

BIRCHCLIFF

ENERGY

BIRCHCLIFF ENERGY LTD. ANNOUNCES Q2 2024 RESULTS, STRONG WELL RESULTS AND DECLARATION OF Q3 2024 DIVIDEND

Calgary, Alberta (August 14, 2024) – Birchcliff Energy Ltd. (“**Birchcliff**” or the “**Corporation**”) (TSX: BIR) is pleased to announce its Q2 2024 financial and operational results. Birchcliff is also pleased to announce that its board of directors (the “**Board**”) has declared a quarterly cash dividend of \$0.10 per common share for the quarter ending September 30, 2024.

“We continued with the successful execution of our capital program in the second quarter, bringing 11 wells on production. These wells are exceeding our internal projections, with strong initial production rates that contributed to our solid quarterly average production of 78,358 boe/d. Driven by the outperformance of our capital program year-to-date, we are tightening our 2024 production guidance range to 75,000 to 77,000 boe/d (previously 74,000 boe/d to 77,000 boe/d),” stated Chris Carlsen, President and Chief Executive Officer of Birchcliff. “We will continue to build off this operational momentum throughout the remainder of the year as we bring the last 11 wells of our capital program on production in the fourth quarter, when natural gas prices are forecasted to be stronger.”

“We continue to evaluate and implement initiatives aimed at improving efficiencies and reducing our costs, such as our new long-term contract operating agreement whereby we assumed operatorship of AltaGas’ deep-cut gas processing facility in Gordondale. This new arrangement allows us to leverage various cost optimization opportunities across our core producing assets, which is expected to drive costs lower. Moving forward, we are well positioned to deliver improved capital efficiencies through stronger well performance and efficient execution in 2024 and beyond.”

Q2 2024 FINANCIAL AND OPERATIONAL HIGHLIGHTS

- Achieved average production of 78,358 boe/d (83% natural gas, 8% NGLs, 6% condensate and 3% light oil).
- Generated adjusted funds flow⁽¹⁾ of \$53.7 million, or \$0.20 per basic common share⁽²⁾, and cash flow from operating activities of \$26.9 million.
- Reported net income to common shareholders of \$46.4 million, or \$0.17 per basic common share.
- Birchcliff’s market diversification initiatives contributed to an average realized natural gas sales price of \$1.82/Mcf⁽³⁾, which represented a 27% premium to the average benchmark AECO 7A Monthly Index price in Q2 2024.
- Birchcliff entered into a long-term contract operating agreement (the “**COA**”) with AltaGas Ltd. (“**AltaGas**”). Pursuant to the COA, Birchcliff assumed operatorship of AltaGas’ Gordondale deep-cut gas processing facility (the “**Gordondale Facility**”) effective July 1, 2024. This arrangement will allow Birchcliff to leverage cost optimization opportunities that exist between its 100% owned and operated gas plant in Pouce Coupe and the Gordondale Facility, which are located approximately six miles apart and are pipeline connected. These optimization opportunities are expected to drive lower operating costs, reduce downtime and optimize NGLs recoveries for Birchcliff. For further details, see the joint press release of Birchcliff and AltaGas dated June 13, 2024.
- During the quarter, Birchcliff brought 11 wells on production, which have exhibited strong average initial production rates. See “*Operational Update*”.
 - Birchcliff’s 2-well 02-27 natural gas pad in Gordondale achieved an average per well IP 30 rate of 1,462 boe/d (7,390 Mcf/d of raw natural gas and 230 bbls/d of condensate).⁽⁴⁾

(1) Non-GAAP financial measure. See “*Non-GAAP and Other Financial Measures*”.

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

(3) Excludes the effects of financial instruments but includes the effects of any physical delivery contracts.

(4) See “*Advisories – Initial Production Rates*”.

- Birchcliff's 4-well 01-10 light oil pad in Gordondale achieved an average per well IP 30 rate of 840 boe/d (1,627 Mcf/d of raw natural gas and 569 bbls/d of light oil).⁽⁴⁾
- Birchcliff's 5-well 16-17 natural gas pad in Pouce Coupe achieved an average per well IP 30 rate of 1,481 boe/d (8,681 Mcf/d of raw natural gas and 34 bbls/d of condensate).⁽⁴⁾
- F&D capital expenditures were \$48.4 million in the quarter.
- Total debt⁽⁵⁾ at June 30, 2024 was \$465.2 million.
- Birchcliff extended the maturity date of its extendible revolving credit facilities (the “**Credit Facilities**”) to May 11, 2027, while maintaining the borrowing base limit at \$850 million.

Birchcliff's unaudited interim condensed financial statements for the three and six months ended June 30, 2024 and related management's discussion and analysis will be available on its website at www.birchcliffenergy.com and on SEDAR+ at www.sedarplus.ca.

DECLARATION OF Q3 2024 QUARTERLY DIVIDEND

- Birchcliff's Board has declared a quarterly cash dividend of \$0.10 per common share for the quarter ending September 30, 2024.
- The dividend will be payable on September 27, 2024 to shareholders of record at the close of business on September 13, 2024. The ex-dividend date is September 13, 2024. The dividend has been designated as an eligible dividend for the purposes of the *Income Tax Act* (Canada).

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, 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”.

(5) Capital management measure. See “Non-GAAP and Other Financial Measures”.

Q2 2024 UNAUDITED FINANCIAL AND OPERATIONAL SUMMARY

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
OPERATING				
Average production				
Light oil (bbls/d)	2,419	1,936	1,972	2,012
Condensate (bbls/d)	4,467	5,462	4,616	5,411
NGLs (bbls/d)	6,634	6,811	7,015	5,059
Natural gas (Mcf/d)	389,026	379,807	379,657	381,467
Total (boe/d)	78,358	77,510	76,880	76,059
Average realized sales prices (CDN\$) ⁽¹⁾				
Light oil (per bbl)	104.70	89.89	101.04	98.04
Condensate (per bbl)	106.56	98.18	103.31	101.97
NGLs (per bbl)	26.56	22.86	27.10	27.33
Natural gas (per Mcf)	1.82	2.67	2.21	3.18
Total (per boe)	20.61	24.28	22.17	27.59
NETBACK AND COST (\$/boe)				
Petroleum and natural gas revenue ⁽¹⁾	20.61	24.28	22.18	27.60
Royalty expense	(0.96)	(1.09)	(1.52)	(2.69)
Operating expense	(3.43)	(3.64)	(3.63)	(3.79)
Transportation and other expense ⁽²⁾	(5.44)	(5.53)	(5.23)	(5.43)
Operating netback⁽²⁾	10.78	14.02	11.80	15.69
G&A expense, net	(1.25)	(1.51)	(1.26)	(1.46)
Interest expense	(1.28)	(0.64)	(1.22)	(0.56)
Realized loss on financial instruments	(0.73)	(1.88)	(0.77)	(2.11)
Other cash income (expense)	0.01	(0.12)	0.01	(0.05)
Adjusted funds flow⁽²⁾	7.53	9.87	8.56	11.51
Depletion and depreciation expense	(8.53)	(8.00)	(8.54)	(8.13)
Unrealized gain (loss) on financial instruments	9.92	6.84	3.45	(2.56)
Other expenses ⁽³⁾	(0.40)	(0.66)	(0.47)	(0.61)
Deferred income tax expense	(2.02)	(1.99)	(0.76)	(0.20)
Net income to common shareholders	6.50	6.06	2.24	0.01
FINANCIAL				
Petroleum and natural gas revenue (\$000s) ⁽¹⁾	146,976	171,291	310,280	379,938
Cash flow from operating activities (\$000s)	26,871	62,353	92,126	173,683
Adjusted funds flow (\$000s) ⁽⁴⁾	53,664	69,650	119,745	158,387
Per basic common share (\$) ⁽²⁾	0.20	0.26	0.45	0.59
Free funds flow (\$000s) ⁽⁴⁾	5,283	4,895	(31,409)	(21,407)
Per basic common share (\$) ⁽²⁾	0.02	0.02	(0.12)	(0.08)
Net income to common shareholders (\$000s)	46,380	42,753	31,345	205
Per basic common share (\$)	0.17	0.16	0.12	-
End of period basic common shares (000s)	269,131	266,222	269,131	266,222
Weighted average basic common shares (000s)	268,878	266,354	268,391	266,400
Dividends on common shares (\$000s)	26,907	53,241	53,764	106,633
F&D capital expenditures (\$000s) ⁽⁵⁾	48,381	64,755	151,154	179,794
Total capital expenditures (\$000s) ⁽⁴⁾	48,702	65,241	152,186	180,900
Revolving term credit facilities (\$000s)	481,163	281,354	481,163	281,354
Total debt (\$000s) ⁽⁶⁾	465,195	278,521	465,195	278,521

(1) Excludes the effects of financial instruments but includes the effects of any physical delivery contracts.

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

(3) Includes non-cash items such as compensation, accretion, amortization of deferred financing fees and other losses.

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

(5) See "Advisories – F&D Capital Expenditures".

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

OUTLOOK AND GUIDANCE

Update on 2024 Capital Program

Pouce Coupe and Gordondale

- Birchcliff's 2024 capital program contemplates that 27 (27.0 net) wells will be brought on production in 2024, of which 16 (16.0 net) wells have been brought onstream year-to-date. The remaining 11 (11.0 net) wells are scheduled to be brought on production in Q4 2024, when natural gas prices are forecasted to be stronger.
- Birchcliff's 2024 capital program also includes the drilling of 2 (2.0 net) wells in Q4 2024 and various ancillary activities to prepare for the efficient execution of its 2025 capital program.

Elmworth

- As previously disclosed in January and May of this year, Birchcliff continues to evaluate further investment in Elmworth in order to protect, optimize and further its long-term development strategy for this significant Montney asset.
- The Corporation has made the strategic decision to drill 1 (1.0 net) horizontal well and 1 (1.0 net) vertical well in Elmworth in Q3 2024, neither of which will be completed this year. These wells will provide Birchcliff with the opportunity to continue a significant number of sections of Montney lands in Elmworth, as well as increase the Corporation's inventory and reservoir expertise in the area.
- The additional F&D capital associated with the drilling of these wells was not contemplated in the Corporation's original 2024 capital program and is expected to be in the range of \$5 million to \$10 million. By incurring these capital expenditures in 2024, this is expected to reduce the Corporation's required investment in Elmworth in 2025.

For further details regarding the Corporation's 2024 capital program and recent well results, see *"Operational Update"*.

Updated 2024 Guidance

Birchcliff is updating its guidance to reflect its current commodity price forecast and other assumptions for 2024 and its financial and operational results for the first half of the year.

- As noted above, Birchcliff is tightening its annual average production guidance to 75,000 to 77,000 boe/d to reflect the outperformance of its capital program year-to-date.
- Birchcliff is lowering its guidance for royalty expense per boe to reflect a lower commodity price forecast in 2024.
- The Corporation is lowering its 2024 guidance for operating expense per boe to reflect lower power and fuel costs forecasted for the remainder of the year.
- Birchcliff is updating its F&D capital expenditures guidance to \$250 million to \$270 million (previously \$240 million to \$260 million) to reflect the additional capital associated with the drilling of the two additional wells in Elmworth.
- The Corporation is lowering its guidance for adjusted funds flow and free funds flow, primarily to reflect a lower commodity price forecast in 2024. This lower anticipated adjusted funds flow is expected to result in higher total debt at year-end 2024 than previously forecast.

The following tables set forth Birchcliff's updated and previous guidance and commodity price assumptions for 2024, as well as its free funds flow sensitivity:

	Updated 2024 guidance and assumptions – August 14, 2024 ⁽¹⁾	Previous 2024 guidance and assumptions – May 15, 2024
Production		
Annual average production (boe/d)	75,000 – 77,000	74,000 – 77,000
% Light oil	3%	3%
% Condensate	6%	6%
% NGLs	10%	10%
% Natural gas	81%	81%
Average Expenses (\$/boe)		
Royalty	1.80 – 2.00	2.30 – 2.50
Operating	3.70 – 3.90	3.85 – 4.05
Transportation and other ⁽²⁾	5.30 – 5.50	5.30 – 5.50
Adjusted Funds Flow (millions)⁽³⁾	\$250	\$270
F&D Capital Expenditures (millions)	\$250 – \$270	\$240 – \$260
Free Funds Flow (millions)⁽³⁾	\$0 – (\$20)	\$10 – \$30
Annual Base Dividend (millions)	\$108⁽⁴⁾	\$107
Total Debt at Year End (millions)⁽⁵⁾	\$495 – \$515	\$465 – \$485
Natural Gas Market Exposure		
AECO exposure as a % of total natural gas production	17% ⁽⁶⁾	17%
Dawn exposure as a % of total natural gas production	44% ⁽⁶⁾	44%
NYMEX HH exposure as a % of total natural gas production	37% ⁽⁶⁾	37%
Alliance exposure as a % of total natural gas production	2% ⁽⁶⁾	2%
Commodity Prices		
Average WTI price (US\$/bbl)	79.05 ⁽⁷⁾	82.50
Average WTI-MSW differential (CDN\$/bbl)	6.95 ⁽⁷⁾	6.00
Average AECO price (CDN\$/GJ)	1.75 ⁽⁷⁾	2.05
Average Dawn price (US\$/MMBtu)	2.05 ⁽⁷⁾	2.15
Average NYMEX HH price (US\$/MMBtu)	2.35 ⁽⁷⁾	2.40
Exchange rate (CDN\$ to US\$1)	1.37 ⁽⁷⁾	1.36

Forward five months' free funds flow sensitivity⁽⁷⁾⁽⁸⁾	Estimated change to 2024 free funds flow (millions)
Change in WTI US\$1.00/bbl	\$1.2
Change in NYMEX HH US\$0.10/MMBtu	\$2.5
Change in Dawn US\$0.10/MMBtu	\$3.4
Change in AECO CDN\$0.10/GJ	\$1.3
Change in CDN/US exchange rate CDN\$0.01	\$1.4

- (1) Birchcliff's guidance for its production commodity mix, adjusted funds flow, free funds flow, total debt and natural gas market exposure in 2024 is based on an annual average production rate of 76,000 boe/d in 2024, which is the mid-point of Birchcliff's updated annual average production guidance range for 2024. 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) Assumes that an annual base dividend of \$0.40 per common share is paid and that there are approximately 269 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.
- (5) Capital management measure. See "Non-GAAP and Other Financial Measures".
- (6) Birchcliff's natural gas market exposure for 2024 takes into account its outstanding financial basis swap contracts.
- (7) Birchcliff's updated commodity price and exchange rate assumptions and free funds flow sensitivity for 2024 are based on anticipated full-year averages, which include settled benchmark commodity prices and the CDN/US exchange rate for the period from January 1, 2024 to July 31, 2024.
- (8) Illustrates the expected impact of changes in commodity prices and the CDN/US exchange rate on the Corporation's updated forecast of free funds flow for 2024, holding all other variables constant. The sensitivity is based on the updated 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.

Birchcliff is reviewing the accounting treatment for the COA under IFRS Accounting Standards and the associated impact on its financial statements, which will be reflected in the Corporation's Q3 2024 results. Accordingly, the guidance set forth herein does not reflect the impact of the COA. Birchcliff does not anticipate that the borrowing base limit and

amounts available under its Credit Facilities or its forecast of total debt will be affected by the accounting treatment for the COA.

Although natural gas prices are forecasted to remain challenged through the middle part of 2024, the Corporation remains bullish on the long-term outlook for natural gas and it expects prices to improve due to the anticipated increased demand from the start-up of various North American LNG projects and gas-fired power generation. In the current commodity price environment, Birchcliff is committed to the development of its world-class Montney asset base and shareholder returns, while maintaining a strong balance sheet. In alignment with its commitment to maintain a strong balance sheet, the Corporation is continuing to target a total debt to forward annual adjusted funds flow ratio of less than 1.0 times in the long-term.

The Corporation has initiated its formal budgeting process for 2025 and expects to release its preliminary 2025 budget on November 14, 2024, along with its Q3 2024 results.

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 2024 could have an impact on Birchcliff's 2024 guidance and assumptions set forth herein, which impact could be material. For further information, see "Advisories – Forward-Looking Statements".

Q2 2024 FINANCIAL AND OPERATIONAL RESULTS

Production

- Birchcliff's production averaged 78,358 boe/d in Q2 2024, a 1% increase from Q2 2023. The increase was primarily due to the strong performance of the Corporation's capital program and the successful drilling of new Montney/Doig wells brought on production since Q2 2023, partially offset by natural production declines and maintenance and optimization projects completed in Q2 2024. As a result of lower natural gas prices in Q2 2024, the Corporation opportunistically performed multiple maintenance and optimization projects in the quarter that required periods of shut-in production volumes. See "Operational Update".
- Liquids accounted for 17% of Birchcliff's total production in Q2 2024 as compared to 18% in Q2 2023. The decrease was largely due to the Corporation primarily targeting horizontal natural gas wells and natural production declines from light oil and liquids-rich natural gas wells producing since Q2 2023, partially offset by significant incremental light oil production from the new 4-well 01-10 pad in Gordondale brought on production in Q2 2024.

Adjusted Funds Flow and Cash Flow From Operating Activities

- Birchcliff's adjusted funds flow was \$53.7 million in Q2 2024, or \$0.20 per basic common share, both of which decreased by 23% from Q2 2023.
- Birchcliff's cash flow from operating activities was \$26.9 million in Q2 2024, a 57% decrease from Q2 2023.
- The decreases were primarily due to lower natural gas revenue, which was largely impacted by a 32% decrease in the average realized sales price Birchcliff received for its natural gas production in Q2 2024, and a higher interest expense as compared to Q2 2023. The decreases were partially offset by a lower realized loss on financial instruments and decreases in G&A, operating and royalty expenses as compared to Q2 2023.

Net Income to Common Shareholders

- Birchcliff reported net income to common shareholders of \$46.4 million in Q2 2024, or \$0.17 per basic common share, an 8% and 6% increase, respectively, from Q2 2023. The increases were primarily due to an unrealized gain on financial instruments of \$70.7 million in Q2 2024 as compared to \$48.2 million in Q2 2023, partially offset by lower adjusted funds flow.

Debt and Credit Facilities

- Total debt at June 30, 2024 was \$465.2 million, a 67% increase from June 30, 2023.
- At June 30, 2024, Birchcliff had a balance outstanding under its Credit Facilities of \$485.8 million (June 30, 2023: \$281.4 million) from available Credit Facilities of \$850.0 million (June 30, 2023: \$850.0 million), leaving the Corporation with \$364.2 million (43%) of unutilized credit capacity after adjusting for outstanding letters of credit and unamortized deferred financing fees.

Natural Gas Market Diversification

- Birchcliff's physical natural gas sales exposure consists of the AECO, Dawn and Alliance markets. In addition, the Corporation has various financial instruments outstanding that provide it with exposure to NYMEX HH pricing.

The following table sets forth Birchcliff's effective sales, production and average realized sales price for natural gas and liquids for Q2 2024, after taking into account the Corporation's financial instruments:

Three months ended June 30, 2024						
	Effective sales (CDN\$000s)	Percentage of total sales (%)	Effective production (per day)	Percentage of total natural gas production (%)	Percentage of total corporate production (%)	Effective average realized sales price (CDN\$)
Market						
AECO ⁽¹⁾⁽²⁾	11,959	7	92,056 Mcf	24	20	1.43/Mcf
Dawn ⁽³⁾	35,084	22	161,234 Mcf	41	34	2.39/Mcf
NYMEX HH ⁽¹⁾⁽⁴⁾	32,864	20	135,736 Mcf	35	29	2.66/Mcf
Total natural gas⁽⁴⁾	79,907	49	389,026 Mcf	100	83	2.26/Mcf
Light oil	23,045	14	2,419 bbls		3	104.70/bbl
Condensate	43,318	27	4,467 bbls		6	106.56/bbl
NGLs	16,037	10	6,634 bbls		8	26.56/bbl
Total liquids	82,400	51	13,520 bbls		17	66.97/bbl
Total corporate⁽⁴⁾	162,307	100	78,358 boe		100	22.76/boe

(1) Effective sales and effective average realized sales price on a total natural gas and total corporate basis and for the AECO and NYMEX HH markets are non-GAAP financial measures and non-GAAP ratios, respectively. See "Non-GAAP and Other Financial Measures".

(2) Birchcliff has short-term physical sales agreements with third-party marketers to sell and deliver into the Alliance pipeline system. All of Birchcliff's short-term physical Alliance sales and production during Q2 2024 received AECO premium pricing and have therefore been included as effective sales and production in the AECO market.

(3) Birchcliff has agreements for the firm service transportation of an aggregate of 175,000 GJ/d of natural gas on TransCanada Pipelines' Canadian Mainline, whereby natural gas is transported to the Dawn trading hub in Southern Ontario.

(4) NYMEX HH effective sales and production include financial NYMEX HH/AECO 7A basis swap contracts for an aggregate of 147,500 MMBtu/d at an average contract price of NYMEX HH less US\$1.12/MMBtu during Q2 2024.

Birchcliff's effective average realized sales price for NYMEX HH of CDN\$2.66/Mcf (US\$1.79/MMBtu) was determined on a gross basis before giving effect to the average NYMEX HH/AECO 7A fixed contract basis differential price of CDN\$1.66/Mcf (US\$1.12/MMBtu) and includes any realized gains and losses on financial NYMEX HH/AECO 7A basis swap contracts during Q2 2024.

After giving effect to the NYMEX HH/AECO 7A fixed contract basis differential price and including any realized gains and losses on financial NYMEX HH/AECO 7A basis swap contracts during Q2 2024, Birchcliff's effective average realized net sales price for NYMEX HH was CDN\$1.00/Mcf (US\$0.67/MMBtu) in Q2 2024.

The following table sets forth Birchcliff's physical sales, production, average realized sales price, transportation costs and natural gas sales netback by natural gas market for the periods indicated, before taking into account the Corporation's financial instruments:

Three months ended June 30, 2024							
Natural gas market	Natural gas sales ⁽¹⁾ (CDN\$000s)	Percentage of natural gas sales (%)	Natural gas production (Mcf/d)	Percentage of natural gas production (%)	Average realized natural gas sales price ⁽¹⁾ (CDN\$/Mcf)	Natural gas transportation costs ⁽²⁾ (CDN\$/Mcf)	Natural gas sales netback ⁽³⁾ (CDN\$/Mcf)
AECO	28,987	45	223,382	57	1.44	0.41	1.04
Dawn	35,084	54	161,234	42	2.39	1.47	0.92
Alliance ⁽⁴⁾	475	1	4,410	1	1.18	-	1.18
Total	64,546	100	389,026	100	1.82	0.85	0.98
Three months ended June 30, 2023							
Natural gas market	Natural gas sales ⁽¹⁾ (CDN\$000s)	Percentage of natural gas sales (%)	Natural gas production (Mcf/d)	Percentage of natural gas production (%)	Average realized natural gas sales price ⁽¹⁾ (CDN\$/Mcf)	Natural gas transportation costs ⁽²⁾ (CDN\$/Mcf)	Natural gas sales netback ⁽³⁾ (CDN\$/Mcf)
AECO	46,334	50	205,501	54	2.47	0.45	2.02
Dawn	42,489	46	160,032	42	2.92	1.51	1.41
Alliance ⁽⁴⁾	3,625	4	14,274	4	2.79	-	2.79
Total	92,448	100	379,807	100	2.67	0.88	1.78

(1) Excludes the effects of financial instruments but includes the effects of any physical delivery contracts.

(2) Reflects costs to transport natural gas from the field receipt point to the delivery sales trading hub.

(3) Natural gas sales netback denotes the average realized natural gas sales price less natural gas transportation costs.

- (4) Birchcliff has short-term physical sales agreements with third-party marketers to sell and deliver into the Alliance pipeline system. Alliance sales are recorded net of transportation tolls.

Capital Activities and Investment

- In Q2 2024, Birchcliff drilled 1 (1.0 net) well and brought 11 (11.0 net) wells on production, with F&D capital expenditures of \$48.4 million.

OPERATIONAL UPDATE

Capital Program Overview

- Year-to-date, the Corporation has drilled 20 (20.0 net) wells and brought 16 (16.0 net) wells on production, with 6 (6.0 net) wells left to be drilled and 11 (11.0 net) wells left to be brought on production.
- As a result of optimized field development designs, utilizing higher intensity completions and tighter cluster spacing, the 2024 capital program wells have exhibited strong production rates, exceeding the Corporation's internal estimates. These strong production results, combined with the Corporation's efficient execution of its capital program, are expected to drive improved capital efficiencies in 2024 as compared to 2023.
- As a result of lower natural gas prices in Q2 2024, the Corporation opportunistically performed multiple maintenance and optimization projects in the quarter that required periods of shut-in production volumes. These proactive projects are expected to reduce downtime in Q4 2024 when natural gas prices are forecasted to be stronger.

The following table sets forth the wells that are part of the Corporation's updated full-year 2024 drilling program, including the remaining wells to be drilled and brought on production in 2024:

		Number of wells to be drilled in 2024 ⁽¹⁾	Number of wells drilled as at August 14, 2024	Number of wells to be brought on production in 2024	Number of wells on production as at August 14, 2024 ⁽¹⁾
Pouce Coupe					
04-30 (5-well pad)	Montney D1	0 ⁽²⁾	0 ⁽²⁾	5	5
16-17 (5-well pad)	BD/UM	1	1	1	1
	Montney D1	3	3	3	3
	Montney D4	1	1	1	1
16-15 (6-well pad)	Montney D1	6	5	6	0
10-22 (5-well pad)	Montney D1	5	4	5	0
04-05 (5-well pad)	Montney D1	2	0	0 ⁽³⁾	0
Gordondale					
02-27 (2-well pad)	Montney D1	1	1	1	1
	Montney D2	1	1	1	1
01-10 (4-well pad)	Montney D1	4	4	4	4
Elmworth					
13-09 vertical	Montney	1	0	0	0
01-28 horizontal	Montney	1	0	0	0
TOTAL		26	20	27	16

(1) All wells are natural gas wells, except for the 4-well 01-10 pad, which targeted light oil wells.

(2) The five wells drilled on the 04-30 pad were drilled in December 2023.

(3) It is currently anticipated that these wells will be brought on production in Q1 2025.

Pouce Coupe

- Birchcliff completed the drilling of its 5-well 16-17 pad in February 2024. Three of the wells were turned over to production through Birchcliff's permanent facilities in April 2024 and the remaining two wells were turned over to production in May 2024. This pad targeted high-rate natural gas wells, with three wells in the Lower Montney and two wells in the Upper Montney. The table below summarizes the aggregate and average production rates for the wells from the pad:

5-Well 16-17 Pad IP Rates

	Wells: IP 30 ⁽¹⁾	Wells: IP 60 ⁽¹⁾
Aggregate production rate (boe/d)	7,404	6,487
Aggregate natural gas production rate (Mcf/d)	43,403	38,016
Aggregate condensate production rate (bbls/d)	170	151
Average per well production rate (boe/d)	1,481	1,297
Average per well natural gas production rate (Mcf/d)	8,681	7,603
Average per well condensate production rate (bbls/d)	34	30
Condensate-to-gas ratio (bbls/MMcf)	4	4

(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".

- The drilling on Birchcliff's 6-well 16-15 pad and 5-well 10-22 pad in Pouce Coupe is substantially complete, with 1 (1.0 net) well remaining to be rig released on each pad. These pads are both targeting the Lower Montney and the 11 (11.0 net) wells are scheduled to be brought on production in Q4 2024.
- In order to prepare for the efficient execution of its 2025 capital program, Birchcliff plans to drill 2 (2.0 net) wells in Q4 2024 as part of a 5-well pad in Pouce Coupe (the 04-05 pad). These wells are planned to be drilled in the Lower Montney and brought on production in early Q1 2025. In addition, Birchcliff plans to allocate capital towards the drilling of various surface holes, pad-site construction and other activities to prepare for its 2025 capital program.

Gordondale

- Birchcliff completed the drilling of its 2-well 02-27 pad in March 2024 and the wells were turned over to production through Birchcliff's permanent facilities in late April 2024. This pad targeted liquids-rich natural gas wells in the Lower Montney. The table below summarizes the aggregate and average production rates for the wells from the pad:

2-Well 02-27 Pad IP Rates

	Wells: IP 30 ⁽¹⁾	Wells: IP 60 ⁽¹⁾
Aggregate production rate (boe/d)	2,923	2,805
Aggregate natural gas production rate (Mcf/d)	14,780	14,457
Aggregate condensate production rate (bbls/d)	460	396
Average per well production rate (boe/d)	1,462	1,403
Average per well natural gas production rate (Mcf/d)	7,390	7,228
Average per well condensate production rate (bbls/d)	230	198
Condensate-to-gas ratio (bbls/MMcf)	31	27

(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 completed the drilling of its 4-well 01-10 pad in March 2024 and the wells were turned over to production through Birchcliff's permanent facilities in late May 2024. This pad targeted light oil wells in the Lower Montney. The table below summarizes the aggregate and average production rates for the wells from the pad:

4-Well 01-10 Pad IP Rates

	Wells: IP 30 ⁽¹⁾	Wells: IP 60 ⁽¹⁾
Aggregate production rate (boe/d)	3,360	2,922
Aggregate natural gas production rate (Mcf/d)	6,509	6,579
Aggregate light oil production rate (bbls/d)	2,275	1,825
Average per well production rate (boe/d)	840	730
Average per well natural gas production rate (Mcf/d)	1,627	1,645
Average per well light oil production rate (bbls/d)	569	456
Light oil-to-gas ratio (bbls/MMcf)	350	277

(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".

Elmworth

- The Corporation has made the strategic decision to drill 1 (1.0 net) horizontal well and 1 (1.0 net) vertical well in Elmworth in Q3 2024, neither of which will be completed this year. These wells will provide Birchcliff with the opportunity to continue a significant number of sections of Montney lands in Elmworth, as well as increase the Corporation's inventory and reservoir expertise in the area.

ESG UPDATE

Recent amendments to the *Competition Act* (Canada) introduced in Bill C-59, which received Royal Assent in June 2024, have created considerable uncertainty as to how Canadian companies can publicly communicate their environmental and climate performance and progress. As a result, Birchcliff has temporarily suspended its ESG reporting until further clarity is provided by the Canadian Competition Bureau regarding the application and interpretation of these amendments. Birchcliff remains fully committed to ESG performance and transparency with its stakeholders.

ABBREVIATIONS

AECO	benchmark price for natural gas determined at the AECO 'C' hub in southeast Alberta
bbl	barrel
bbls	barrels
bbls/d	barrels per day
BD/UM	Basal Doig/Upper Montney
boe	barrel of oil equivalent
boe/d	barrel of oil equivalent per day
condensate	pentanes plus (C5+)
ESG	environmental, social and governance
F&D	finding and development
G&A	general and administrative
GAAP	generally accepted accounting principles for Canadian public companies, which are currently IFRS
GJ	gigajoule
GJ/d	gigajoules per day
HH	Henry Hub
IFRS	International Financial Reporting Standards as issued by the International Accounting Standards Board
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
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
\$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 and 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 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.

The most directly comparable GAAP financial measure to adjusted funds flow and 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 and free funds flow for the periods indicated:

	Three months ended		Six months ended		Twelve months ended
	June 30,		June 30,		December 31,
(\$000s)	2024	2023	2024	2023	2023
Cash flow from operating activities	26,871	62,353	92,126	173,683	320,529
Change in non-cash operating working capital	26,578	6,137	13,415	(16,830)	(19,477)
Decommissioning expenditures	215	1,160	353	1,534	3,775
Retirement benefit payments	-	-	13,851	-	2,000
Adjusted funds flow	53,664	69,650	119,745	158,387	306,827
F&D capital expenditures	(48,381)	(64,755)	(151,154)	(179,794)	(304,637)
Free funds flow	5,283	4,895	(31,409)	(21,407)	2,190

Birchcliff has disclosed in this press release forecasts of adjusted funds flow and free funds flow for 2024, which are forward-looking non-GAAP financial measures (see “*Outlook and Guidance – Updated 2024 Guidance*”). The equivalent historical non-GAAP financial measures are adjusted funds flow and free funds flow for the twelve months ended

December 31, 2023. Birchcliff anticipates the forward-looking non-GAAP financial measures for adjusted funds flow and free funds flow to be lower than their respective historical amounts primarily due to lower anticipated natural gas prices. The commodity price assumptions on which the Corporation's guidance is based are set forth under the heading "Outlook and Guidance – Updated 2024 Guidance".

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 periods indicated:

	Three months ended June 30,		Six months ended June 30,		Twelve months ended December 31,
(\$000s)	2024	2023	2024	2023	2023
Transportation expense	39,928	39,347	76,553	73,864	152,828
Marketing purchases	14,950	6,601	22,061	17,226	34,772
Marketing revenue	(16,046)	(6,914)	(25,514)	(16,352)	(30,521)
Transportation and other expense	38,832	39,034	73,100	74,738	157,079

Operating Netback

Birchcliff defines "operating netback" as petroleum and natural gas revenue less royalty expense, operating expense and transportation and other expense. Operating netback is a key industry performance indicator and one that provides investors with information that is commonly presented by other oil and natural gas producers. Management believes that operating netback assists management and investors in assessing Birchcliff's operating profits after deducting the cash costs that are directly associated with the sale of its production, which can then be used to pay other corporate cash costs or satisfy other obligations. The following table provides a breakdown of Birchcliff's operating netback for the periods indicated:

	Three months ended June 30,		Six months ended June 30,	
(\$000s)	2024	2023	2024	2023
Petroleum and natural gas revenue	146,976	171,291	310,280	379,938
Royalty expense	(6,824)	(7,657)	(21,291)	(36,965)
Operating expense	(24,422)	(25,707)	(50,849)	(52,209)
Transportation and other expense	(38,832)	(39,034)	(73,100)	(74,738)
Operating netback	76,898	98,893	165,040	216,026

Total Capital Expenditures

Birchcliff defines "total capital expenditures" as exploration and development expenditures less dispositions plus acquisitions (if any) and plus administrative assets. Management believes that total capital expenditures assists management and investors in assessing Birchcliff's overall capital cost structure associated with its petroleum and natural gas activities. The most directly comparable GAAP financial measure to total capital expenditures is exploration and development expenditures. The following table provides a reconciliation of exploration and development expenditures to total capital expenditures for the periods indicated:

	Three months ended June 30,		Six months ended June 30,	
(\$000s)	2024	2023	2024	2023
Exploration and development expenditures⁽¹⁾	48,381	64,755	151,154	179,794
Dispositions	-	(77)	(109)	(77)
Administrative assets	321	563	1,141	1,183
Total capital expenditures	48,702	65,241	152,186	180,900

(1) Disclosed as F&D capital expenditures elsewhere in this press release. See "Advisories – F&D Capital Expenditures".

Effective Sales – Total Corporate, Total Natural Gas, AECO Market and NYMEX HH Market

Birchcliff defines “effective sales” in the AECO market and NYMEX HH market as the sales amount received from the production of natural gas that is effectively attributed to the AECO and NYMEX HH market pricing, respectively, and does not consider the physical sales delivery point in each case. Effective sales in the NYMEX HH market includes realized gains and losses on financial instruments and excludes the notional fixed basis costs associated with the underlying financial contracts in the period. Birchcliff defines “effective total natural gas sales” as the aggregate of the effective sales amount received in each natural gas market. Birchcliff defines “effective total corporate sales” as the aggregate of the effective total natural gas sales and the sales amount received from the production of light oil, condensate and NGLs. Management believes that disclosing the effective sales for each natural gas market assists management and investors in assessing Birchcliff’s natural gas diversification and commodity price exposure to each market. The most directly comparable GAAP financial measure to effective total natural gas sales and effective total corporate sales is natural gas sales. The following table provides a reconciliation of natural gas sales to effective total natural gas sales and effective total corporate sales for the periods indicated:

Three months ended, (\$000s)	June 30, 2024	June 30, 2023
Natural gas sales	64,546	92,448
Realized loss on financial instruments	(5,170)	(13,239)
Notional fixed basis costs ⁽¹⁾	20,531	20,517
Effective total natural gas sales	79,907	99,726
Light oil sales	23,045	15,837
Condensate sales	43,318	48,799
NGLs sales	16,037	14,169
Effective total corporate sales	162,307	178,531

(1) Reflects the aggregate notional fixed basis cost associated with Birchcliff’s financial and any physical NYMEX HH/AECO 7A basis swap contracts in the period.

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.

Adjusted Funds Flow Per Boe and Adjusted Funds Flow Per Basic Common Share

Birchcliff calculates “adjusted funds flow per boe” as aggregate adjusted funds flow in the period divided by the production (boe) in the period. Management believes that adjusted funds flow per boe assists management and investors in assessing Birchcliff’s financial profitability and sustainability on a cash basis by isolating the impact of production volumes to better analyze its performance against prior periods on a comparable basis.

Birchcliff calculates “adjusted funds flow per basic common share” as aggregate adjusted funds flow in the period divided by the weighted average basic common shares outstanding at the end of the period. Management believes that adjusted funds flow per basic common share assists management and investors in assessing Birchcliff’s financial strength on a per common share basis.

Free Funds Flow Per Basic Common Share

Birchcliff calculates “free funds flow per basic common share” as aggregate free funds flow in the period divided by the weighted average basic common shares outstanding at the end of the period. Management believes that free funds flow per basic common share assists management and investors in assessing Birchcliff’s financial strength and its ability to deliver shareholder returns on a per common share basis.

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.

Operating Netback Per Boe

Birchcliff calculates “operating netback per boe” as aggregate operating netback in the period divided by the production (boe) in the period. Operating netback per boe is a key industry performance indicator and one that provides investors with information that is commonly presented by other oil and natural gas producers. Management believes that operating netback per boe assists management and investors in assessing Birchcliff’s operating profitability and sustainability by isolating the impact of production volumes to better analyze its performance against prior periods on a comparable basis.

Effective Average Realized Sales Price – Total Corporate, Total Natural Gas, AECO Market and NYMEX HH Market

Birchcliff calculates “effective average realized sales price” as effective sales, in each of total corporate, total natural gas, AECO market and NYMEX HH market, as the case may be, divided by the effective production in each of the markets during the period. Management believes that disclosing the effective average realized sales price for each natural gas market assists management and investors in comparing Birchcliff’s commodity price realizations in each natural gas market on a per unit 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” as the amount outstanding under the Corporation’s Credit Facilities plus working capital deficit (less working capital surplus) plus the fair value of the current asset portion of financial instruments less the fair value of the current liability portion of financial instruments and less the current portion of other liabilities discounted at the end of the period. 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 Credit Facilities, as determined in accordance with GAAP, to total debt for the periods indicated:

As at, (\$000s)	June 30, 2024	December 31, 2023	June 30, 2023
Revolving term credit facilities	481,163	372,097	281,354
Working capital deficit (surplus) ⁽¹⁾	(40,836)	13,084	12,772
Fair value of financial instruments – asset ⁽²⁾	30,005	3,588	7,979
Fair value of financial instruments – liability ⁽²⁾	-	(1,394)	(9,516)
Other liabilities ⁽²⁾	(5,137)	(5,069)	(14,068)
Total debt	465,195	382,306	278,521

(1) Current liabilities less current assets.

(2) Reflects the current portion only.

ADVISORIES

Unaudited Information

All financial and operational information contained in this press release for the three and six months ended June 30, 2024 and 2023 is unaudited.

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, including operating netback. 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. For additional information regarding operating netback and how such metric is calculated, see *"Non-GAAP and Other Financial Measures"*.

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

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 2-well 02-27, 4-well 01-10 and 5-well 16-17 pads disclosed herein, such rates represent the cumulative volumes for each well 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), which were then added together to determine the aggregate production rates for the applicable pad and then divided by 2, 4 or 5, as applicable, 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.

"Condensate-to-gas ratio" and "light oil-to-gas ratio" are calculated by dividing the average per well condensate or light oil production rate, as applicable, by the average per well natural gas production rate and multiplying the product by 1,000.

F&D Capital Expenditures

Unless otherwise stated, references in this press release to "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 Birchcliff will continue to build off the operational momentum throughout the remainder of the year as it brings the last 11 wells of its capital program on production in the fourth quarter, when natural gas prices are forecasted to be stronger; that Birchcliff continues to evaluate and implement initiatives aimed at improving efficiencies and reducing its costs, such as the COA whereby the Corporation assumed operatorship of the Gordondale Facility; that this arrangement allows the Corporation to leverage various cost optimization opportunities across its core producing assets, which is expected to drive costs lower; and that moving forward, the Corporation is well positioned to deliver improved capital efficiencies through stronger well performance and efficient execution in 2024 and beyond;
- statements relating to the COA, including: that this arrangement will allow Birchcliff to leverage cost optimization opportunities that exist between its 100% owned and operated gas plant in Pouce Coupe and the Gordondale Facility; and that these optimization opportunities are expected to drive lower operating costs, reduce downtime and optimize NGLs recoveries for Birchcliff;
- the information set forth under the heading "*Outlook and Guidance*" and elsewhere in this press release as it relates to Birchcliff's outlook and guidance, including: forecasts of annual average production, production commodity mix, average expenses, adjusted funds flow, F&D capital expenditures, free funds flow, annual base dividend, total debt at year end and natural gas market exposure in 2024; the expected impact of changes in commodity prices and the CDN/US exchange rate on Birchcliff's forecast of free funds flow for 2024; that lower power and fuel costs are forecasted for the remainder of the year; that lower anticipated adjusted funds flow is expected to result in higher total debt at year-end 2024 than previously forecast; that the accounting treatment for the COA under IFRS Accounting Standards and the associated impact on its financial statements will be reflected in the Corporation's Q3 2024 results; that Birchcliff does not anticipate that the borrowing base limit and amounts available under its Credit Facilities or its forecast of total debt will be affected by the accounting treatment for the COA; that although natural gas prices are forecasted to remain challenged through the middle part of 2024, the Corporation remains bullish on the long-term outlook for natural gas and it expects prices to improve due to the anticipated increased demand from the start-up of various North American LNG projects and gas-fired power generation; that in the current commodity price environment, Birchcliff is committed to the development of its world-class Montney asset base and shareholder returns, while maintaining a strong balance sheet; that in alignment with its commitment to maintain a strong balance sheet, the Corporation is continuing to target a total debt to forward annual adjusted

funds flow ratio of less than 1.0 times in the long-term; and that the Corporation expects to release its preliminary 2025 budget on November 14, 2024, along with its Q3 2024 results;

- the information set forth under the headings “*Outlook and Guidance*” and “*Operational Update*” and elsewhere in this press release as it relates to Birchcliff’s capital programs and its exploration, production and development activities and the timing thereof, including: estimates of F&D capital expenditures 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 Birchcliff’s 2024 capital program also includes the drilling of 2 (2.0 net) wells in Q4 2024 and various ancillary activities to prepare for the efficient execution of its 2025 capital program; that Birchcliff continues to evaluate further investment in Elsworth in order to protect, optimize and further its long-term development strategy for this significant Montney asset; that the drilling of 1 (1.0 net) horizontal well and 1 (1.0 net) vertical well in Elsworth will provide Birchcliff with the opportunity to continue a significant number of sections of Montney lands in Elsworth, as well as increase the Corporation’s inventory and reservoir expertise in the Elsworth area; that the F&D capital associated with the drilling of these two wells is expected to be in the range of \$5 million to \$10 million and that by incurring these capital expenditures in 2024, this is expected to reduce the Corporation’s required investment in Elsworth in 2025; that the Corporation’s strong production results, combined with its efficient execution of its capital program, are expected to drive improved capital efficiencies in 2024 as compared to 2023; that the maintenance and optimization projects completed by the Corporation in Q2 2024 are expected to reduce downtime in Q4 2024 when natural gas prices are forecasted to be stronger; and that Birchcliff plans to allocate capital towards the drilling of various surface holes, pad-site construction and other activities to prepare for its 2025 capital program;
- the performance and other characteristics of Birchcliff’s oil and natural gas properties and expected results from its assets (including statements regarding the potential or prospectivity of Birchcliff’s properties); and
- that Birchcliff anticipates the forward-looking non-GAAP financial measures for adjusted funds flow and free funds flow to be lower than their respective historical amounts primarily due to lower anticipated natural gas prices.

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; 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 obtain the anticipated benefits of the COA; 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 2024 guidance (as updated on August 14, 2024), such guidance is based on the commodity price, exchange rate and other assumptions set forth under the heading “*Outlook and Guidance – Updated 2024 Guidance*”. In addition:
 - Birchcliff’s production guidance assumes that: the 2024 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 2024 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 2024 capital program will be carried out as currently contemplated and the level of capital spending for 2024 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 August 8, 2024 and excludes cash incentive payments that have not been approved by the Board.
- Birchcliff's forecast of year end total debt assumes that: (i) the forecasts of adjusted funds flow and free funds flow are achieved, with the level of capital spending for 2024 met and the payment of an annual base dividend of approximately \$108 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; (iii) there are no buybacks of common shares during 2024; (iv) there are no significant acquisitions or dispositions completed by the Corporation during 2024; (v) there are no equity issuances during 2024; and (vi) there are no further proceeds received from the exercise of stock options or performance warrants during 2024. 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; (ii) 147,500 MMBtu/d being contracted on a financial basis at an average fixed basis differential price between AECO 7A and NYMEX HH of approximately US\$1.12/MMBtu; and (iii) 8,014 GJ/d being sold at Alliance on a physical basis at the AECO 5A price plus a premium. Birchcliff's natural gas market exposure takes into account its financial basis swap contracts outstanding as at August 8, 2024.
- With respect to statements regarding future wells to be drilled and brought on production, 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.

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; risks associated with increasing costs, whether due to high inflation rates, supply chain disruptions or other factors; fluctuations in exchange and interest rates; 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 the 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; 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; the uncertainty of estimates and projections relating to production, revenue, costs, expenses and reserves; the accuracy of estimates of reserves, future net revenue and production levels; 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; uncertainties related to Birchcliff's future potential drilling locations; delays or changes in plans with respect to exploration or development projects or capital expenditures; 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 and global conflict (including the Russian invasion of Ukraine and the Israel-Hamas conflict) and their impacts on supply and demand and commodity prices; actions taken by OPEC and other major producers of crude oil 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 laws, climate change laws, carbon tax regimes, incentive programs and other regulations that affect the oil and natural gas industry (including uncertainty with respect to the interpretation of Bill C-59 and the related amendments to the *Competition Act* (Canada)); 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; 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 realize the anticipated benefits of the COA; 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 and fossil fuels; 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 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).

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 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, 2023 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 a dividend-paying, intermediate oil and natural gas company based in Calgary, Alberta with operations focused on the Montney/Doig Resource Play in Alberta. Birchcliff’s common shares are listed for trading on the Toronto Stock Exchange under the symbol “BIR”.

For further information, please contact:

Birchcliff Energy Ltd.

Suite 1000, 600 – 3rd Avenue S.W.

Calgary, Alberta T2P 0G5

Telephone: (403) 261-6401

Email: birinfo@birchcliffenergy.com

www.birchcliffenergy.com

Chris Carlsen – President and Chief Executive Officer

Bruno Geremia – Executive Vice President and Chief Financial Officer