BIRCHCLIFF
ENERGY

BIRCHCLIFF ENERGY LTD. ANNOUNCES 2025 BUDGET, UPDATED FIVE-YEAR OUTLOOK AND RETURN TO PROFITABLE GROWTH

Calgary, Alberta (January 22, 2025) – Birchcliff Energy Ltd. ("**Birchcliff**" or the "**Corporation**") (TSX: BIR) is pleased to announce its 2025 budget and guidance and its updated five-year outlook and capital allocation strategy for 2025 to 2029.

Chris Carlsen, Birchcliff's President and Chief Executive Officer, commented: "Our 2024 capital program successfully delivered on our strategy to improve our capital efficiency through enhanced well performance, as well as to reduce our costs through strong operational execution and strategic optimization initiatives. Our strategy for 2025 builds off of the operational momentum from 2024, maintaining our focus on capital efficiency improvements and further driving down costs. Our F&D capital budget for 2025 of $260 million to $300 million is expected to deliver annual average production of 76,000 to 79,000 boe/d and has been designed to ensure that our capital is strategically deployed throughout the year. This will provide us with the flexibility to adjust our capital spending if necessary in response to the commodity price volatility we expect during 2025, including as a result of the potential for U.S. tariffs and the start-up of LNG Canada.(1)

Over the last few years, our industry faced depressed natural gas prices driven by several factors, including constrained natural gas egress and a challenging political environment, during which time we limited growth, maintained a relatively flat production profile and focused on shareholder returns, paying approximately $390 million ($1.47 per common share(2)) to our shareholders through common share dividends. With the landscape for natural gas demand significantly improving and given our strong asset performance in 2024, we believe that it is in the best interests of the Corporation to shift our capital allocation strategy to focus on investing in and profitably growing our business, strengthening our balance sheet and providing a base dividend that is more sustainable through commodity price cycles. We believe that this strategy will allow us to deliver significant shareholder value.

To that end, we have updated our five-year plan for 2025 to 2029 and made the decision to reduce our annual base dividend to $0.12 per common share, which will allow us to invest in our world-class asset base, profitably grow our production and strengthen our balance sheet, which will improve our financial flexibility. Our updated five-year plan allocates capital towards fully utilizing our existing infrastructure and firm transportation capacity to reach production of 87,500 boe/d in the second half of 2027, achieving production growth of approximately 14%(3) over the next three years. This plan will allow us to improve our operating margins and netbacks and enhance the free funds flow generated by our business. In addition, Birchcliff forecasts that its total debt(4) will be reduced to approximately $175 million by the end of 2029, significantly reducing our interest costs and enhancing our flexibility to pursue other opportunities to create additional per share value, including further investment in our Pouce Coupe or Elmworth areas or through strategic acquisitions."(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, all 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**"), meaning Birchcliff's working interest (operating or non-operating) share before the deduction of royalties and without including any royalty interests of Birchcliff. 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) See *"2025 Outlook and Guidance"* and *"Advisories – Forward-Looking Statements"* for further information regarding the Corporation's 2025 guidance and the commodity price, exchange rate and other assumptions underlying such guidance.

(2) Based on the cumulative dividends declared and paid during 2022 to 2024.

(3) As compared to 2024 and based on an estimated annual average production rate of 76,500 boe/d in 2024.

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

(5) See *"Updated Five-Year Outlook"* and *"Advisories – Forward-Looking Statements"* for further information regarding the Corporation's updated five-year outlook for 2025 to 2029 and the commodity prices, exchange rates and other assumptions underlying such outlook.

KEY HIGHLIGHTS

- Flexible F&D capital budget for 2025 of $260 million to $300 million, which is expected to deliver annual average production of 76,000 to 79,000 boe/d.
- Birchcliff expects to generate adjusted funds flow(6) of $445 million in 2025, which represents a 93% increase from its estimated adjusted funds flow of approximately $230 million in 2024.
- Birchcliff expects to generate free funds flow(6) of $145 million to $185 million in 2025. For every $0.10 change in each of the AECO, Dawn and NYMEX HH markets for natural gas, Birchcliff's estimated free funds flow for 2025 changes by approximately $19.2 million (in aggregate).(7)
- Birchcliff expects to exit 2025 with total debt of $410 million to $450 million, which will result in a total debt to annual adjusted funds flow ratio(8) of less than 1.0 times, in line with management's long-term target.
- Annual base dividend for 2025 of $0.12 per common share (approximately $33 million in aggregate(9)), which will be declared and paid quarterly at the rate of $0.03 per common share, at the discretion of Birchcliff's board of directors (the "**Board**"). This annual base dividend will be paid entirely out of internally generated free funds flow based on the Corporation's commodity price assumptions.
- Updated five-year outlook forecasts that Birchcliff will reach production of approximately 87,500 boe/d in the second half of 2027.
- Updated five-year outlook forecasts cumulative free funds flow of approximately $635 million and cumulative excess free funds flow(6) (after the payment of cumulative dividends of approximately $165 million(9)) of $470 million at the end of the five-year period.

ANNUAL BASE DIVIDEND RATE AND DECLARATION OF Q1 2025 QUARTERLY DIVIDEND

- The Board has approved an annual base dividend of $0.12 per common share for 2025. 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, 2025. The dividend will be payable on March 31, 2025 to shareholders of record at the close of business on March 14, 2025. The dividend has been designated as an eligible dividend for the purposes of the *Income Tax Act* (Canada).

2025 F&D CAPITAL BUDGET

Overview

- The Board has approved a flexible F&D capital budget for 2025 of $260 million to $300 million. The following table sets forth details regarding Birchcliff's expected capital spending allocation in 2025:

Classification	**Capital** *(millions)*
DCCET(1)	$185 – $215
Facilities and infrastructure	$35 – $40
Maintenance and optimization	$18 – $20
Land and seismic(2)	$5
Other(3)	$17 – $20
Total F&D Capital Expenditures(4)	**$260 – $300**

(1) On a DCCET basis, the average well cost in 2025 is estimated to be approximately $7.2 million. 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) Land and seismic includes capital for crown sales and rental payments but does not include other property acquisitions and dispositions.

(3) Other primarily includes capitalized G&A.

(4) 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".*

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

(7) Holding all other variables constant.

(8) Non-GAAP ratio. See *"Non-GAAP and Other Financial Measures".* Based on total debt at year end 2025 of $430 million, which is the mid-point of Birchcliff's total debt guidance range for 2025.

(9) Assumes that an annual base dividend of $0.12 per common share is paid during 2025 or over the five-year period, as the case may be, and that there are 271.5 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.

Drilling and Completions

- Birchcliff's 2025 capital program contemplates the bringing on production of 27 (27.0 net) wells and the drilling of 26 (26.0 net) wells in 2025.
- The 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. Benefitting from learnings gained from its 2024 capital program, the wells from Birchcliff's 2025 capital program are expected to yield strong production, using the Corporation's latest wellbore design, which incorporates longer lateral lengths, reduced stage spacing and increased proppant loading where appropriate.
- In Pouce Coupe, Birchcliff plans to drill 22 (22.0 net) wells and bring 23 (23.0 net) wells on production, targeting wells placed in the Lower Montney. The Corporation expects that two pads (8 wells in total) will be brought on production in Q1 2025, two pads (9 wells total) will be brought on production in Q2 2025 and the last pad (6 wells) will be brought on production in Q4 2025.
- In Gordondale, Birchcliff plans to drill and bring 4 (4.0 net) wells on production from one pad, targeting wells placed in the Lower Montney. These wells are expected to be brought on production in Q2 2025.
- In Elmworth, Birchcliff plans to complete a horizontal land retention well in Q1 2025 that was drilled by Birchcliff in Q3 2024. 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.
- In order to prepare for the efficient execution of the Corporation's capital program in 2026, Birchcliff's 2025 F&D capital budget also includes the capital for the drilling of 4 (4.0 net) wells in Pouce Coupe in late Q4 2025, which are expected to be completed and brought on production in Q1 2026, and the drilling of various surface holes and pad-site construction activities in Q4 2025.

Facilities and Infrastructure

- Birchcliff anticipates allocating $35 million to $40 million to facilities and infrastructure. This includes the capital for the completion of a large gas gathering infrastructure project for approximately $12 million and a planned facility turnaround in Pouce Coupe for approximately $12 million, which is expected to be completed in Q2 2025.

2025 OUTLOOK AND GUIDANCE

- Birchcliff remains bullish on the long-term outlook for natural gas and anticipates structural improvement in natural gas prices over the course of 2025 due to the anticipated increase in demand from the start-up of various North American LNG projects and gas-fired power generation. However, Birchcliff believes that AECO prices will continue to be volatile in 2025 as a result of the dynamics surrounding the start-up of LNG Canada and the potential for U.S. tariffs to be imposed on energy and other goods exported from Canada, with AECO prices anticipated to be relatively weak for the first half of the year and strengthening in the second half.
- Birchcliff expects to generate adjusted funds flow of $445 million in 2025, which represents a 93% increase from its estimated adjusted funds flow of approximately $230 million in 2024.
- Birchcliff expects to capitalize on strengthening commodity prices outside the AECO sales market in 2025 as a result of its natural gas market diversification, with approximately 76% of its total natural gas production anticipated to be effectively sold in the NYMEX HH and Dawn sales markets where prices are forecasted to be significantly higher than AECO prices in 2025. For every US$0.10/MMBtu change in the NYMEX HH and Dawn benchmark prices, Birchcliff's estimated free funds flow for 2025 changes by approximately $15.8 million (in aggregate).[10]
- Birchcliff expects to strengthen its balance sheet in 2025, with excess free funds flow (after the payment of dividends) anticipated to be allocated primarily towards debt reduction. Birchcliff expects to exit 2025 with total debt of $410 million to $450 million, which represents a significant reduction from its expected total debt at year end 2024. Should

(10) Holding all other variables constant.

commodity prices be higher than its current assumptions, Birchcliff has the flexibility to adjust its capital spending in 2025 in order to accelerate growth.

- The following tables set forth Birchcliff's guidance, commodity price assumptions and free funds flow sensitivity for 2025:

	2025 guidance and assumptions[1]
Production	
Annual average production *(boe/d)*	76,000 – 79,000
% Light oil	3%
% Condensate	6%
% NGLs	9%
% Natural gas	82%
Average Expenses *($/boe)*	
Royalty	$2.10 – $2.30
Operating	$2.90 – $3.10
Transportation and other[2]	$5.75 – $5.95
Adjusted Funds Flow *(millions)*[3]	$445
F&D Capital Expenditures *(millions)*	$260 – $300
Free Funds Flow *(millions)*[3]	$145 – $185
Total Debt at Year End *(millions)*[4]	$410 – $450
Natural Gas Market Exposure	
AECO exposure as a % of total natural gas production	23%
Dawn exposure as a % of total natural gas production	41%
NYMEX HH exposure as a % of total natural gas production	35%
Alliance exposure as a % of total natural gas production	1%
Commodity Prices[5]	
Average WTI price *(US$/bbl)*	$70.15
Average WTI-MSW differential *(CDN$/bbl)*	$4.70
Average AECO price *(CDN$/GJ)*	$2.00
Average Dawn price *(US$/MMBtu)*	$3.30
Average NYMEX HH price *(US$/MMBtu)*	$3.60
Exchange rate *(CDN$ to US$1)*	1.43

Forward twelve months' free funds flow sensitivity[5][6]	Estimated change to 2025 free funds flow *(millions)*
Change in WTI US$1.00/bbl	$3.5
Change in NYMEX HH US$0.10/MMBtu	$7.3
Change in Dawn US$0.10/MMBtu	$8.5
Change in AECO CDN$0.10/GJ	$3.4
Change in CDN/US exchange rate CDN$0.01	$4.8

(1) Birchcliff's guidance for its production commodity mix, adjusted funds flow, free funds flow, total debt and natural gas market exposure in 2025 is based on an annual average production rate of 77,500 boe/d in 2025, which is the mid-point of Birchcliff's annual average production guidance range for 2025. 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 2025 could have an impact on Birchcliff's 2025 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 2025 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, 2025.

(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 2025, 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.

UPDATED FIVE-YEAR OUTLOOK[11]

- The Board has approved an updated five-year plan for 2025 to 2029, which is designed to deliver significant long-term shareholder value through:
  - achieving profitable production growth by fully utilizing the Corporation's existing infrastructure and firm transportation capacity, which will allow Birchcliff to improve its operating margins and netbacks and enhance the free funds flow generated by its business;
  - strengthening the Corporation's balance sheet to improve its financial flexibility and resiliency; and
  - providing a base dividend to shareholders that is sustainable through commodity price cycles.
- Birchcliff's updated five-year outlook forecasts potential cumulative adjusted funds flow of $2.2 billion, cumulative free funds flow of approximately $635 million and cumulative excess free funds flow (after the payment of dividends) of $470 million at the end of the five-year period. This potential excess free funds flow, combined with a strong balance sheet, is anticipated to provide Birchcliff with significant flexibility, allowing it to focus on further enhancing long-term shareholder value.
- While excess free funds flow will initially be prioritized towards reducing indebtedness, consideration will be given to opportunities that would complement or otherwise improve the Corporation's business and enhance long-term shareholder value, such as further investment in the Corporation's Pouce Coupe or Elmworth areas, strategic acquisitions and increasing shareholder returns. Such considerations will take into account commodity prices, debt levels and the amount of excess free funds flow available in future years.
- Should commodity prices be higher or lower than the commodity price assumptions underlying its five-year plan, Birchcliff has the flexibility to accelerate or decelerate its capital spending and production profile over the next five years accordingly.
- **Profitable Production Growth**
  - Birchcliff's updated five-year plan reflects the confidence that it has in its asset base. Building off of its strong asset performance and improved capital efficiency achieved in 2024, its updated five-year outlook provides for profitable production growth of approximately 14% over the next three years, commensurate with the increased drilling necessary to fully utilize its existing infrastructure and firm transportation capacity, reaching production of 87,500 boe/d in the second half of 2027. Thereafter, annual average production levels are expected to remain relatively stable at approximately 87,500 in 2028 and 2029.
  - Birchcliff's updated five-year outlook contemplates F&D capital spending of approximately $260 million to $300 million annually in each of 2025 and 2026. F&D capital spending is forecast to increase to approximately $325 million to $375 million in each of 2027 and 2028 in order to drill the necessary wells to fully utilize the Corporation's existing infrastructure in the second half of 2027 and keep such infrastructure at or near capacity in 2028. F&D capital spending is then forecast to decrease to approximately $300 million to $325 million in 2029, as less wells are required to maintain production due to reduced base production declines compared to 2027 and 2028.
  - Profitably growing its production to fully utilize its existing infrastructure and firm transportation capacity will allow the Corporation to improve its operating margins and netbacks and reduce its per boe costs, which will further drive its ability to generate free funds flow.
  - In addition to the production growth currently contemplated in its five-year year plan, the Corporation holds the additional transportation required to further grow its production by expanding its 100% owned and operated

(11) 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 2025 to 2029 are subject to change in light of ongoing results and prevailing economic and industry conditions. Birchcliff's F&D capital budgets for 2026 to 2029 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 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"*.

natural gas plant in Pouce Coupe and/or constructing a new gas processing facility in its Elmworth area. These are not currently contemplated in the updated five-year plan.

- **Strengthening the Balance Sheet and Improving Financial Resiliency and Flexibility**
  - The Corporation is focused on strengthening its balance sheet and is continuing to target a total debt to annual adjusted funds flow ratio of less than 1.0 times in the long-term. By the end of 2029, Birchcliff forecasts that its total debt will be reduced to approximately $175 million.
  - Birchcliff believes that reducing its indebtedness will reduce the risks to its business, save the Corporation significant interest costs and enhance its flexibility to pursue other opportunities to create additional per share value, including further investment in Birchcliff's world-class asset base.
  - Under its updated five-year outlook, Birchcliff anticipates that it will not be required to pay any material Canadian income taxes during the period.
- **Sustainable Shareholder Returns**
  - Birchcliff's updated five-year plan contemplates that Birchcliff will pay shareholders a base common share dividend that is sustainable through commodity price cycles that will be paid entirely out of internally generated free funds flow based on its commodity price assumptions.
  - Birchcliff expects its base dividend to grow with the business over time.
  - Birchcliff will continue to evaluate opportunistic share buybacks under its normal course issuer bid.

OPERATIONAL UPDATE

- In 2024, Birchcliff achieved a significant year-over-year improvement in capital efficiency[12] for our wells of approximately 23% compared to 2023. This improvement was driven by optimized field development strategies, including increased completion intensities and tighter cluster spacing, which resulted in strong well performance and production rates that exceeded internal forecasts. These results, supported by continuous improvement and advancements in operational execution and a focus on cost control, highlight the Corporation's commitment to operational excellence.
- Based on preliminary field estimates, Birchcliff anticipates that its average production for 2024 will be approximately 76,500 boe/d, which is on the higher end of its previous guidance range of 75,000 to 77,000 boe/d.
- Birchcliff anticipates that its F&D capital expenditures for 2024 will be approximately $270 million[13] as compared to its previous guidance range of $250 million to $270 million. As a result of its strong operational execution and associated savings throughout the year, Birchcliff was able to drill three additional wells at its 5-well 04-05 pad in Q4 2024 as part of its 2024 capital program. This pad is currently undergoing completion operations, as described in further detail below.
- During Q4 2024, the Corporation completed a strategic acquisition that included the purchase of several Montney sections and associated roads and infrastructure. The production from the lands acquired is approximately 250 boe/d. The total cash consideration for such acquisition was approximately $8 million (before customary closing adjustments).
- Birchcliff expects to release its unaudited financial and operational results for the year ended December 31, 2024 on February 12, 2025.

Update on 2024 Capital Program

- As part of its 2024 capital program, Birchcliff brought 11 wells on production in Q4 2024, delivering strong production results for the quarter and into 2025.

(12) See *"Advisories – Capital Efficiency".*

(13) Birchcliff's estimated F&D capital expenditures for 2024 includes the capitalized portion of cash incentive payments accrued in 2024.

- Birchcliff turned the wells on its 6-well 16-15 pad over to production through Birchcliff's permanent facilities in October 2024. 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:

6-Well 16-15 Pad IP Rates

	Wells: IP 30(1)	**Wells: IP 60**(1)
Aggregate production rate *(boe/d)*	**7,217**	**6,591**
Aggregate natural gas production rate *(Mcf/d)*	39,654	36,690
Aggregate condensate production rate *(bbls/d)*	626	476
Average per well production rate *(boe/d)*	**1,203**	**1,099**
Average per well natural gas production rate *(Mcf/d)*	6,594	6,115
Average per well condensate production rate *(bbls/d)*	104	79
Condensate-to-gas ratio *(bbls/MMcf)*	**16**	**13**

(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 the wells on its 5-well 10-22 pad over to production through Birchcliff's permanent facilities in November 2024. 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:

5-Well 10-22 Pad IP Rates

	Wells: IP 30(1)	**Wells: IP 60**(1)
Aggregate production rate *(boe/d)*(2)	**5,374**	**4,867**
Aggregate natural gas production rate *(Mcf/d)*	32,228	29,191
Average per well production rate *(boe/d)*(2)	**1,075**	**973**
Average per well natural gas production rate *(Mcf/d)*	6,446	5,838

(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"*.

(2) Condensate volumes are insignificant.

Update on 2025 Capital Program

- The Corporation successfully completed drilling its 5-well 04-05 pad in Pouce Coupe in December 2024. Completions operations are currently underway on the pad, with the wells scheduled to come on production in February 2025. The pad was drilled in the Lower Montney targeting condensate-rich natural gas.
- Drilling operations at Birchcliff's 3-well 07-10 pad in Pouce Coupe commenced in January 2025, with completions operations scheduled to begin in February 2025. The pad is targeting high-rate natural gas wells in the Lower Montney. The wells are anticipated to be brought on production in Q2 2025.
- Drilling operations at Birchcliff's 4-well 02-27 pad in Gordondale commenced in January 2025, with completions operations scheduled to begin in February 2025. The pad is targeting liquids-rich natural gas wells in the Lower Montney. The wells are anticipated to be brought on production in Q2 2025.

ABBREVIATIONS

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+)
DCCE	drill, case, complete and equip
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
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, 2023:

($000s)	**Twelve months ended December 31, 2023**
Cash flow from operating activities	**320,529**
Change in non-cash operating working capital	(19,477)
Decommissioning expenditures	3,775
Retirement benefit payments	2,000
Adjusted funds flow	**306,827**
F&D capital expenditures	(304,637)
Free funds flow	**2,190**
Dividends on common shares	(213,344)
Excess free funds flow	**(211,154)**

Birchcliff has disclosed in this press release forecasts of adjusted funds flow, free funds flow and excess free funds flow for the period from 2025 to 2029, 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, 2023. 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 higher anticipated benchmark oil and natural gas prices and higher annual average production over the relevant periods. 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 2025 to 2029. The commodity price assumptions on which the Corporation's 2025 guidance is based are set forth under the heading *"2025 Outlook and Guidance"* and the commodity price assumptions on which the Corporation's updated 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, 2023:

($000s)	Twelve months ended December 31, 2023
Transportation expense	**152,828**
Marketing purchases	34,772
Marketing revenue	(30,521)
Transportation and other expense	**157,079**

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 fair value of the current liability portion of financial instruments and 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, 2023:

($000s)	As at December 31, 2023
Revolving term credit facilities	**372,097**
Working capital deficit[(1)]	13,084
Fair value of financial instruments – asset[(2)]	3,588
Fair value of financial instruments – liability[(2)]	(1,394)
Other liabilities[(2)]	(5,069)
Total debt	**382,306**

(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 16-15 and 5-well 10-22 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 5, 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.

Capital Efficiency

Birchcliff calculates "capital efficiency" on an average well basis as DCCE capital expenditures divided by the IP365 boe/d for the appliable well(s). Birchcliff defines "IP365 boe/d" as the estimated average daily field production in the first 365 days a well is on-stream. Where field production data is not available for a well, Birchcliff uses the forecasted production data for that well. Capital efficiency is determined at the individual well level and then aggregated and averaged for the year. This measure does not have a standardized meaning or standard method of calculation and therefore may not be comparable to similar measures presented by other companies. Management believes that capital efficiency assists management and investors in assessing Birchcliff's asset performance, execution and ability to generate shareholder value.

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's strategy for 2025 builds off of the operational momentum from 2024, maintaining its focus on capital efficiency improvements and further driving down costs; Birchcliff's belief that, with the landscape for natural gas demand significantly improving and given its strong asset performance in 2024, it is in the best interests of the Corporation to shift its capital allocation strategy to focus on investing in and profitably growing its business, strengthening its balance sheet and providing a base dividend that is more sustainable through commodity price cycles; Birchcliff's belief that this strategy will allow it to deliver significant shareholder value; and that the Corporation's updated five-year plan for 2025 to 2029 and the decision to reduce its annual base dividend to $0.12 per common share will allow it to invest in its world-class asset base, profitably grow its production and strengthen its balance sheet, which will improve its financial flexibility;
- dividends, including: that Birchcliff's annual base dividend for 2025 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 this annual base dividend will be paid entirely out of internally generated free funds flow based on

the Corporation's commodity price assumptions; and that Birchcliff expects its base dividend to grow with the business over time;

- the information set forth under the headings *"2025 F&D Capital Budget"*, *"2025 Outlook and Guidance"* and *"Operational Update"* and elsewhere in this press release as it relates to Birchcliff's 2025 capital program and its exploration, production and development activities and the timing thereof, including: the focus of, the objectives of, the anticipated results from and expected benefits of the 2025 capital program; estimates of F&D capital expenditures and 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 Birchcliff's flexible F&D capital budget for 2025 of $260 million to $300 million is expected to deliver annual average production of 76,000 to 79,000 boe/d and has been designed to ensure that its capital is strategically deployed throughout the year, providing it with the flexibility to adjust its capital spending if necessary in response to the commodity price volatility Birchcliff expects during 2025, including as a result of the potential for U.S. tariffs and the start-up of LNG Canada; that the 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 benefitting from learnings gained from the Corporation's 2024 capital program, the wells from Birchcliff's 2025 capital program are expected to yield strong production, using the Corporation's latest wellbore design, which incorporates longer lateral lengths, reduced stage spacing and increased proppant loading where appropriate; that in Elmworth, Birchcliff plans to complete a horizontal land retention well in Q1 2025 that was drilled by Birchcliff in Q3 2024, 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 that Birchcliff's facilities and infrastructure capital includes the capital for the completion of a large gas gathering infrastructure project and a planned facility turnaround in Pouce Coupe, which is expected to be completed in Q2 2025;
- the information set forth under the headings *"2025 Outlook and Guidance"* and *"Operational Update"* and elsewhere in this press release as it relates to Birchcliff's guidance for 2024, including estimates of adjusted funds flow, annual average production and F&D capital expenditures in 2024;
- the information set forth under the heading *"2025 Outlook and Guidance"* and elsewhere in this press release as it relates to Birchcliff's guidance for 2025, including: forecasts of annual average production, 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 expects to generate adjusted funds flow of $445 million in 2025, which represents a 93% increase from its estimated adjusted funds flow of approximately $230 million in 2024; that for every $0.10 change in each of the AECO, Dawn and NYMEX HH markets for natural gas, Birchcliff's estimated free funds flow for 2025 changes by approximately $19.2 million (in aggregate); that Birchcliff expects to exit 2025 with total debt of $410 million to $450 million, which will result in a total debt to annual adjusted funds flow ratio of less than 1.0 times, in line with management's long-term target; that Birchcliff remains bullish on the long-term outlook for natural gas and anticipates structural improvement in natural gas prices over the course of 2025 due to the anticipated increase in demand from the start-up of various North American LNG projects and gas-fired power generation; Birchcliff's belief that AECO prices will continue to be volatile in 2025 as a result of the dynamics surrounding the start-up of LNG Canada and the potential for U.S. tariffs to be imposed on energy and other goods exported from Canada, with AECO prices anticipated to be relatively weak for the first half of the year and strengthening in the second half; that Birchcliff expects to capitalize on strengthening commodity prices outside the AECO sales market in 2025 as a result of its natural gas market diversification, with approximately 76% of its total natural gas production anticipated to be effectively sold in the NYMEX HH and Dawn sales markets where prices are forecasted to be significantly higher than AECO prices in 2025; that for every US$0.10/MMBtu change in the NYMEX HH and Dawn benchmark prices, Birchcliff's estimated free funds flow for 2025 changes by approximately $15.8 million (in aggregate); that Birchcliff expects to strengthen its balance sheet in 2025, with excess free funds flow (after the payment of dividends) anticipated to be allocated primarily towards debt reduction; that Birchcliff expects to exit 2025 with total debt of $410 million to $450 million, which represents a significant reduction from its expected total debt at year end 2024; and that should commodity prices be higher than its current assumptions, Birchcliff has the flexibility to adjust its capital spending in 2025 in order to accelerate growth;
- the information set forth under the heading *"Updated Five-Year Outlook"* and elsewhere in this press release as it relates to Birchcliff's updated five-year outlook and plan for 2025 to 2029, including: forecasts of production, production growth, F&D capital expenditures, adjusted funds flow, free funds flow, excess free funds flow and

dividends over the five-year period; that Birchcliff's updated five-year plan allocates capital towards fully utilizing its existing infrastructure and firm transportation capacity to reach production of 87,500 boe/d in the second half of 2027, achieving production growth of approximately 14% over the next three years; that this plan will allow it to improve its operating margins and netbacks and enhance the free funds flow generated by its business; that Birchcliff forecasts that its total debt will be reduced to approximately $175 million by the end of 2029, significantly reducing its interest costs and enhancing its flexibility to pursue other opportunities to create additional per share value, including further investment in its Pouce Coupe or Elmworth areas or through strategic acquisitions; that Birchcliff's updated five-year plan for 2025 to 2029 is designed to deliver significant long-term shareholder value through achieving profitable production growth by fully utilizing its existing infrastructure and firm transportation capacity, which will allow the Corporation to improve its operating margins and netbacks and enhance the free funds flow generated by its business, strengthening the Corporation's balance sheet to improve its financial flexibility and resiliency and providing a base dividend to shareholders that is sustainable through commodity price cycles; that the potential excess free funds flow, combined with a strong balance sheet, is anticipated to provide Birchcliff with significant flexibility, allowing it to focus on further enhancing long-term shareholder value; that while excess free funds flow will initially be prioritized towards reducing indebtedness, consideration will be given to opportunities that would complement or otherwise improve the Corporation's business and enhance long-term shareholder value, such as further investment in the Corporation's Pouce Coupe or Elmworth areas, strategic acquisitions and increasing shareholder returns; that, should commodity prices be higher or lower than the commodity price assumptions underlying its five-year plan, Birchcliff has the flexibility to accelerate or decelerate its capital spending and production profile over the next five years accordingly; that Birchcliff's updated five-year outlook provides for profitable production growth of approximately 14% over the next three years, commensurate with the increased drilling necessary to fully utilize its existing infrastructure and firm transportation capacity, reaching production of 87,500 boe/d in the second half of 2027; that after 2027, annual average production levels are expected to remain relatively stable at approximately 87,500 boe/d in 2028 and 2029; that Birchcliff's updated five-year outlook contemplates F&D capital spending of approximately $260 million to $300 million annually in each of 2025 and 2026; that F&D capital spending is forecast to increase to approximately $325 million to $375 million in each of 2027 and 2028 in order to drill the necessary wells to fully utilize the Corporation's existing infrastructure in the second half of 2027 and keep such infrastructure at or near capacity in 2028; that F&D capital spending is then forecast to decrease to approximately $300 million to $325 million in 2029, as less wells are required to maintain production due to reduced base production declines compared to 2027 and 2028; that profitably growing its production to fully utilize its existing infrastructure and firm transportation capacity will allow the Corporation to improve its operating margins and netbacks and reduce its per boe costs, which will further drive its ability to generate free funds flow; that in addition to the production growth currently contemplated in its five-year year plan, the Corporation holds the additional transportation required to further grow its production by expanding its 100% owned and operated natural gas plant in Pouce Coupe and/or constructing a new gas processing facility in its Elmworth area; that the Corporation is focused on strengthening its balance sheet and is continuing to target a total debt to annual adjusted funds flow ratio of less than 1.0 times in the long-term; Birchcliff's belief that reducing its indebtedness will reduce the risks to its business, save the Corporation significant interest costs and enhance its flexibility to pursue other opportunities to create additional per share value, including further investment in Birchcliff's world-class asset base; that Birchcliff anticipates that it will not be required to pay any material Canadian income taxes during the five-year period; that Birchcliff's updated five-year plan contemplates that Birchcliff will pay shareholders a base common share dividend that is sustainable through commodity price cycles that will be paid entirely out of internally generated free funds flow based on its commodity price assumptions; and that Birchcliff will continue to evaluate opportunistic share buybacks under its normal course issuer bid;

- that Birchcliff will release its unaudited financial and operational results for the year ended December 31, 2024 on February 12, 2025; 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 higher anticipated benchmark oil and natural gas prices and higher annual average production over the relevant periods; 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 2025 to 2029.

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 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 2025 guidance, such guidance is based on the commodity price, exchange rate and other assumptions set forth under the heading *"2025 Outlook and Guidance"*. In addition:
  - Birchcliff's production guidance assumes that: the 2025 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 2025 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 2025 capital program will be carried out as currently contemplated and the level of capital spending for 2025 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, 2025 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 2025 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; (iii) there are no buybacks of common shares during 2025; (iv) there are no significant acquisitions or dispositions completed by the Corporation during 2025; (v) there are no equity issuances during 2025; and (vi) there are no further proceeds received from the exercise of stock options during 2025. 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$1.09/MMBtu; and (iii) 1,400 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 January 13, 2025.

- With respect to Birchcliff's updated five-year outlook for 2025 to 2029, such outlook assumes the following commodity prices and exchange rate: an average WTI price of US$70.15/bbl in 2025 and US$65.00/bbl in 2026 to 2029; an average WTI-MSW differential of CDN$4.70/bbl in 2025 and CDN$4.50/bbl in 2026 to 2029; an average AECO price of CDN$2.00/GJ in 2025 and CDN$3.00/GJ in 2026 to 2029; an average Dawn price of US$3.30/MMBtu in 2025 and US$3.40/MMBtu in 2026 to 2029; an average NYMEX HH price of US$3.60/MMBtu in 2025 and US$3.70/MMBtu in 2026 to 2029; and an exchange rate (CDN$ to US$1) of 1.43 in 2025 and 1.38 in 2026 to 2029. 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 2025 production guidance.
    - Birchcliff's forecasts of F&D capital expenditures assume 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. Birchcliff's five-year outlook also forecasts that approximately 170 to 180 wells will be brought on production over the five-year period, 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 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, 2025 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 271.5 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; (iii) there are no buybacks of common shares during the five-year period; (iv) there are no significant acquisitions or dispositions completed by the Corporation during the five-year period; (v) there are no equity issuances during the five-year period; and (vi) there are 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 2024 to 2028 (the "**Previous Plan**") as disclosed by the Corporation on January 17, 2024. Primarily as a result of a lower commodity price forecast, Birchcliff's updated five-year outlook now forecasts lower adjusted funds flow and free funds flow over a five-year period. Primarily as a result of a lower annual base common share dividend rate forecast during 2025 to 2029, Birchcliff's updated five-year outlook now forecasts higher excess free funds flow over the period. The forecasts of F&D capital expenditures under the Corporation's updated five-year outlook are slightly higher in 2025 and 2026 as compared to the Previous Plan, with comparable F&D capital expenditures in 2027 and 2028. The Corporation's forecasted average annual production under its updated five-year outlook is generally comparable to the forecasted production in the Previous Plan.
- With respect to Birchcliff's expectation that it will not be required to pay any material Canadian income taxes during 2025 to 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, 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 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; 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 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 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, including the risk of U.S. tariffs on goods exported from Canada; 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 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 for 2025 to 2029).

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, 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 an 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".

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