gas egress opportunities in Canada, including the proposed 12 million tonne-per-year Ksi Lisims LNG project, which Birchcliff expects to have access to through its participation as a partner in Rockies LNG Partners; that Birchcliff's five-year outlook contemplates that Birchcliff will pay shareholders a base common share dividend that is sustainable through commodity price cycles, with aggregate dividends over the five years expected to be approximately $165 million (assuming an annual dividend of $0.12 per common share throughout the five-year period); that Birchcliff will evaluate dividend increases and opportunistic share buybacks under its normal course issuer bid against other strategic opportunities, including growth opportunities, to create value for shareholders; and that under its five-year outlook, Birchcliff anticipates that it will be required to pay Canadian income taxes starting in 2029;

- dividends, including that Birchcliff's annual base dividend for 2026 of $0.12 per common share (approximately $33 million in aggregate) will be declared and paid quarterly at the rate of $0.03 per common share, at the discretion of the Board;
- that Birchcliff will release its unaudited financial and operational results for the year ended December 31, 2025 on February 11, 2026; and
- Birchcliff's anticipation that, on an annualized basis, the forward-looking non-GAAP financial measures for adjusted funds flow, free funds flow and excess free funds flow disclosed herein will generally exceed their respective historical amounts primarily due to a higher commodity price forecast and higher annual average production forecast over the relevant periods as compared to 2024; and that the forward-looking non-GAAP financial measure for excess free funds flow disclosed herein is also anticipated to exceed its historical amount as a result of a lower annual base common share dividend rate forecast during 2026 to 2030.

With respect to the forward-looking statements contained in this press release, assumptions have been made regarding, among other things: prevailing and future commodity prices and differentials, exchange rates, interest rates, inflation rates, royalty rates and tax rates; the state of the economy, financial markets and the exploration, development and production business; the political environment in which Birchcliff operates; tariffs and trade policies; the regulatory framework regarding royalties, taxes, environmental, climate change and other laws; the Corporation's ability to comply with existing and future laws; future cash flow, debt and dividend levels; future operating, transportation, G&A and other expenses; Birchcliff's ability to access capital and obtain financing on acceptable terms; the timing and amount of capital expenditures and the sources of funding for capital expenditures and other activities; the sufficiency of budgeted capital expenditures to carry out planned operations; the successful and timely implementation of capital projects and the timing, location and extent of future drilling and other operations; results of operations; Birchcliff's ability to continue to develop its assets and obtain the anticipated benefits therefrom; the performance of existing and future wells; reserves volumes and Birchcliff's ability to replace and expand reserves through acquisition, development or exploration; the impact of competition on Birchcliff; the availability of, demand for and cost of labour, services and materials; the approval of the Board of future dividends; the ability to obtain any necessary regulatory or other approvals in a timely manner; the satisfaction by third parties of their obligations to Birchcliff; the ability of Birchcliff to secure adequate processing and transportation for its products; Birchcliff's ability to successfully market natural gas and liquids; the results of the Corporation's risk management and market diversification activities; and Birchcliff's natural gas market exposure. In addition to the foregoing assumptions, Birchcliff has made the following assumptions with respect to certain forward-looking statements contained in this press release:

- With respect to Birchcliff's 2026 guidance, such guidance is based on the commodity price, exchange rate and other assumptions set forth under the heading *"2026 Guidance"*. In addition:
  - Birchcliff's production guidance assumes that: the 2026 capital program will be carried out as currently contemplated; no unexpected outages occur in the infrastructure that Birchcliff relies on to produce its wells and that any transportation service curtailments or unplanned outages that occur will be short in duration or otherwise insignificant; the construction of new infrastructure meets timing and operational expectations; existing wells continue to meet production expectations; and future wells scheduled to come on production meet timing, production and capital expenditure expectations.
  - Birchcliff's forecast of F&D capital expenditures assumes that the 2026 capital program will be carried out as currently contemplated and excludes any potential acquisitions, dispositions and the capitalized portion of cash incentive payments that have not been approved by the Board. The amount and allocation of capital expenditures for exploration and development activities by area and the number and types of wells to be drilled and brought on production is dependent upon results achieved and is subject to review and modification by management on an ongoing basis throughout the year. Actual spending may vary due to a variety of factors, including commodity prices, economic conditions, results of operations and costs of labour, services and materials.
  - Birchcliff's forecasts of adjusted funds flow and free funds flow assume that: the 2026 capital program will be carried out as currently contemplated and the level of capital spending for 2026 set forth herein is met; and the forecasts of production, production commodity mix, expenses and natural gas market exposure and the commodity price and exchange rate assumptions set forth herein are met. Birchcliff's forecast of adjusted funds flow takes into account its financial basis swap contracts outstanding as at January 13, 2026 and excludes cash incentive payments that have not been approved by the Board.
  - Birchcliff's forecasts of year-end total debt and total debt to annual adjusted funds flow ratio assume that: (i) the forecasts of adjusted funds flow and free funds flow are achieved, with the level of capital spending for 2026 met and the payment of an annual base dividend of approximately $33 million; (ii) any free funds flow remaining after the payment of dividends, asset retirement obligations and other amounts for administrative assets, financing fees and capital lease obligations is allocated towards debt reduction; and (iii) there are no buybacks of common shares, no significant acquisitions or dispositions completed by the Corporation, no equity issuances and no further proceeds received from the exercise of stock options during 2026. The forecast of total debt excludes cash incentive payments that have not been approved by the Board.
  - Birchcliff's forecast of its natural gas market exposure assumes: (i) 175,000 GJ/d being sold on a physical basis at the Dawn price; and (ii) 70,000 MMBtu/d being contracted on a financial basis at an average fixed basis differential price between AECO 7A and NYMEX HH of US$0.96/MMBtu. Birchcliff's natural gas market exposure takes into account its financial basis swap contracts outstanding as at January 13, 2026.
- With respect to Birchcliff's updated five-year outlook for 2026 to 2030, such outlook assumes the following commodity prices and exchange rate: an average WTI price of US$60.00/bbl in 2026 and US$62.50/bbl in 2027 to 2030; an average WTI-MSW differential of CDN$5.40/bbl in 2026 to 2030; an average AECO price of CDN$2.60/GJ in 2026 and CDN$3.00/GJ in 2027 to 2030; an average Dawn price of US$3.40/MMBtu in 2026 and US$3.80/MMBtu in 2027 to 2030; an average NYMEX HH price of US$3.60/MMBtu in 2026 and US$4.00/MMBtu in 2027 to 2030; and an exchange rate (CDN$ to US$1) of 1.37 in 2026 to 2030. In addition, Birchcliff's updated five-year outlook and plan is based on the following assumptions:
  - Birchcliff's forecast production estimates are subject to similar assumptions set forth herein for Birchcliff's 2026 production guidance.

- Birchcliff's forecasts of F&D capital expenditures assume: (i) that the Corporation's capital programs will be carried out as currently contemplated and exclude any potential acquisitions, dispositions and the capitalized portion of cash incentive payments that have not been approved by the Board; (ii) that the Corporation makes a positive final investment decision on the Goodfare Gas Plant with the capacity and other specifications currently contemplated, and that the estimates of capital expenditures associated with the construction of the Goodfare Gas Plant are accurate; and (iii) that the number of wells planned to be brought on production in the five-year outlook are brought on production as contemplated, which forecast is subject to similar assumptions regarding wells drilled and brought on production as set forth herein. The amount and allocation of capital expenditures for infrastructure projects and exploration and development activities by area and the number and types of wells to be drilled and brought on production is dependent upon results achieved and is subject to review and modification by management on an ongoing basis throughout the five-year period. Actual spending may vary due to a variety of factors, including commodity prices, economic conditions, results of operations and costs of labour, services and materials.
- Birchcliff's forecasts of adjusted funds flow and free funds flow assume that: the Corporation's capital programs will be carried out as currently contemplated and the level of capital spending for each year set forth herein is met; and the forecasts of production, production commodity mix, expenses and natural gas market exposure and the commodity price and exchange rate assumptions set forth herein are met. Birchcliff's forecasts of adjusted funds flow take into account its financial basis swap contracts outstanding as at January 13, 2026 and exclude cash incentive payments that have not been approved by the Board.
- Birchcliff's forecast of excess free funds flow assumes that: the forecast of free funds flow is achieved for the five-year period; and an annual base dividend of $0.12 per common share is paid during the five-year period and there are 274.8 million common shares outstanding, with no special dividends paid.
- Birchcliff's forecasts of total debt and total debt to annual adjusted funds flow ratio assume that: (i) the forecasts of adjusted funds flow and free funds flow are achieved, with the level of capital spending for each year met and the payment of an annual base dividend of approximately $33 million each year; (ii) any free funds flow remaining after the payment of dividends, asset retirement obligations and other amounts for administrative assets, financing fees and capital lease obligations is allocated towards debt reduction; and (iii) there are no buybacks of common shares, no significant acquisitions or dispositions completed by the Corporation, no equity issuances and no further proceeds received from the exercise of stock options during the five-year period. The forecast of total debt excludes cash incentive payments that have not been approved by the Board.
- Birchcliff's updated five-year outlook disclosed herein supersedes its previous five-year outlook for 2025 to 2029 (the "**Previous Plan**") as disclosed by the Corporation on January 22, 2025. Primarily as a result of higher commodity price and production forecasts, Birchcliff's updated five-year outlook now forecasts higher adjusted funds flow, free funds flow and excess free funds flow over a five-year period. The forecasts of F&D capital expenditures under the Corporation's updated five-year outlook are higher in 2026 to 2029 as compared to the Previous Plan, primarily as a result of the Corporation developing its Elmworth area, including construction of the first phase of the Goodfare Gas Plant. The Corporation's forecasted average annual production under its updated five-year outlook is higher than in the Previous Plan, primarily as a result of fully utilizing existing infrastructure in Pouce Coupe and Gordondale approximately one year ahead of the Previous Plan and including production from the Elmworth area in 2029 to 2030 that was not contemplated in the Prior Plan.

* With respect to Birchcliff's expectation that it will be required to pay Canadian income taxes starting in 2029, such expectation is based on the current tax regime in Canada, the Corporation's current available income tax pools and the commodity price assumptions set forth herein. In addition, this expectation is based on Birchcliff's updated five-year outlook and assumes, among other things, that the estimated levels of spending and production are achieved. Changes to any of the foregoing factors could result in the Corporation paying income taxes earlier or later than currently forecast.
* With respect to statements regarding future wells to be drilled or brought on production and the construction of the proposed Goodfare Gas Plant, such statements assume: the continuing validity of the geological and other technical interpretations performed by Birchcliff's technical staff, which indicate that commercially economic volumes can be recovered from Birchcliff's lands as a result of drilling future wells; and that commodity prices and general economic conditions will warrant proceeding with the drilling of such wells and construction.

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: general economic, market and business conditions which will, among other things, impact the demand for and market prices of Birchcliff's products and Birchcliff's access to capital; volatility of crude oil and natural gas prices; fluctuations in commodity prices and exchange, interest and inflation rates; risks associated with increasing costs, whether due to high inflation rates, supply chain disruptions or other factors; an inability of Birchcliff to generate sufficient cash flow from operations to meet its current and future obligations; an inability to access sufficient capital from internal and external sources on terms acceptable to the Corporation; risks associated with Birchcliff's credit facilities, including a failure to comply with covenants under the agreement governing the credit facilities and the risk that the borrowing base limit may be redetermined; fluctuations in the costs of borrowing; operational risks and liabilities inherent in oil and natural gas operations; the risk that weather events such as wildfires, flooding, droughts or extreme hot or cold temperatures forces the Corporation to shut-in production or otherwise adversely affects the Corporation's operations; the occurrence of unexpected events such as fires, explosions, blow-outs, equipment failures, transportation incidents and other similar events; an inability to access sufficient water or other fluids needed for operations; the risks associated with supply chain disruptions; 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; geological, technical, drilling, construction and processing problems; uncertainty of geological and technical data; horizontal drilling and completions techniques and the failure of drilling results to meet expectations for reserves or production; delays or changes in plans with respect to exploration or development projects or capital expenditures; risks that the Goodfare Gas Plant may not be constructed, commissioned or utilized as currently contemplated or at all; the uncertainty of estimates and projections relating to production, revenue, costs and reserves; the accuracy of cost estimates and variances in Birchcliff's actual costs and economic returns from those anticipated; incorrect assessments of the value of acquisitions and exploration and development programs; the risks posed by pandemics, epidemics, geopolitical events and global conflict and their impacts on supply and demand and commodity prices; actions taken by OPEC and other major oil producers and the impact such actions may have on supply and demand and commodity prices; stock market volatility; loss of market demand; changes to the regulatory framework in the locations where the Corporation operates, including changes to tax laws, Crown royalty rates, environmental and climate change laws (including emissions and "greenwashing"), 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; risks associated with tariffs, export taxes, trade policies, export restrictions and trade barriers and trade disputes or wars (including new tariffs or changes to existing international trade arrangements); an inability of the Corporation to comply with existing and future laws and the cost of compliance with such laws; dependence on facilities, gathering lines and pipelines; uncertainties and risks associated with pipeline restrictions and outages to third-party infrastructure that could cause disruptions to production; the lack of available pipeline capacity and an inability to secure adequate and cost-effective processing and transportation for Birchcliff's products; an inability to satisfy obligations under Birchcliff's firm marketing and transportation arrangements; shortages in equipment and skilled personnel; the absence or loss of key employees; competition for, among other things, capital, acquisitions of reserves, undeveloped lands, equipment and skilled personnel; management of Birchcliff's growth; environmental and climate change risks, claims and liabilities; potential litigation; default under or breach of agreements by counterparties and potential enforceability issues in contracts; claims by Indigenous peoples; the reassessment by taxing or regulatory authorities of the Corporation's prior transactions and filings; unforeseen title defects; third-party claims regarding the Corporation's right to use technology and equipment; uncertainties associated with the outcome of litigation or other proceedings involving Birchcliff; uncertainties associated with counterparty credit risk; risks associated with Birchcliff's risk management and market diversification activities; risks associated with the declaration and payment of future dividends, including the discretion of the Board to declare dividends and change the Corporation's dividend policy and the risk that the amount of dividends may be less than currently forecast; the failure to obtain any required approvals in a timely manner or at all; the failure to complete or realize the anticipated benefits of acquisitions and dispositions and the risk of unforeseen difficulties in integrating acquired assets into Birchcliff's operations; negative public perception of the oil and natural gas industry; the Corporation's reliance on hydraulic fracturing; market competition, including from alternative energy sources; changing demand for petroleum products; the availability of insurance and the risk that certain losses may not be insured; breaches or failure of information systems and security (including risks associated with cyber-attacks); risks associated with artificial intelligence; risks associated with the ownership of the Corporation's securities; the accuracy of the Corporation's accounting estimates and judgments; and the risk that any of the Corporation's material assumptions prove to be materially inaccurate (including the Corporation's commodity price and exchange rate assumptions for 2026 to 2030).

The declaration and payment of any future dividends are subject to the discretion of the Board and may not be approved or may vary depending on a variety of factors and conditions existing from time to time, including commodity prices, free funds flow, current and forecast commodity prices, fluctuations in working capital, financial requirements of Birchcliff, applicable laws (including solvency tests under the *Business Corporations Act* (Alberta) for the declaration and payment of dividends) and other factors beyond Birchcliff's control. The payment of dividends to shareholders is not assured or guaranteed and dividends may be reduced or suspended entirely. In addition to the foregoing, the Corporation's ability to pay dividends now or in the future may be limited by covenants contained in the agreements governing any indebtedness that the Corporation has incurred or may incur in the future, including the terms of the Corporation's credit facilities. The agreement governing the credit facilities provides that Birchcliff is not permitted to make any distribution (which includes dividends) at any time when an event of default exists or would reasonably be expected to exist upon making such distribution, unless such event of default arose subsequent to the ordinary course declaration of the applicable distribution.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Additional information on these and other risk factors that could affect Birchcliff's results of operations, financial performance or financial results are included in Birchcliff's annual information form and annual management's discussion and analysis for the financial year ended December 31, 2024 under the heading *"Risk Factors"* and in other reports filed with Canadian securities regulatory authorities.

This press release contains information that may constitute future-oriented financial information or financial outlook information (collectively, "**FOFI**") about Birchcliff's prospective financial performance, financial position or cash flows, all of which is subject to the same assumptions, risk factors, limitations and qualifications as set forth above. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise or inaccurate and, as such, undue reliance should not be placed on FOFI. Birchcliff's actual results, performance and achievements could differ materially from those expressed in, or implied by, FOFI. Birchcliff has included FOFI in order to provide readers with a more complete perspective on Birchcliff's future operations and management's current expectations relating to Birchcliff's future performance. Readers are cautioned that such information may not be appropriate for other purposes.

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

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

ABOUT BIRCHCLIFF:

Birchcliff is an intermediate oil and natural gas company based in Calgary, Alberta with operations focused on the exploration and development of the Montney/Doig Resource Play in Alberta. Birchcliff's common shares are listed for trading on the Toronto Stock Exchange under the symbol "BIR".

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