BIRCHCLIFF ENERGY LTD.

Year Ended December 31, 2024

ANNUAL INFORMATION FORM

March 12, 2025

TABLE OF CONTENTS

GLOSSARY OF TERMS

In this Annual Information Form, the capitalized terms set forth below have the following meanings:

"**2023 IQRE Price Forecast**" has the meaning set forth under the heading *"Statement of Reserves Data and Other Oil and Gas Information – Reconciliation of Changes in Reserves".*

"**2024 IQRE Price Forecast**" has the meaning set forth under the heading *"Statement of Reserves Data and Other Oil and Gas Information – Disclosure of Reserves Data".*

"**2026 Agreement**" has the meaning set forth under the heading *"Description of the Business – Marketing and Risk Management – Light Oil and NGLs".*

"**2030 ERP**" has the meaning set forth under the heading *"Industry Conditions – Climate Change Regulation – Federal".*

"**ABCA**" means the *Business Corporations Act* (Alberta).

"**AER**" means the Alberta Energy Regulator.

"**AI**" means artificial intelligence.

"**AltaGas**" means AltaGas Ltd.

"**Annual Information Form**" means this annual information form of the Corporation dated March 12, 2025 for the year ended December 31, 2024.

"**APEGA**" means the Association of Professional Engineers and Geoscientists of Alberta.

"**BC EAO**" has the meaning set forth under the heading *"Industry Conditions – Transportation Constraints and Market Access – Natural Gas and LNG Updates".*

"**Birchcliff**" or the "**Corporation**" means Birchcliff Energy Ltd.

"**Blueberry Decision**" has the meaning set forth under the heading *"Industry Conditions – Indigenous Rights".*

"**Board**" means the board of directors of the Corporation.

"**BRFN**" has the meaning set forth under the heading *"Industry Conditions – Indigenous Rights".*

"**BRFN Agreement**" has the meaning set forth under the heading *"Industry Conditions – Indigenous Rights".*

"**Cabinet**" means the cabinet of the Federal Government.

"**Canadian Standards**" has the meaning set forth under the heading *"Industry Conditions – Accountability and Transparency".*

"**CAPP**" means the Canadian Association of Petroleum Producers.

"**CCUS**" means carbon capture utilization and storage.

"**CER**" means the Canada Energy Regulator.

"**CER Act**" means the *Canadian Energy Regulator Act* (Canada).

"**CNEAA**" has the meaning set forth under the heading *"Industry Conditions – Climate Change Regulation – Federal".*

"**COA**" means the contract operating agreement between Birchcliff and AltaGas dated June 10, 2024, with an effective date of July 1, 2024.

"**COGE Handbook**" means the Canadian Oil and Gas Evaluation Handbook maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter), as amended from time to time.

"**Common Shares**" means the common shares of the Corporation.

"**Competition Act**" means the *Competition Act* (Canada).

“**condensate**” means pentanes plus (C5+).

“**Consensus Agreement**” has the meaning set forth under the heading *“Industry Conditions – Indigenous Rights”.*

“**COR**” means a certificate of recognition.

“**Credit Facilities**” means, collectively, the Syndicated Credit Facility and the Working Capital Facility.

“**CSA Staff Notice 51-324**” means the Canadian Securities Administrators’ Staff Notice 51-324 – *Revised Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities*.

“**CSDS 1**” and ”**CSDS 2**” have the meanings set forth under the heading *“Industry Conditions – Accountability and Transparency”.*

“**CSSB**” has the meaning set forth under the heading *“Industry Conditions – Accountability and Transparency”.*

“**Defendants**” has the meaning set forth under the heading *“Legal Proceedings and Regulatory Actions”*.

“**Deloitte**” means Deloitte LLP, independent qualified reserves evaluators of Calgary, Alberta.

“**Deloitte Report**” has the meaning set forth under the heading *“Statement of Reserves Data and Other Oil and Gas Information – Disclosure of Reserves Data”*.

“**Directive 060**” has the meaning set forth under the heading *“Industry Conditions – Climate Change Regulation – Alberta”.*

“**Directive 088**” has the meaning set forth under the heading *“Industry Conditions – Alberta – Liability Management”.*

“**EHSS**” has the meaning set forth under the heading *“Description of the Business – Environmental, Social and Governance – Governance”.*

“**EM Program**” has the meaning set forth under the heading *“Description of the Business – Environmental, Social and Governance – Health, Safety and Environmental Programs”.*

“**Enbridge**” means Enbridge Inc.

“**ESG**” means environmental, social and governance.

“**ESTMA**” means the *Extractive Sector Transparency Measures Act* (Canada).

“**Federal Government**” means the federal Government of Canada.

“**Federal Methane Regulations**” has the meaning set forth under the heading *“Industry Conditions – Climate Change Regulation – Federal”.*

“**GAAP**” means generally accepted accounting principles for Canadian public companies, which are currently IFRS Accounting Standards.

“**GGPPA**” has the meaning set forth under the heading *“Industry Conditions – Climate Change Regulation – Federal”.*

“**GHG**” means greenhouse gas.

“**Gordondale Facility**” means the deep-cut sour gas processing facility located in Gordondale, Alberta owned by AltaGas and operated by Birchcliff pursuant to the COA.

“**Gordondale Processing Agreement**” means the firm/take or pay processing agreement between Birchcliff and AltaGas Northwest Processing Limited Partnership dated April 2, 2018, as amended.

“**H&S Program**” has the meaning set forth under the heading *“Description of the Business – Environmental, Social and Governance – Health, Safety and Environmental Programs”.*

“**IAA**” has the meaning set forth under the heading *“Industry Conditions – Regulatory Authorities and Environmental Regulation – Federal”.*

“**IFRS**” means International Financial Reporting Standards as issued by the International Accounting Standards Board.

"**IFRS Standards**" has the meaning set forth under the heading *"Industry Conditions – Accountability and Transparency".*

"**ISSB**" has the meaning set forth under the heading *"Industry Conditions – Accountability and Transparency".*

"**leases**" has the meaning set forth under the heading *"Industry Conditions – Land Tenure – Mineral Rights".*

"**LNG Canada**" means LNG Canada Development Inc.

"**LNG Canada Facility**" has the meaning set forth under the heading *"Industry Conditions – Transportation Constraints and Market Access – Natural Gas and LNG Updates".*

"**Modernized Framework**" has the meaning set forth under the heading *"Industry Conditions – Royalties and Incentives – The Royalty Framework in Alberta – Crown Royalties"*.

"**Modern Slavery Act**" means the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Canada).

"**Montney/Doig Resource Play**" means Birchcliff's Montney and Doig formations resource play located northwest of Grande Prairie, Alberta.

"**NGTL System**" means the natural gas gathering and transportation system owned by NOVA Gas Transmission Ltd., a subsidiary of TCPL.

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

"**NI 51-102**" means National Instrument 51-102 – *Continuous Disclosure Obligations*.

"**NI 52-110**" means National Instrument 52-110 – *Audit Committees*.

"**OBPS**" has the meaning set forth under the heading *"Industry Conditions – Climate Change Regulation – Federal".*

"**OPEC**" means the Organization of the Petroleum Exporting Countries.

"**Order**" has the meaning set forth under the heading "*Directors and Officers – Cease Trade Orders, Bankruptcies, Penalties or Sanctions".*

"**other NGLs**" means natural gas liquids consisting of ethane (C2), propane (C3) and butane (C4) and specifically excluding condensate.

"**Pembina Facility**" means Pembina Pipeline Corporation's fractionation facility at Redwater, Alberta.

"**Pouce Coupe Gas Plant**" means Birchcliff's 100% owned and operated natural gas processing plant located in Pouce Coupe, Alberta.

"**Preferred Shares**" means the preferred shares of the Corporation as a class.

"**Previous Framework**" has the meaning set forth under the heading *"Industry Conditions – Royalties and Incentives – The Royalty Framework in Alberta – Crown Royalties".*

"**Prior Deloitte Report**" means the reserves report prepared by Deloitte dated February 14, 2024 with an effective date of December 31, 2023.

"**Rockies GP**" means Rockies LNG GP Corp.

"**Seismic Protocol Regions**" has the meaning set forth under the heading *"Risk Factors – Hydraulic Fracturing".*

"**Series A Preferred Shares**" means the cumulative redeemable preferred shares, Series A of the Corporation, which were issued on August 8, 2012 and redeemed by the Corporation on September 30, 2022.

"**Series B Preferred Shares**" means the cumulative redeemable preferred shares, Series B of the Corporation, which were issuable on the conversion of the Series A Preferred Shares.

"**Series C Preferred Shares**" means the cumulative redeemable preferred shares, Series C of the Corporation, which were issued on June 14, 2013 and redeemed by the Corporation on September 30, 2022.

"**Sovereignty Act**" has the meaning set forth under the heading *"Industry Conditions – Climate Change Regulation – Federal"*.

"**Steelhead**" has the meaning set forth under the heading *"Legal Proceedings and Regulatory Actions"*.

"**Steelhead Claim**" has the meaning set forth under the heading *"Legal Proceedings and Regulatory Actions"*.

"**Steelhead Patent**" has the meaning set forth under the heading *"Legal Proceedings and Regulatory Actions"*.

"**Syndicated Credit Facility**" means the Corporation's extendible revolving term credit facility.

"**TCPL**" means TransCanada PipeLines Limited, a subsidiary of TC Energy Corporation.

"**TIER**" has the meaning set forth under the heading *"Industry Conditions – Climate Change Regulation – Alberta".*

"**TMPL**" has the meaning set forth under the heading *"Industry Conditions –Transportation Constraints and Market Access – Oil Pipeline Updates".*

"**Trans Mountain**" means Trans Mountain Corporation.

"**TSX**" means the Toronto Stock Exchange.

"**UNDRIP**" has the meaning set forth under the heading *"Industry Conditions – Indigenous Rights"*.

"**UNDRIP Act**" has the meaning set forth under the heading *"Industry Conditions – Indigenous Rights"*.

"**UNFCCC**" has the meaning set forth under the heading *"Industry Conditions – Climate Change Regulation – Federal"*.

"**Working Capital Facility**" means the Corporation's extendible revolving working capital facility.

ABBREVIATIONS AND CONVERSIONS

Abbreviations

The abbreviations set forth below have the following meanings:

Natural Gas		**Oil and Natural Gas Liquids**	
GJ/d	gigajoules per day	bbl	barrel
LNG	liquefied natural gas	bbls	barrels
Mcf	thousand cubic feet	bbls/d	barrels per day
Mcf/d	thousand cubic feet per day	C3+	propane plus
Mcfe	thousand cubic feet of natural gas equivalent	Mbbls	thousand barrels
MMBtu	million British thermal units	NGLs	natural gas liquids
MMcf	million cubic feet		
MMcf/d	million cubic feet per day		

Other	
AECO	benchmark price for natural gas determined at the AECO 'C' hub in southeast Alberta
BD/UM	Basal Doig/Upper Montney
boe	barrel of oil equivalent
boe/d	barrel of oil equivalent per day
CO_2	carbon dioxide
CO_2e	carbon dioxide equivalent
H_2S	hydrogen sulphide
km	kilometres
Mboe	thousand barrels of oil equivalent
NYMEX	New York Mercantile Exchange
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

Conversions

The following table sets forth certain conversions between Standard Imperial Units and the International System of Units (or metric units):

From	To	Multiply By
Mcf	cubic metres	28.317
cubic metres	cubic feet	35.315
bbls	cubic metres	0.159
cubic metres	bbls	6.289
feet	metres	0.305
metres	feet	3.281
miles	kilometres	1.609
kilometres	miles	0.621
acres	hectares	0.405
hectares	acres	2.471

CONVENTIONS

Certain terms used herein are defined in NI 51-101, CSA Staff Notice 51-324 or the COGE Handbook and, unless the context otherwise requires, shall have the same meanings in this Annual Information Form as in NI 51-101, CSA Staff Notice 51-324 or the COGE Handbook, as the case may be.

Unless otherwise indicated: (i) all information contained herein is given at or for the year ended December 31, 2024; (ii) all dollar amounts are expressed in Canadian dollars; (iii) all references to "$", "CDN$" or "dollars" are to Canadian dollars and all references to "US$" are to United States dollars; and (iv) all financial information contained herein has been presented in accordance with GAAP. Words importing the singular number only include the plural, and vice versa, and words importing any gender include all genders.

PRESENTATION OF OIL AND GAS RESERVES

Deloitte prepared the Deloitte Report and the Prior Deloitte Report. Such evaluations were prepared in accordance with the standards contained in NI 51-101 and the COGE Handbook that were in effect at the relevant time.

With respect to any disclosure of reserves contained herein relating to portions of Birchcliff's properties, the estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation. Estimates of future net revenue, whether calculated without discount or using a discount rate, do not represent fair market value.

Unless otherwise indicated, all volumes of Birchcliff's reserves contained herein are presented on a gross basis.

Reserves Categories

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on the analysis of drilling, geological, geophysical and engineering data; the use of established technology; and specified economic conditions, which are generally accepted as being reasonable.

Reserves are classified according to the degree of certainty associated with the estimates:

- "**Proved reserves**" are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.
- "**Probable reserves**" are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

Levels of Certainty for Reported Reserves

The qualitative certainty levels referred to in the definitions above are applicable to "individual reserves entities", which refers to the lowest level at which reserves calculations are performed, and to "reported reserves", which refers to the highest level sum of individual entity estimates for which reserves estimates are presented. Reported reserves should target the following levels of certainty under a specific set of economic conditions:

- at least a 90% probability that the quantities actually recovered will equal or exceed the estimated proved reserves; and
- at least a 50% probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves.

A quantitative measure of the certainty levels pertaining to estimates prepared for the various reserves categories is desirable to provide a clearer understanding of the associated risks and uncertainties. However, the majority of reserves estimates are prepared using deterministic methods that do not provide a mathematically derived quantitative measure of probability. In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods.

Development and Production Status of Reserves

Each of the reserves categories (proved and probable) may be divided into developed and undeveloped categories:

- "**Developed reserves**" are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g., when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing.
  - "**Developed producing reserves**" are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.
  - "**Developed non-producing reserves**" are those reserves that either have not been on production, or have previously been on production but are shut-in and the date of resumption of production is unknown.
- "**Undeveloped reserves**" are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves category (proved or probable) to which they are assigned.

In multi-well pools it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to subdivide the developed reserves for the pool between developed producing and developed non-producing. This allocation should be based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities, and completion intervals in the pool and their respective development and production status.

Interest in Reserves, Production, Wells and Properties

"**Gross**" means: (a) in relation to Birchcliff's interest in production or reserves, Birchcliff's working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of Birchcliff; (b) in relation to wells, the total number of wells in which Birchcliff has an interest; and (c) in relation to properties, the total area of properties in which Birchcliff has an interest.

"**Net**" means: (a) in relation to Birchcliff's interest in production or reserves, Birchcliff's working interest (operating or non-operating) share after deduction of royalty obligations, plus Birchcliff's royalty interests in production or reserves; (b) in relation to Birchcliff's interest in wells, the number of wells obtained by aggregating Birchcliff's working interest in each of its gross wells; and (c) in relation to Birchcliff's interest in a property, the total area in which Birchcliff has an interest multiplied by the working interest owned by Birchcliff.

Forecast Prices and Costs

"**Forecast prices and costs**" mean future prices and costs that are: (a) generally accepted as being a reasonable outlook of the future; (b) if, and only to the extent that, there are fixed or presently determinable future prices or costs to which Birchcliff is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in paragraph (a).

SPECIAL NOTES TO READER

Boe and Mcfe Conversions

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

Production

With respect to the disclosure of Birchcliff's production contained in this Annual Information Form: (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. In certain cases, 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.

Unless otherwise indicated, the production volumes contained herein are presented on a gross basis.

F&D Capital Expenditures

Unless otherwise indicated, references in this Annual Information Form 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 general and administrative costs and excludes any net acquisitions and dispositions, administrative assets and the capitalized portion of cash incentive payments that have not been approved by the Board.

Third-Party Information

Certain market, independent third-party and industry data contained in this Annual Information Form is based upon information from government or independent industry publications and reports or is based on estimates derived from such publications and reports. Government and industry publications and reports generally indicate that they have obtained their information from sources believed to be reliable, but the Corporation has not conducted its own independent verification of such information. While the Corporation believes this data to be reliable, market and industry data is subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. The Corporation has not independently verified any of the data from independent third-party sources referred to in this Annual Information Form or ascertained the underlying assumptions relied upon by such sources. Actual outcomes may vary materially from any forecasts contained in such publications and reports, and the prospect for material variation can be expected to increase as the length of the forecast period increases.

Forward-Looking Statements

Certain statements contained in this Annual Information Form 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 Annual Information Form 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 Annual Information Form 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 is focused on the Montney/Doig Resource Play; that Birchcliff's vision is to be an industry-leading producer of profitable and sustainable natural gas and liquids from the Montney/Doig Resource Play, with the objective of delivering long-term shareholder value; that Birchcliff is focused on investing in and profitably growing its business, strengthening its balance sheet and providing a base dividend that is sustainable through commodity price cycles; that the COA allows Birchcliff to leverage cost optimization opportunities that exist between Birchcliff's Pouce Coupe Gas Plant and the Gordondale Facility; that multi-well pad drilling allows the Corporation to reduce its environmental footprint and helps it to keep its per well costs low; and that the Corporation's other properties may be used for future exploration and development;

- Birchcliff's 2025 capital program and the Corporation's proposed exploration and development activities and the timing thereof, including: estimates of F&D capital expenditures; the number and locations of wells to be drilled and brought on production; and that the Corporation's exploration and development activities for 2025 are expected to focus on the drilling of wells on the Montney/Doig Resource Play;

- Birchcliff's Elmworth property, including: that the Corporation's Montney land position in the Elmworth area provides Birchcliff with significant future inventory; that the Elmworth asset provides Birchcliff with a large potential future development area which can be responsibly developed over time; that as part of the Corporation's longer-term growth plans, the formal planning is underway for the construction of a proposed 100% owned and operated natural gas processing plant in the area; and that the horizontal well completed by Birchcliff in February 2025 is not currently planned to be tied in;

- potential acquisitions and dispositions of assets, including that the Corporation may in the future complete financings of equity or debt (which may be convertible into equity) for the purposes of financing acquisitions;

- 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;

- Birchcliff's processing, transportation and marketing arrangements, strategies and activities, including: that Birchcliff's excess transportation capacity on the NGTL System gives it the ability to increase its natural gas production and also allows the Corporation's current volumes to flow during most pipeline maintenance periods; that the Corporation's short-term Alliance arrangements help it to mitigate the impact of production curtailments on the NGTL System; that the Corporation enters into firm service arrangements for the transportation and processing of its natural gas, oil and NGLs production volumes in order to secure access to the infrastructure necessary to transport and process such volumes and renews, amends or enters into new firm service agreements from time to time; and the Corporation's belief that it should generally secure firm transportation sufficient for its current growth plans;

- Birchcliff's risk management strategy and use of risk management techniques, including that the Corporation continues to look for opportunities for various physical delivery sales contracts and financial instruments in order to provide it with geographical market diversification;
- Birchcliff's competitive position;
- the treatment under and the impact of existing and proposed governmental regulatory regimes and tax laws, including climate change and GHG legislation, including: the Corporation's expectation that current and future climate change regulations will have the effect of increasing the Corporation's operating expenses and, in the long-term, potentially reducing the demand for oil, natural gas and NGLs, resulting in a decrease in the Corporation's profitability and a reduction in the value of its assets or requiring impairments for financial statement purposes;
- estimates of decommissioning obligations;
- the information set forth under the heading *"Statement of Reserves Data and Other Oil and Gas Information"* and elsewhere in this Annual Information Form as it relates to the Corporation's reserves, including: estimates of reserves; estimates of the net present values of future net revenue associated with Birchcliff's reserves; forecasts of prices, inflation and exchange rates; the Corporation's expectation that the technical revisions relating to the 56 existing high-density producing wells that were drilled from 2019 to 2023 will not negatively impact future reserves booked for other existing or future wells; development plans for the Corporation's undeveloped reserves and the timing for the development of such reserves, including the number of wells forecast to be drilled and forecast facility expansions; that other than the factors identified in this Annual Information Form, the Corporation does not anticipate that any significant economic factors or significant uncertainties will affect any particular components of its reserves data; abandonment and reclamation costs; future development costs, the anticipated funding of such costs and the Corporation's expectation that interest or other funding costs would not make the development of any of its properties uneconomic; statements regarding wells that are currently non-producing and the anticipated timing for such wells to be brought on production; the amount of undeveloped lands on which Birchcliff expects the rights to explore, develop and exploit will expire within one year and that such expiries are not expected to materially affect the reserves attributable to Birchcliff's lands; the significant factors and uncertainties affecting Birchcliff's properties to which little to no reserves have been attributed; Birchcliff's forward contracts and transportation and processing commitments; Birchcliff's income tax horizon and estimated tax pools (including the Corporation's expectation that no cash income taxes will become payable on the Corporation's income for the financial year ended December 31, 2025 and that it will not be required to pay any material cash income taxes until 2030); and production estimates;
- industry conditions pertaining to the oil and natural gas industry, including: statements regarding the effects of new and changing regulations (including with respect to environmental, climate change and Indigenous relations) on the future of the oil and natural gas industry in Canada; and statements regarding oil, natural gas and LNG infrastructure projects (including the anticipated timing for such projects to be completed or be in service and the production or export capacity of such projects);
- Birchcliff's expectations regarding its ability to raise capital and to continually add to reserves through acquisitions and development;
- Birchcliff's dividend policy and the payment of dividends, including the Corporation's annual base dividend of \$0.12 per Common Share for 2025, which is expected to be declared and paid quarterly at the rate of \$0.03 per Common Share, at the discretion of the Board;
- Birchcliff's normal course issuer bid, including potential purchases under the bid and the cancellation of Common Shares purchased under the bid;
- Birchcliff's Credit Facilities, including the timing of semi-annual reviews; and

- legal proceedings against the Corporation, including the Steelhead Claim.

Statements relating to reserves are forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions, that the reserves exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future. See *"Presentation of Oil and Gas Reserves".*

With respect to the forward-looking statements contained in this Annual Information Form, 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 Annual Information Form:

- With respect to Birchcliff's forecast of F&D capital expenditures for 2025, such forecast 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.

- 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.

- With respect to statements regarding the future potential and prospectivity of properties and assets, such statements assume: the continuing validity of the geological and other technical interpretations performed by Birchcliff's technical staff with respect to such properties; and that, over the long-term, commodity prices and general economic conditions will warrant proceeding with the exploration and development of such properties.

- With respect to estimates of reserves volumes and the net present values of future net revenue associated with Birchcliff's reserves, the key assumption is the validity of the data used by Deloitte in the Deloitte Report.

- With respect to Birchcliff's expectation that it will not be required to pay any material cash income taxes until 2030, such expectation is based on the current tax regime in Canada, the Corporation's estimated income tax pools available and the forecasts of commodity prices, spending and production set forth in the Corporation's most recent 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.

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 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); political uncertainty and uncertainty associated with government policy changes, including the risk of U.S. tariffs on goods exported from Canada and any retaliatory tariffs implemented; 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; 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).

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 this Annual Information Form and annual management's discussion and analysis for the financial year ended December 31, 2024 under the heading *"Risk Factors"* and in other reports filed with Canadian securities regulatory authorities.

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

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

BIRCHCLIFF ENERGY LTD.

Overview

Birchcliff is an intermediate oil and natural gas company based in Calgary, Alberta that is engaged in the business of exploring for, developing and producing natural gas, light oil, condensate and other NGLs. All of the Corporation's assets are located in the Province of Alberta, where the Corporation is focused on the Montney/Doig Resource Play. Within the Montney/Doig Resource Play, Birchcliff's operations are primarily concentrated in the Pouce Coupe and Gordondale areas of Alberta where it owns large, contiguous blocks of high working interest land. Birchcliff has also strategically built a large, contiguous, 100% working interest Montney land position in the Elmworth area of Alberta, located to the south of the Corporation's Pouce Coupe and Gordondale assets. See *"Description of the Business"*.

Birchcliff's vision is to be an industry-leading producer of profitable and sustainable natural gas and liquids from the Montney/Doig Resource Play, with the objective of delivering long-term shareholder value. Birchcliff is focused on investing in and profitably growing its business, strengthening its balance sheet and providing a base dividend that is sustainable through commodity price cycles.

Birchcliff's Common Shares are listed for trading on the TSX under the trading symbol "BIR". See *"Market for Securities"*.

The registered and head office of the Corporation is located at Suite 1000, 600 – 3rd Avenue S.W., Calgary, Alberta T2P 0G5.

Corporate Structure

The Corporation was incorporated on July 6, 2004 under the ABCA as "1116463 Alberta Ltd." and on September 10, 2004, the Corporation amended its articles to change its name to "Birchcliff Energy Ltd." On January 18, 2005, the Corporation amalgamated under the ABCA with Scout Capital Corp., a public corporation, pursuant to a plan of arrangement under the ABCA to form an amalgamated corporation under the name "Birchcliff Energy Ltd." On May 31, 2005, the Corporation amalgamated under the ABCA with Veracel Inc., a private company, pursuant to a plan of arrangement under the ABCA to form an amalgamated corporation under the name "Birchcliff Energy Ltd."

On August 3, 2012, the Corporation amended its articles to create the Series A Preferred Shares and the Series B Preferred Shares. On June 13, 2013, the Corporation amended its articles to create the Series C Preferred Shares. All of the issued and outstanding Series A Preferred Shares and Series C Preferred Shares were redeemed by the Corporation on September 30, 2022 and subsequently cancelled. See *"General Development of the Business – Three-Year History – 2022 – Redemption of the Series A and Series C Preferred Shares"*.

The Corporation does not have any subsidiaries.

GENERAL DEVELOPMENT OF THE BUSINESS

Three-Year History

A description of the significant developments in the business of the Corporation over the last three completed financial years is set forth below.

2022

Executive Leadership Changes

Effective January 1, 2022, the following changes were made to the Corporation's executive leadership team: (i) Christopher Carlsen, previously Vice President, Engineering, was appointed as President and Chief Operating Officer, with Jeff Tonken remaining as Chief Executive Officer and Chairman of the Board; (ii) Bruno Geremia was appointed as Executive Vice President and Chief Financial Officer (previously Vice President and Chief Financial Officer), Myles Bosman was appointed as Executive Vice President, Exploration (previously Vice President, Exploration and Chief Operating Officer) and David Humphreys was appointed as Executive Vice President, Operations (previously Vice President, Operations); and (iii) Robyn Bourgeois was appointed as Vice President, Legal, General Counsel and

Corporate Secretary, Hue Tran was appointed as Vice President, Business Development and Marketing and Theo van der Werken was appointed as Vice President, Engineering.

2022 Capital Budget

On January 19, 2022, the Corporation announced that the Board had approved an F&D capital budget of $240 million to $260 million for 2022.

Credit Facilities

On May 3, 2022, the agreement governing the Credit Facilities was amended to extend the maturity dates of each of the Syndicated Credit Facility and the Working Capital Facility from May 11, 2024 to May 11, 2025. In addition, the lenders under the Credit Facilities confirmed the borrowing base limit at $850 million.

Increased Common Share Dividend

On May 11, 2022, the Corporation announced that the Board had declared a quarterly cash dividend of $0.02 per Common Share for the quarter ending June 30, 2022, an increase from $0.01 per Common Share declared for the previous quarter.

Redemption of the Series A and Series C Preferred Shares

On September 30, 2022, the Corporation redeemed all of its 2,000,000 issued and outstanding Series A Preferred Shares and all of its 1,528,219 issued and outstanding Series C Preferred Shares, in each case, for a redemption price equal to $25.00 per share.

Increased 2022 Capital Budget and Special Common Share Dividend

On October 13, 2022, the Corporation announced that the Board had: (i) approved an increased F&D capital budget for 2022, with F&D capital expenditures in 2022 expected to be $355 million to $365 million; and (ii) declared a special dividend of $0.20 per Common Share payable on October 28, 2022.

2023

2023 Capital Budget and Annual Base Dividend

On January 18, 2023, the Corporation announced that the Board had approved: (i) an F&D capital budget of $260 million to $280 million for 2023; and (ii) an annual base dividend of $0.80 per Common Share for 2023, to be declared and paid quarterly at the rate of $0.20 per Common Share, at the discretion of the Board.

Announcement of Elmworth Land Position

On May 10, 2023, the Corporation disclosed the details of its land position on the Montney/Doig Resource Play in Elmworth, Alberta. See *"Description of the Business – Principal Properties – Elmworth"*.

Announcement of Executive Leadership Changes and Appointment of Director

On October 4, 2023, the Corporation announced: (i) the retirement of Jeff Tonken as Chief Executive Officer effective December 31, 2023 and the appointment of Christopher Carlsen as President and Chief Executive Officer effective January 1, 2024; (ii) the retirement of Myles Bosman, Executive Vice President, Exploration, and David Humphreys, Executive Vice President, Operations, effective December 31, 2023 and certain other executive leadership changes effective January 1, 2024; and (iii) the appointment of Cameron Proctor to the Board effective October 4, 2023. See *"General Development of the Business – Three-Year History – 2024 – Executive Leadership Changes".*

Increased 2023 Capital Budget

On November 14, 2023, the Corporation announced that the Board had accelerated approximately $20 million of capital expenditures from 2024 into Q4 2023, resulting in the Corporation's F&D capital budget for 2023 expected to be approximately $300 million.

2024

Executive Leadership Changes

Following the retirements of Jeff Tonken, Myles Bosman and David Humphreys as executive officers of the Corporation on December 31, 2023, the following changes were made to the Corporation's executive leadership team effective January 1, 2024: (i) Christopher Carlsen, formerly President and Chief Operating Officer, was appointed as President and Chief Executive Officer, with Mr. Tonken remaining as Chairman of the Board; (ii) Theo van der Werken, previously Vice President, Engineering, was appointed as Chief Operating Officer; and (iii) Duane Thompson, previously the Corporation's Production Manager, was appointed as Vice President, Operations. See *"Directors and Officers".*

2024 Capital Budget and Annual Base Dividend

On January 17, 2024, the Corporation announced that the Board had approved: (i) an F&D capital budget of $240 million to $260 million for 2024; and (ii) an annual base dividend of $0.40 per Common Share for 2024, to be declared and paid quarterly at the rate of $0.10 per Common Share, at the discretion of the Board. See *"Dividend and Distribution Policy".*

Credit Facilities

On May 6, 2024, the agreement governing the Credit Facilities was amended to extend the maturity dates of each of the Syndicated Credit Facility and the Working Capital Facility from May 11, 2025 to May 11, 2027. In addition, the lenders under the Credit Facilities confirmed the borrowing base limit at $850 million. For additional information regarding the Credit Facilities, see "*Description of Capital Structure – Credit Facilities"*.

Long-Term Contract Operating Arrangement for the Gordondale Facility

On June 13, 2024, Birchcliff and AltaGas announced that they had entered into the COA, pursuant to which Birchcliff assumed operatorship of the Gordondale Facility effective July 1, 2024. This arrangement allows Birchcliff to leverage cost optimization opportunities that exist between Birchcliff's Pouce Coupe Gas Plant and the Gordondale Facility, which are located approximately six miles apart and are pipeline connected. In connection with the entering into of the COA, the Gordondale Processing Agreement was amended effective July 1, 2024 (see *"Description of the Business – Processing Arrangements – Natural Gas"*) and Birchcliff entered into a long-term arrangement for the sale of butane by Birchcliff to an affiliate of AltaGas (see *"Description of the Business – Marketing and Risk Management – Light Oil and NGLs"*).

Recent Developments

On January 22, 2025, the Corporation announced that the Board had approved: (i) an F&D capital budget of $260 million to $300 million for 2025; and (ii) an annual base dividend of $0.12 per Common Share for 2025, which is expected to be declared and paid quarterly at the rate of $0.03 per Common Share, at the discretion of the Board. See *"Dividend and Distribution Policy".*

Significant Acquisitions

The Corporation did not complete any significant acquisitions during the financial year ended December 31, 2024 for which disclosure is required under Part 8 of NI 51-102.

The Corporation evaluates potential acquisitions of all types of oil and natural gas and other energy-related assets and/or companies as part of its ongoing business and is regularly in the process of evaluating several potential acquisitions at any one time, which individually or together could be material. Birchcliff cannot predict whether any current or future opportunities will result in one or more acquisitions for the Corporation. In addition, the Corporation may in the future complete financings of equity or debt (which may be convertible into equity) for the purposes of financing acquisitions. See *"Risk Factors".*

DESCRIPTION OF THE BUSINESS

Overview

The Corporation is an intermediate oil and natural gas company based in Calgary, Alberta that is engaged in the business of exploring for, developing and producing natural gas, light oil, condensate and other NGLs. The Corporation is focused on the Montney/Doig Resource Play in Alberta, which management considers to be one of the premier resource plays in North America. The Corporation owns and controls many of the significant facilities and infrastructure it relies upon to handle the majority of its production, including its 100% owned and operated Pouce Coupe Gas Plant.

Principal Properties

The following is a description of the Corporation's principal oil and natural gas properties as at December 31, 2024.

Overview of the Montney/Doig Resource Play

Birchcliff's Montney/Doig Resource Play is centred approximately 95 km northwest of Grande Prairie, Alberta. At December 31, 2024, Birchcliff held 392 (382 net) sections of land that have potential for development in the Montney/Doig Resource Play, with an average working interest of approximately 98%, and essentially all of its production and proved plus probable reserves were attributable to the play.

The Montney/Doig Resource Play in Birchcliff's areas of operations is approximately 300 metres (1,000 feet) thick. The play has a large areal extent, covering in excess of 50,000 square miles. The Montney/Doig Resource Play exists in two geological formations (the Montney and the Doig) and Birchcliff has divided the geologic column in its areas of operations into six drilling intervals from the youngest (top) to the oldest (bottom): (i) the Basal Doig/Upper Montney; (ii) the Montney D4; (iii) the Montney D3; (iv) the Montney D2; (v) the Montney D1; and (vi) the Montney C. At December 31, 2024, the Corporation has successfully drilled and cased an aggregate of 586 (585.3 net) Montney/Doig horizontal wells on the Montney/Doig Resource Play. Of these wells, an aggregate of 567 (567.0 net) wells have been completed and brought on production, consisting of:

- 99 (99.0 net) wells in the Basal Doig/Upper Montney interval;
- 13 (13.0 net) wells in the Montney D4 interval;
- 69 (69.0 net) wells in the Montney D2 interval;
- 365 (365.0 net) wells in the Montney D1 interval; and
- 21 (21.0 net) wells in the Montney C interval.

To date, the Corporation has not drilled any wells in the Montney D3 interval.

Birchcliff is developing its Montney/Doig Resource Play through the use of horizontal drilling and multi-stage fracture stimulation technology. Over the last several years, Birchcliff has focused on multi-well pad drilling, which allows the Corporation to reduce its environmental footprint and helps it to keep its per well costs low. Birchcliff continues to utilize geology, geophysics, engineering and data science/analytics to assist with its land evaluation, portfolio optimization and well planning, including acquiring and utilizing 3D seismic and subsurface diagnostics to reduce risk and optimize well placement on its horizontal wells.

Within the Montney/Doig Resource Play, the Corporation's operations are primarily concentrated in the Pouce Coupe and Gordondale areas of Alberta where it owns large, contiguous blocks of high working interest land. Birchcliff also has a significant, largely undeveloped Montney land position in the Elmworth area of Alberta, which is located to the south of the Corporation's Pouce Coupe and Gordondale assets and provides Birchcliff with significant future inventory. These areas are described in further detail below.

Pouce Coupe

The Corporation's Pouce Coupe area is located northwest of Grande Prairie, Alberta. At December 31, 2024, the Corporation held an aggregate of 219 (199 net) sections of land in the area with an average working interest of approximately 91%. In the Pouce Coupe area, Birchcliff is drilling horizontal Montney/Doig wells targeting finer-textured, hydrocarbon gas and liquid-saturated sandstone reservoirs.

The Corporation's annual average production in Pouce Coupe in 2024 was 54,091 boe/d (295,579 Mcf/d of natural gas, 44 bbls/d of light oil, 2,991 bbls/d of condensate and 1,793 bbls/d of other NGLs). In 2024, Pouce Coupe accounted for approximately:

- 71% of the Corporation's total corporate production;
- 78% of the Corporation's total natural gas production, 2% of the Corporation's total light oil production, 68% of the Corporation's total condensate production and 25% of the Corporation's total other NGLs production;
- 74% of the Corporation's total F&D capital expenditures; and
- 76.6% of the Corporation's total proved plus probable reserves at December 31, 2024.

The Corporation drilled and brought 21 (21.0 net) wells on production in Pouce Coupe in 2024 (see *"Description of the Business – Drilling Program"*). The Corporation's 2025 capital program contemplates the drilling and bringing on production of 22 (22.0 net) wells in Pouce Coupe in 2025.

Significant infrastructure used by Birchcliff in the area includes the Pouce Coupe Gas Plant. See *"Description of the Business – Facilities"* and *"Description of the Business – Processing Arrangements"* for further information regarding the Pouce Coupe Gas Plant.

Gordondale

The Corporation's Gordondale area is located northwest of Grande Prairie, Alberta. At December 31, 2024, the Corporation held an aggregate of 126 (94 net) sections of land in the area with an average working interest of approximately 75%. In the Gordondale area, Birchcliff is drilling horizontal Montney wells targeting distal, dolomitic siltstone reservoir, as well as very fine to medium-grained dolomitic sands. The reservoir composition in Gordondale varies from volatile oil to condensate-rich natural gas.

The Corporation's annual average production in Gordondale in 2024 was 22,531 boe/d (83,074 Mcf/d of natural gas, 1,972 bbls/d of light oil, 1,429 bbls/d of condensate and 5,284 bbls/d of other NGLs). In 2024, Gordondale accounted for approximately:

- 29% of the Corporation's total corporate production;
- 22% of the Corporation's total natural gas production, 98% of the Corporation's total light oil production, 32% of the Corporation's total condensate production and 75% of the Corporation's total other NGLs production;
- 19% of the Corporation's total F&D capital expenditures; and
- 22.8% of the Corporation's total proved plus probable reserves at December 31, 2024.

The Corporation drilled and brought 6 (6.0 net) wells on production in Gordondale in 2024 (see *"Description of the Business – Drilling Program"*). The Corporation's 2025 capital program contemplates the drilling and bringing on production of 4 (4.0 net) wells in Gordondale in 2025.

Significant infrastructure used by Birchcliff in the area includes the Gordondale Facility and the Pembina Facility. See *"Description of the Business – Processing Arrangements"* for further information regarding Birchcliff's processing arrangements at these facilities.

Elmworth

The Corporation's Elmworth area is located west and northwest of Grande Prairie, Alberta and approximately 25 km to the south of the Corporation's Pouce Coupe and Gordondale properties. At December 31, 2024, the Corporation held an aggregate of approximately 145 non-confidential sections of largely undeveloped land in the area. The Elmworth asset provides Birchcliff with a large potential future development area which can be responsibly developed over time, leveraging the extensive knowledge that Birchcliff has gained in developing its Pouce Coupe and Gordondale assets. As part of the Corporation's longer-term growth plans, the formal planning is underway for the construction of a proposed 100% owned and operated natural gas processing plant in the area.

The Corporation drilled 1 (1.0 net) horizontal well and 1 (1.0 net) vertical well in Elmworth in 2024 (see *"Description of the Business – Drilling Program"*). Birchcliff completed the horizontal well in February 2025 in order to continue a number of sections of Montney lands in the area and the well is not currently planned to be tied in.

Other Properties

The Corporation's portfolio includes various other properties, which may be used for future exploration and development. Birchcliff's annual average production and F&D capital expenditures for its other properties in 2024 represented less than 1% of the Corporation's total annual average production and total F&D capital expenditures.

Landholdings

The Corporation's land base primarily consists of large, contiguous blocks of high working interest acreage located near facilities owned and/or operated by Birchcliff or near third-party infrastructure. The Corporation's land activities during 2024 included: (i) the acquisition of 22 (17 net) sections of Crown and third-party lands; and (ii) the disposition of 10 (9 net) sections of land pursuant to various non-core dispositions and land expiries. The Corporation's undeveloped land base at December 31, 2024 was 154,790 (131,763 net) acres, or 242 (206 net) sections, with an average working interest of approximately 85%.

Drilling Program

The following table sets forth the number of wells Birchcliff drilled and brought on production in 2024, all of which were at 100% working interest:

		Number of wells drilled in 2024(1)	Number of wells brought on production in 2024(1)
Pouce Coupe			
04-30 (5-well pad)	Montney D1	0(2)	5
16-17 (5-well pad)	BD/UM	1	1
	Montney D1	3	3
	Montney D4	1	1
16-15 (6-well pad)	Montney D1	6	6
10-22 (5-well pad)	Montney D1	5	5
04-05 (5-well pad)	Montney D1	5	0(3)
Gordondale			
02-27 (2-well pad)	Montney D1	1	1
	Montney D2	1	1
01-10 (4-well pad)	Montney D1	4	4
Elmworth			
13-09 vertical	Montney	1	0
01-28 horizontal	Montney	1	0
	TOTAL	**29**	**27**

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

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

(3) The five wells drilled on the 04-05 pad were turned over to production in March 2025.

Facilities

The following table sets forth the major processing or treatment facilities in which the Corporation held a working interest at December 31, 2024:

Facility Description(1)	Area and Location	Birchcliff Operated	Working Interest
Pouce Coupe Gas Plant	Pouce Coupe (03-22-78-12W6M)	Yes	100%
Oil battery	Gordondale (02-06-79-11W6M)	Yes	100%
Oil battery	Gordondale (07-29-78-11W6M)	Yes	100%

(1) The Corporation does not have a working interest in either the Gordondale Facility or the Pembina Facility. Accordingly, neither of these facilities are included in the table above.

At December 31, 2024, Birchcliff also held various working interests in numerous other gas plants, oil batteries, compressors, facilities and infrastructure.

Pouce Coupe Gas Plant

Birchcliff's 100% owned and operated Pouce Coupe Gas Plant, which is currently licenced to process up to 340 MMcf/d of raw natural gas, is located in the heart of the Corporation's Montney/Doig Resource Play in the Pouce Coupe area. The strategically situated site for the Pouce Coupe Gas Plant enables the Corporation to control and operate all essential infrastructure from wellhead to sales point. The low per unit operating costs of the Pouce Coupe Gas Plant and related infrastructure give the Corporation a strong competitive advantage over other producers who are paying for third-party natural gas processing.

The Pouce Coupe Gas Plant was constructed in six separate phases as set forth in the table below:

Phase	Phase Capacity	Total Combined Raw Processing Capacity	Commencement of Operations
Phase I	30 MMcf/d	30 MMcf/d	March 2010
Phase II	30 MMcf/d	60 MMcf/d	November 2010
Phase III	90 MMcf/d	150 MMcf/d	October 2012
Phase IV	30 MMcf/d	180 MMcf/d	September 2014
Phase V	80 MMcf/d	260 MMcf/d	September 2017
Phase VI	80 MMcf/d	340 MMcf/d	August 2018

In the fourth quarter of 2018, the Corporation completed the re-configuration of Phases V and VI to provide for shallow-cut capability which allows the Corporation to extract additional C3+ from the natural gas stream. In the third quarter of 2020, Birchcliff completed its 20,000 bbls/d (50% condensate, 50% water) inlet liquids-handling facility at the Pouce Coupe Gas Plant in order to handle increased condensate volumes in Pouce Coupe. Birchcliff also added shallow-cut capability to Phases III and I/II in 2020 and 2022, respectively, to further increase C3+ recovery. In 2024, a pipeline connection was completed to transport extracted C3+ to market via Pembina's Northern Pipeline System.

The Pouce Coupe Gas Plant meets or exceeds all AER and Alberta Environment requirements. The facility employs energy efficient equipment to optimize performance and keep operating costs low. The Pouce Coupe Gas Plant uses an amine system to remove acid gas (H_2S and CO_2) and refrigeration to meet pipeline hydrocarbon dew point specifications. The acid gas that is extracted is injected into a high-quality reservoir via two wells located at or adjacent to the site of the Pouce Coupe Gas Plant.

Processing Arrangements

Natural Gas

The vast majority of the Corporation's natural gas production is processed at the Pouce Coupe Gas Plant and the Gordondale Facility, with the remainder processed at third-party facilities. See *"Description of the Business – Facilities – Pouce Coupe Gas Plant"* for information on the Pouce Coupe Gas Plant.

Under the Gordondale Processing Agreement, which was amended in connection with the entering into of the COA, Birchcliff is provided with up to 120 MMcf/d of natural gas processing on a firm service basis at the Gordondale Facility and Birchcliff's take-or-pay obligation is 100 MMcf/d. The Gordondale Facility continues to operate under the Gordondale Processing Agreement, with Birchcliff as operator for the remainder of the processing agreement's term, which will continue until at least December 31, 2032.

Light Oil and NGLs

NGLs (including condensate) extracted from the natural gas stream at the Gordondale Facility are fractionated at the Pembina Facility where Birchcliff has firm access to 9,000 bbls/d of fractionation capacity. NGLs (including condensate) extracted from the natural gas stream at the Pouce Coupe Gas Plant are fractionated at a third-party facility located in Fort Saskatchewan, Alberta where Birchcliff has firm access to 3,300 bbls/d of fractionation capacity.

The vast majority of the Corporation's light oil production from the Gordondale area is processed at the Corporation's oil batteries.

Transportation Arrangements

Natural Gas

The vast majority of the Corporation's natural gas production is transported to market on the NGTL System to Alberta NOVA Inventory Transfer (NIT), where it is sold at AECO, or the NGTL System to Empress, Alberta, where it is either sold or further transported on TCPL's Canadian Mainline to Dawn, Ontario. The Corporation employs a combination of firm and interruptible receipt pipeline service to deliver such production.

For 2025, the Corporation has approximately 527 MMcf/d of firm transportation receipt service on the NGTL System. The Corporation's transportation commitments are in excess of its forecast annual average natural gas production for 2025. This excess transportation capacity gives the Corporation the ability to increase its natural gas production and also allows the Corporation's current volumes to flow during most pipeline maintenance periods. In order to reduce the costs associated with carrying this excess transportation capacity, Birchcliff from time to time enters into arrangements whereby it assigns portions of its available excess transportation capacity to other entities.

The Corporation also has firm service transportation for an aggregate of 175,000 GJ/d of natural gas on TCPL's Canadian Mainline, whereby natural gas is transported from the Empress receipt point in Alberta to the Dawn trading hub located in Southern Ontario. The first tranche of this service (120,000 GJ/d) became available to Birchcliff on November 1, 2017, the second tranche (30,000 GJ/d) became available on November 1, 2018 and the third tranche (25,000 GJ/d) became available on November 1, 2019. Each tranche has a 10-year term.

The Pouce Coupe Gas Plant is also tied into the Alliance Pipeline through Birchcliff's meter station located at Moose Creek, Alberta. Although the Corporation does not have firm transportation service on the Alliance Pipeline, this connection provides the Corporation with the ability to purchase transportation service, either from Alliance directly or other third parties, from time to time when available. Typically, such arrangements are done on a short-term basis and are subject to availability and Birchcliff being able to obtain an acceptable price for such service. These short-term arrangements can help the Corporation to mitigate the impact of production curtailments on the NGTL System.

Light Oil and NGLs

The vast majority of the Corporation's light oil production is transported on the Pembina Peace Pipeline to Edmonton, Alberta and the Corporation's NGLs production is transported on the Pembina Pipeline system to Fort Saskatchewan, Alberta. The Corporation employs a combination of firm and interruptible pipeline service to deliver such production.

Marketing and Risk Management

Natural Gas

The Corporation's natural gas production is primarily sold to third-party marketers at the AECO month ahead (7A) or daily (5A) index price and the Dawn daily index price. Birchcliff may also enter into sales agreements with third-party marketers from time to time, when available, to sell and deliver natural gas into the Alliance Pipeline system.

Light Oil and NGLs

The Corporation's light oil production is primarily sold to third-party marketers on a monthly basis. The pricing is either based on an index price or is a netback or posted price provided by the marketer.

The majority of the Corporation's NGLs production (including condensate) is currently sold to third-party marketers, mid-streamers and end-users under contracts that commence on April 1 of the calendar year and run for one or two years. The pricing is typically based on available index prices.

The Corporation also has the following longer-term arrangements for the sale of its NGLs:

- The Corporation has an agreement to sell ethane and propane for a term extending until 2026 (the "**2026 Agreement**"). The ethane is sold at an indexed-based price and propane is sold at the buyer's posted propane price.
- The Corporation has an agreement to sell propane to an affiliate of AltaGas whereby 50% of Birchcliff's excess propane (as such term is defined in the agreement) is sold on a firm basis from the date of commencement of commercial operations of AltaGas' Ridley Island Propane Export Terminal in British Columbia (which commenced operations in May 2019) to the expiry of the 2026 Agreement, which then increases to 1,000 bbls/d to the earlier of March 31, 2033 and the end of the contract year in which the Gordondale Processing Agreement expires. The propane is sold at the Far East Index price netted back to the delivery location (Fort Saskatchewan, Alberta).
- The Corporation has an agreement to sell 1,000 bbls/d of butane on a firm basis to an affiliate of AltaGas, commencing April 1, 2025 to the earlier of March 31, 2033 and the end of the contract year in which the Gordondale Processing Agreement terminates or expires. The butane is sold at the Far East Index price netted back to the delivery location (Fort Saskatchewan, Alberta).
- The Corporation is party to a long-term agreement to deliver propane to a third-party at Fort Saskatchewan, Alberta, which commenced April 1, 2023. As part of this agreement, the Corporation receives a netback price for the derivative product produced from such propane.

Risk Management

The Corporation also engages in risk management using financial instruments. For further information regarding the Corporation's risk management activities, see *"Statement of Reserves Data and Other Oil and Gas Information – Other Oil and Gas Information – Forward Contracts and Transportation and Processing Obligations"* and the Corporation's annual audited financial statements and related management's discussion and analysis for the year ended December 31, 2024.

Petroleum and Natural Gas Production and Sales

During 2024, the Corporation's annual average production was 76,695 boe/d and the products produced and sold by the Corporation were natural gas, light oil, condensate and other NGLs. The following table sets forth the Corporation's annual average production for the year ended December 31, 2024:

Product	Annual Average Daily Production	% of Annual Average Daily Production
Natural gas	379,040 Mcf/d	82%
Light oil	2,017 bbls/d	3%
Condensate	4,425 bbls/d	6%
Other NGLs	7,080 bbls/d	9%

Excluding the effects of financial instruments but including the effects of any physical delivery contracts, the Corporation's average realized sales price during 2024 was $2.05/Mcf for natural gas (2023: $3.03/Mcf), $98.90/bbl for light oil (2023: $99.07/bbl), $99.66/bbl for condensate (2023: $103.76/bbl) and $26.37/bbl for other NGLs (2023: $26.92/bbl). The following table sets forth the sales revenue for the Corporation's natural gas, light oil, condensate and other NGLs for the years ended December 31, 2024 and December 31, 2023:

Product *($000s)*	2024 Sales(1)	2023 Sales(1)
Natural gas	284,035	414,336
Light oil	73,004	66,848
Condensate	161,405	197,032
Other NGLs	68,339	61,969

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

The Corporation's revenue is highly dependent upon the prices that it receives for natural gas, light oil, condensate and other NGLs and such prices are closely correlated to the benchmark prices of oil and natural gas. See *"Risk Factors – Commodity Prices"*.

Competitive Conditions

The oil and natural gas industry is highly competitive in all of its phases. The Corporation competes with numerous other entities for land, acquisitions of reserves, access to drilling and service rigs and other equipment, access to transportation and access to skilled technical and operating personnel, among other things. The Corporation's competitors include oil and natural gas companies that have substantially greater financial resources, staff and facilities than those of the Corporation. See *"Risk Factors – Industry Competition*".

Management believes that the Corporation has a competitive advantage based upon the following:

- the Corporation has a concentrated asset base within the Montney/Doig Resource Play, with the Corporation owning large, contiguous blocks of high working interest land in Pouce Coupe, Gordondale and Elmworth;
- the Corporation owns and controls many of the significant facilities and infrastructure that it relies upon to handle the majority of its production, including its 100% owned and operated Pouce Coupe Gas Plant;
- the Corporation has developed significant expertise on the exploration and development of the Montney/Doig Resource Play over the past 20 years and developed an in-depth understanding of the oil and gas pools, rock properties and petrophysical characteristics and reservoir parameters of the play;
- the Corporation's various operational and technical teams have a well-established track record of technical proficiency and operational success;
- the Corporation's significant long-term water storage capacity provides water security and availability for hydraulic fracturing operations; and
- the Corporation's assets are located entirely in the Province of Alberta, which reduces regulatory complexity as compared to competitors operating in multiple jurisdictions.

The Corporation attempts to enhance its competitive position by operating in areas where it believes its technical personnel are able to reduce some of the risks associated with exploration, production and marketing because such personnel are familiar with the areas.

Seasonal and Cyclical Factors

The level of activity in the Canadian oil and natural gas industry is influenced by seasonal weather patterns. Wet weather and spring thaw may make the ground unstable, which may prevent, delay or make operations more difficult. Consequently, municipalities and provincial transportation departments enforce road bans that restrict the movement of rigs and other heavy equipment, thereby reducing activity levels. Road bans and other restrictions generally result in a reduction of drilling and exploration activities and may also result in the shut-in of some of the Corporation's production if not otherwise tied-in. In addition, certain oil and natural gas producing properties may be located in areas that are inaccessible other than during the winter months because the ground surrounding the sites in these areas consists of swampy terrain. Further, extreme cold weather, heavy snowfall and heavy rainfall may restrict the Corporation's ability to access its properties, cause operational difficulties and delays, damage infrastructure or equipment and contribute to personnel injury because of dangerous working conditions. Seasonal factors and unexpected weather patterns may lead to declines in exploration and production activity and a corresponding variability in the Corporation's production. The Corporation attempts to mitigate the risks associated with seasonal factors by carefully planning its activities around seasonal weather patterns and by constructing roads and work sites that are useable under both wet and dry conditions. See *"Risk Factors – Climate Change"* and *"Risk Factors – Seasonality and Extreme Weather"*.

In addition, the Corporation's operational results and financial condition are highly dependent on the prices it receives for its oil, natural gas and NGLs production. Oil and natural gas prices have fluctuated widely in recent years. Commodity prices are determined by supply and demand factors, including weather and general economic and geopolitical conditions, as well as egress and processing constraints and conditions in other oil and natural gas regions. Declines in commodity prices adversely affect the Corporation's business and financial condition. See *"Risk Factors – Commodity Prices".* The Corporation attempts to mitigate such price risk through closely monitoring the various commodity markets, diversifying its sales portfolio and engaging in risk management activities, as deemed appropriate. See *"Description of the Business – Marketing and Risk Management – Risk Management"* and *"Statement* *of Reserves Data and Other Oil and Gas Information – Other Oil and Gas Information – Forward Contracts and Transportation and Processing Obligations".*

Environmental, Social and Governance

Health, Safety and Environmental Programs

Birchcliff is committed to continually evolving and improving its health and safety program (the "**H&S Program**") and its environmental management program (the "**EM Program**") and to conducting its activities in a manner that safeguards its employees, contractors, representatives, the public and the environment where the Corporation operates. Birchcliff's executives, managers, employees and others engaged on its behalf are responsible for upholding the requirements of its H&S and EM Programs.

Pursuant to the H&S Program, Birchcliff maintains a safe work environment with policies, standards, training, operating procedures, safety equipment and emergency response procedures that meet or exceed governmental regulations and industry recommended practices. Employees and contractors on Birchcliff's worksites are required to follow all health, safety and environmental rules and procedures outlined in the H&S Program and to participate in pertinent health and safety training.

Birchcliff's EM Program focuses on minimizing the environmental impact of its operations while meeting regulatory requirements and corporate standards. The EM Program encompasses a number of different corporate programs, including with respect to site planning and construction, surface water release, fugitive emissions management, abandonment and suspension, remediation and reclamation, naturally occurring radioactive materials and the management of vegetation, storage, waste and spills.

Emergency Response Plan

The Corporation maintains an emergency response plan. In order to best prepare for emergencies, the Corporation typically conducts annual full-scale emergency response plan exercises, with additional tabletop emergency response exercises conducted throughout the year. Following the annual exercises, debriefs are conducted with participants to identify key learnings that can be incorporated, thereby increasing the Corporation's level of preparedness. The Corporation also typically provides annual training for key responder roles.

Alberta Certificate of Recognition (COR) Safety Program

Birchcliff participates in Alberta's COR Safety Program and has received and maintained a COR certification since 2011. This certification demonstrates that the employer's health and safety management system has been evaluated by a certified auditor and meets provincial safety standards, as established by Alberta Occupational Health and Safety. Birchcliff's H&S Program is audited externally every three years by an independent auditor and internally every year by a certified auditor.

Asset Integrity

Birchcliff works diligently to maintain the safety and integrity of its facility and pipeline infrastructure and maintains two separate integrity programs: a pressure equipment integrity program and a pipeline integrity program. The Corporation's asset integrity group manages its pressure equipment integrity program in compliance with the Alberta Boilers Safety Association requirements and its pipeline integrity program in compliance with AER requirements. These programs are audited internally on an annual basis by a qualified professional and externally on a periodic basis by an independent auditor to evaluate their effectiveness and are updated based on the findings from such audits.

The Corporation's Chief Inspector and asset integrity group make use of databases and associated work tracking systems to ensure that all integrity tasks (inspections, pigging, etc.) are scheduled and completed according to the requirements set forth in the Corporation's programs.

Environmental Assessments and Audits

Environmental assessments are typically undertaken for new projects or when acquiring new properties or facilities in order to identify, assess and minimize environmental risks and operational exposures. The Corporation conducts audits of operations to confirm compliance with internal standards and to stimulate improvement in practices where needed. Documentation is maintained to support internal accountability and measure operational performance against recognized industry indicators to assist in achieving the objectives of its policies and programs.

Community and Stakeholder Relations

Fostering a strong relationship with the community and its stakeholders is integral to the success of the Corporation. The Corporation believes cooperative, sincere and responsive consultation efforts with stakeholders in the communities where Birchcliff operates creates a solid foundation for its business. Birchcliff has an experienced team working with local stakeholders to learn their values and priorities and to resolve any issues or concerns that arise.

Birchcliff recognizes the role that communities play in its success and participates in a number of community support endeavours in the areas surrounding its field operations and in Calgary. Two of Birchcliff's major ongoing campaigns are the Corporation's annual United Way of Calgary campaign and its support of STARS Air Ambulance in the Grande Prairie area.

In addition, the Corporation works to foster strong relationships with local Indigenous communities where it operates through consultation and by providing various economic opportunities, scholarship programs and student employment and career opportunities.

Governance

The Board currently consists of six directors, namely Jeff Tonken, Dennis Dawson, Debra Gerlach, Stacey McDonald, Cameron Proctor and James Surbey. Mr. Tonken is the Chairman of the Board and Mr. Dawson is the independent lead director. The Board has five committees: the Audit Committee, the Compensation Committee, the Environment, Health, Safety and Sustainability ("**EHSS**") Committee, the Nominating Committee and the Reserves Evaluation Committee. See *"Directors and Officers"*. Additional information on the Corporation's corporate governance practices is contained in the Corporation's information circular for its most recent annual meeting of the holders of Common Shares, which was held on May 16, 2024.

The EHSS Committee assists the Board in fulfilling its oversight responsibilities as they relate to EHSS matters. The EHSS Committee is responsible for, among other things: (i) ensuring that the Corporation's business is conducted in a socially responsible, ethical and transparent manner and that management of the Corporation engages, respects and supports the communities in which the Corporation works; (ii) reviewing reports from management on the Corporation's performance in the areas relating to EHSS; (iii) reviewing reports from management concerning significant reported incidents related to EHSS matters and where appropriate, meeting with management to review the risks and exposure posed and any mitigating actions and corrective measures taken by the Corporation to address such risks and exposure; (iv) reviewing reports from management concerning significant issues or risks related to EHSS matters that have been identified by the Corporation; (v) reviewing any significant report or audit issued by a regulatory agency, external consultant or auditor and any necessary corrective measures taken to address issues and risks identified by regulatory agencies, external consultants or auditors; (vi) reviewing the Corporation's public disclosure of its performance in the areas of EHSS; (vii) reviewing the Corporation's significant communications with stakeholders on EHSS issues; and (viii) ensuring that management proactively identifies and monitors the impact of proposed legislation in the areas of EHSS, as well as other emerging issues, trends and public opinion which could impact the Corporation's activities, plans, strategies or reputation and recommending, where significant, appropriate responses to the Board.

The EHSS Committee typically meets on a quarterly basis and receives reports from management with respect to the above matters, as applicable. The charter of the EHSS Committee is available on the Corporation's website at www.birchcliffenergy.com.

In addition to the oversight provided by the Board and the EHSS Committee as it pertains to EHSS matters, the Corporation has a multidisciplinary management ESG committee. The purpose of this committee is to: (i) advise the Corporation's executive team with respect to current and upcoming ESG-related developments, including regulatory or policy changes and industry trends; (ii) develop and maintain an effective strategy for precise and consistent reporting of ESG performance metrics; and (iii) engage with internal and external stakeholders, including industry groups, to assist Birchcliff's executive team in developing ongoing corporate strategy and policy relating to ESG matters.

Environmental Protection Regulation and Costs

General

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and municipal laws and regulations. Environmental legislation provides for, among other things, the initiation and approval of new oil and natural gas projects and restrictions and prohibitions on the spill, release or emission of various substances produced in association with oil and natural gas industry operations. In addition, such legislation sets out the requirements with respect to oilfield waste handling and storage, habitat protection and the satisfactory operation, maintenance, abandonment and reclamation of well and facility sites.

Compliance with environmental legislation can require significant expenditures and/or result in operational restrictions. A breach of applicable environmental legislation may result in the imposition of fines and penalties, some of which may be material. In addition, a breach may result in the suspension or revocation of necessary licences and authorizations and/or the Corporation being subject to interim compliance measures, all of which may restrict the Corporation's ability to conduct operations. Further, the Corporation could be subject to civil liability for pollution damage.

The costs of complying with existing or future environmental legislation or regulations, including those relating to climate change and GHG emissions, may have a material adverse effect on the Corporation's financial condition or results of operations. Future changes in environmental legislation could occur and result in stricter standards and enforcement, larger fines and liability and increased capital expenditures and operating costs. At December 31, 2024, the Corporation has not recorded any material costs and liabilities relating to GHG or environmental protection legislation or any material environmental incidents.

See *"Special Notes to Reader – Forward-Looking Statements", "Industry Conditions"* and *"Risk Factors"*.

GHG Emissions

The Corporation's exploration and production facilities and other operations and activities emit GHGs which requires the Corporation to comply with applicable GHG emissions legislation as described under the heading *"Industry Conditions – Climate Change Regulation"*.

The Pouce Coupe Gas Plant and the Corporation's other facilities and wellsites are subject to the TIER Regulation, as is the Gordondale Facility.[(1)] The Pouce Coupe Gas Plant and the Gordondale Facility are "large emitters" and the Corporation's other facilities and wellsites have been accepted as an "aggregate facility", as such terms are defined under the regulation. As Birchcliff's facilities and wellsites are currently subject to the TIER Regulation, the Corporation is exempt from paying the federal fuel charge under the GGPPA in respect of such facilities and wellsites. See *"Industry Conditions – Climate Change Regulation".*

At the present time, the operational and financial impacts of complying with applicable GHG legislation are not material to the Corporation. The Corporation will continue to monitor and evaluate any developments in the area in order to assess the potential financial and operational implications on the Corporation. Given the multitude of variables that could cause outcomes to change, it is not currently possible to predict the future incremental compliance costs with any certainty. However, given the evolving nature of climate change policy and the control of GHG emissions and resulting requirements, it is expected that current and future climate change regulations will have the effect of increasing the Corporation's operating expenses and, in the long-term, potentially reducing the demand for oil, natural gas and NGLs, resulting in a decrease in the Corporation's profitability and a reduction in the value of its assets or requiring impairments for financial statement purposes. See *"Risk Factors – Climate Change".*

(1) As Birchcliff contract operates the Gordondale Facility, it reports the facility's emissions under TIER.

Decommissioning Obligations

As a result of its net ownership interest in oil and natural gas properties and equipment, including well sites, processing facilities and gathering systems, the Corporation incurs decommissioning obligations. The Corporation's estimated decommissioning obligations at December 31, 2024 were $101.9 million, calculated on a discounted fair value basis using a nominal risk-free rate of 3.33% and an inflation rate of 1.82%. See Note 7 – *Decommissioning Obligations* in the Corporation's annual audited financial statements for the year ended December 31, 2024 for additional information regarding the Corporation's decommissioning obligations.

Specialized Skill and Knowledge

The Corporation employs individuals with various professional skills and knowledge in the course of pursuing its business plan. In addition, various specialized consultants are available to assist the Corporation in areas where it believes it does not need full-time employees. These professional skills include, but are not limited to, geology, geophysics, engineering, data analytics, financial and business skills, which are generally available in the industry. Drawing on significant experience in the oil and natural gas business, the Corporation believes that its management team has a demonstrated track record of bringing together all of the key components to a successful exploration and production company: strong technical skills; expertise in planning and financial controls; the ability to execute on business development opportunities; and capital markets expertise.

Employees

The following table sets forth the number of the Corporation's employees at December 31, 2024:

	Number of Employees
Head office employees	131
Field employees	100

In addition, the Corporation hires skilled contractors to perform drilling operations, well completions and other field service operations. See "*Risk Factors – Reliance on a Skilled Workforce and Key Personnel*".

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

The statement of reserves data and other oil and gas information set forth below is dated March 12, 2025. The effective date of the reserves and future net revenue information provided herein is December 31, 2024, unless otherwise indicated, and the preparation date is February 12, 2025.

The Report on Reserves Data by Deloitte in Form 51-101F2 is attached to this Annual Information Form as Appendix A and the Report of Management and Directors on Oil and Gas Disclosure in Form 51-101F3 is attached to this Annual Information Form as Appendix B.

Disclosure of Reserves Data

The reserves data set forth below is based upon the evaluation by Deloitte with an effective date of December 31, 2024 as contained in the report of Deloitte dated February 12, 2025 (the "**Deloitte Report**"). The forecast commodity prices, inflation and exchange rates utilized in the Deloitte Report were computed using the average of forecasts from Deloitte, McDaniel & Associates Consultants Ltd., GLJ Ltd. and Sproule Associates Limited effective January 1, 2025 (the "**2024 IQRE Price Forecast**"). See *"Statement of Reserves Data and Other Oil and Gas Information – Pricing Assumptions – Forecast Prices Used in Estimates".*

All of the Corporation's reserves are located in Canada, specifically in the Province of Alberta.

Deloitte has confirmed to the Reserves Evaluation Committee of the Board that its evaluation was prepared in accordance with the standards contained in the COGE Handbook and NI 51-101. In the course of preparing the Deloitte Report, Birchcliff provided Deloitte with basic information which included land, well and accounting (product prices and operating costs) information, reservoir and geological studies, estimates of on-stream dates for certain properties, contract information, budget forecasts and financial data. Other engineering, geological or economic data required to conduct the evaluation and upon which the Deloitte Report is based, were obtained from public records, other operators and from Deloitte's non-confidential files. The extent and character of ownership and accuracy of all factual data supplied to Deloitte was accepted by Deloitte as presented. A field inspection and environmental/safety assessment of the properties that were the subject of the reserves evaluation was not conducted.

The net present value of future net revenue attributable to the Corporation's reserves is based on the 2024 IQRE Price Forecast and is determined before provision for interest, debt servicing and general and administrative expense and after the deduction of royalties, operating costs, development costs and abandonment and reclamation costs.

There are numerous uncertainties inherent in estimating quantities of oil, natural gas and NGLs reserves and the future net revenue attributed to such reserves. It should not be assumed that the undiscounted or discounted net present value of future net revenue attributable to the Corporation's reserves estimated by the Corporation's independent qualified reserves evaluator represent the fair market value of those reserves. There is no assurance that the forecast prices and costs assumptions will be attained and variances could be material. The recovery and reserves estimates of Birchcliff's oil, natural gas and NGLs reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual oil, natural gas and NGLs reserves may be greater than or less than the estimates provided herein and variances could be material. Estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation. See "*Risk Factors – Uncertainty of Reserves Estimates*".

NI 51-101 requires a reporting issuer to disclose its reserves in accordance with the product types contained in NI 51-101, which product types include conventional natural gas and shale gas. "Shale gas" as defined in NI 51-101 means natural gas: (i) contained in dense organic-rich rocks, including low-permeability shales, siltstones and carbonates, in which the natural gas is primarily adsorbed on the kerogen or clay minerals; and (ii) that usually requires the use of hydraulic fracturing to achieve economic production rates. Birchcliff considers its natural gas reserves attributable to the Montney/Doig Resource Play to be low-permeability gas resources or "tight gas" (as such term is defined in the COGE Handbook). "Shale gas" is the NI 51-101 product type that most closely matches the natural gas from Birchcliff's Montney/Doig Resource Play.

As the tables below summarize the data contained in the Deloitte Report, they may contain slightly different numbers than the Deloitte Report due to rounding. Also, due to rounding, certain columns may not add exactly.

The information relating to the Corporation's reserves contains forward-looking statements and information, including information relating to future net revenue, forecast capital expenditures, future development plans and costs related thereto, forecast operating costs, production estimates and abandonment and reclamation costs. See *"Special Notes to Reader – Forward-Looking Statements"*.

For additional information, see *"Presentation of Oil and Gas Reserves"* and *"Special Notes to Reader"*.

Reserves Summary

The following table sets forth the Corporation's light crude oil and medium crude oil, conventional natural gas, shale gas and NGLs reserves at December 31, 2024, estimated using the 2024 IQRE Price Forecast:

Summary of Reserves at December 31, 2024
(Forecast Prices and Costs)

	Light Crude Oil and Medium Crude Oil		Conventional Natural Gas		Shale Gas		NGLs[1]		Total Oil Equivalent	
Reserves Category	***Gross*** *(Mbbls)*	***Net*** *(Mbbls)*	***Gross*** *(MMcf)*	***Net*** *(MMcf)*	***Gross*** *(MMcf)*	***Net*** *(MMcf)*	***Gross*** *(Mbbls)*	***Net*** *(Mbbls)*	***Gross*** *(Mboe)*	***Net*** *(Mboe)*
Proved										
Developed Producing	4,889	3,946	6,051	5,707	1,053,238	971,102	35,639	29,058	217,076	195,805
Developed Non-Producing	9	9	0	0	4,840	4,537	239	203	1,054	968
Undeveloped	7,089	5,747	2,858	2,625	2,320,235	2,094,569	54,988	42,966	449,259	398,246
Total Proved	11,987	9,701	8,909	8,332	3,378,312	3,070,208	90,866	72,227	667,390	595,019
Total Probable	9,083	6,933	5,270	4,911	1,442,846	1,272,820	51,811	39,640	302,246	259,529
Total Proved Plus Probable	21,070	16,635	14,179	13,243	4,821,158	4,343,028	142,676	111,868	969,636	854,547

(1) NGLs includes condensate.

Net Present Values of Future Net Revenue

The following tables set forth the net present values of future net revenue attributable to Birchcliff's reserves at December 31, 2024, estimated using the 2024 IQRE Price Forecast, before and after deducting future income tax expenses and calculated at various discount rates:

Summary of Net Present Values of Future Net Revenue at December 31, 2024
(Forecast Prices and Costs)

	Before Income Taxes Discounted At (%/year)					Unit Value Discounted at 10%/year
Reserves Category	**0%** *($000s)*	**5%** *($000s)*	**10%** *($000s)*	**15%** *($000s)*	**20%** *($000s)*	*($/boe)*[1]
Proved						
Developed Producing	3,670,971	2,851,081	2,277,750	1,892,104	1,621,811	11.63
Developed Non-Producing	13,717	9,900	7,499	5,888	4,750	7.75
Undeveloped	7,083,864	3,707,943	2,073,919	1,199,557	694,944	5.21
Total Proved	10,768,552	6,568,924	4,359,168	3,097,549	2,321,504	7.33
Total Probable	6,210,051	2,553,082	1,204,663	632,630	361,133	4.64
Total Proved Plus Probable	16,978,602	9,122,005	5,563,831	3,730,179	2,682,638	6.51

(1) Unit values are based on net reserves volumes.

	After Income Taxes Discounted At (%/year)[1]				
Reserves Category	**0%** *($000s)*	**5%** *($000s)*	**10%** *($000s)*	**15%** *($000s)*	**20%** *($000s)*
Proved					
Developed Producing	3,091,696	2,461,620	1,998,808	1,682,633	1,458,740
Developed Non-Producing	10,562	7,609	5,751	4,504	3,623
Undeveloped	5,450,348	2,782,104	1,488,751	799,672	405,730
Total Proved	8,552,606	5,251,332	3,493,310	2,486,808	1,868,094
Total Probable	4,770,023	1,939,231	894,817	455,584	250,254
Total Proved Plus Probable	13,322,628	7,190,563	4,388,126	2,942,392	2,118,347

(1) The after-tax net present value of Birchcliff's oil and natural gas properties reflects the income tax burden on the properties on a stand-alone basis and takes into account Birchcliff's existing tax pools. It does not consider the business-entity-level tax situation or tax planning. It does not provide an estimate of the value at the level of the business entity, which may be significantly different. The Corporation's annual audited financial statements and related management's discussion and analysis for the year ended December 31, 2024 should be consulted for information at the level of the business entity.

Elements of Future Net Revenue

The following table sets forth the various elements of the Corporation's future net revenue attributable to the Corporation's reserves at December 31, 2024, estimated using the 2024 IQRE Price Forecast and calculated without discount:

Elements of Future Net Revenue (Undiscounted) at December 31, 2024
(Forecast Prices and Costs)

Reserves Category	Revenue *($000s)*	Royalties *($000s)*	Operating Costs *($000s)*	Development Costs *($000s)*	Abandon-ment and Reclamation Costs *($000s)*	Future Net Revenue Before Income Taxes *($000s)*	Income Taxes *($000s)*	Future Net Revenue After Income Taxes *($000s)*[1]
Total Proved	21,262,146	2,455,061	4,277,404	3,368,489	392,640	10,768,552	2,215,946	8,552,606
Total Proved Plus Probable	33,538,539	4,274,096	6,902,775	4,885,002	498,063	16,978,602	3,655,974	13,322,628

(1) The after-tax net present value of Birchcliff's oil and natural gas properties reflects the income tax burden on the properties on a stand-alone basis and takes into account Birchcliff's existing tax pools. It does not consider the business-entity-level tax situation or tax planning. It does not provide an estimate of the value at the level of the business entity, which may be significantly different. The Corporation's annual audited financial statements and related management's discussion and analysis for the year ended December 31, 2024 should be consulted for information at the level of the business entity.

Net Present Values of Future Net Revenue by Product Type

The following table sets forth by product type, in each case with associated by-products, the net present values of future net revenue attributable to the Corporation's reserves at December 31, 2024, estimated using the 2024 IQRE Price Forecast, before deducting future income tax expenses and calculated using a 10% discount rate:

Net Present Values of Future Net Revenue by Product Type at December 31, 2024
(Forecast Prices and Costs)

Reserves Category	Product Type	Future Net Revenue Before Income Taxes (Discounted at 10%/year) *($000s)*	Unit Value Before Income Taxes (Discounted at 10%/year) *($/boe)*[1]	*($/Mcfe)*[1]
Total Proved	Light Crude Oil and Medium Crude Oil[2]	697,860	11.31	1.89
	Conventional Natural Gas[3]	3,849	2.71	0.45
	Shale Gas[4]	3,657,459	6.88	1.15
	Total	**4,359,168**	**7.33**	**1.22**
Total Proved Plus Probable	Light Crude Oil and Medium Crude Oil[2]	982,796	9.44	1.57
	Conventional Natural Gas[3]	7,230	3.19	0.53
	Shale Gas[4]	4,573,805	6.11	1.02
	Total	**5,563,831**	**6.51**	**1.09**

(1) Unit amounts are derived using net reserves volumes of the product type and associated by-products.

(2) Including solution gas and other by-products.

(3) Including by-products but excluding solution gas and by-products from oil wells.

(4) Including by-products.

Pricing Assumptions

Forecast Prices Used in Estimates

The forecast commodity prices, inflation and exchange rates utilized in the Deloitte Report were computed using the average of forecasts from Deloitte, McDaniel & Associates Consultants Ltd., GLJ Ltd. and Sproule Associates Limited effective January 1, 2025. The following table sets forth the 2024 IQRE Price Forecast:

2024 IQRE Price Forecast

	Crude Oil		Natural Gas(1)			NGLs					
Year	WTI at Cushing Oklahoma *(US$/bbl)*	Edmonton City Gate *(CDN$/bbl)*	Alberta AECO Average Price *(CDN$/Mcf)*	Ontario Dawn Reference Point *(CDN$/Mcf)*	NYMEX Henry Hub *(US$/Mcf)*	Edmonton Ethane *(CDN$/bbl)*	Edmonton Propane *(CDN$/bbl)*	Edmonton Butane *(CDN$/bbl)*	Edmonton Pentanes + Condensate *(CDN$/bbl)*	Currency Exchange Rate *(US$/CDN$)*	Price and Cost Inflation Rates *(%)*
2025	71.19	94.00	2.35	4.28	3.30	7.27	32.05	48.68	98.02	0.714	0.0
2026	73.20	94.84	3.32	4.83	3.76	10.40	31.19	47.43	97.60	0.731	2.0
2027	74.54	95.28	3.52	4.94	3.93	11.04	31.28	47.63	97.43	0.736	2.0
2028	76.28	96.40	3.69	5.05	4.01	11.61	31.70	48.26	98.60	0.758	2.0
2029	77.81	98.33	3.77	5.14	4.10	11.85	32.33	49.22	100.58	0.758	2.0
2030	79.37	100.30	3.84	5.25	4.17	12.08	32.98	50.20	102.57	0.758	2.0
2031	80.96	102.31	3.92	5.34	4.25	12.34	33.64	51.21	104.63	0.758	2.0
2032	82.57	104.36	3.99	5.46	4.34	12.58	34.31	52.24	106.73	0.758	2.0
2033	84.22	106.44	4.08	5.58	4.43	12.85	35.00	53.27	108.86	0.758	2.0
2034	85.91	108.57	4.16	5.68	4.52	13.10	35.69	54.35	111.04	0.758	2.0
2035	87.63	110.74	4.24	5.80	4.61	13.37	36.41	55.43	113.27	0.758	2.0
2036	89.38	112.95	4.33	5.93	4.69	13.64	37.14	56.54	115.52	0.758	2.0
2037	91.17	115.21	4.42	6.03	4.79	13.91	37.88	57.67	117.84	0.758	2.0
2038	92.99	117.51	4.51	6.14	4.88	14.19	38.63	58.83	120.20	0.758	2.0
2039	94.85	119.86	4.59	6.28	4.99	14.47	39.41	60.00	122.60	0.758	2.0
2040	96.75	122.26	4.68	6.41	5.09	14.76	40.20	61.20	125.05	0.758	2.0
2041	98.69	124.71	4.78	6.54	5.19	15.05	41.00	62.43	127.56	0.758	2.0
2042	100.66	127.20	4.87	6.67	5.29	15.35	41.82	63.68	130.10	0.758	2.0
2043	102.67	129.75	4.97	6.81	5.39	15.66	42.66	64.94	132.71	0.758	2.0
2044	104.72	132.34	5.07	6.93	5.51	15.98	43.51	66.24	135.36	0.758	2.0
2044+	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	0.758	2.0

(1) 1 Mcf = 1 MMBtu.

These long-term price forecasts are subject to the many uncertainties that affect long-term future forecasts.

Weighted Average Commodity Sales Prices

The Corporation's weighted average realized commodity sales prices for the year ended December 31, 2024, excluding the effects of financial instruments but including the effects of any physical delivery contracts, were as follows:

- Light Crude Oil and Medium Crude Oil: $98.90/bbl.
- Shale Gas: $2.05/Mcf (includes conventional natural gas, which represented less than 1% of the Corporation's total natural gas production during 2024).
- NGLs: $54.56/bbl.
  - Condensate: $99.66/bbl.
  - Other NGLs: $26.37/bbl.

Reconciliation of Changes in Reserves

The following table sets forth the reconciliation of the Corporation's gross reserves at December 31, 2024 as set forth in the Deloitte Report, estimated using the 2024 IQRE Price Forecast, to the Corporation's gross reserves at December 31, 2023 as set forth in the Prior Deloitte Report, estimated using the average of forecasts from Deloitte, McDaniel & Associates Consultants Ltd., GLJ Ltd. and Sproule Associates Limited effective January 1, 2024 (the "**2023 IQRE Price Forecast**"):

Reconciliation of Gross Reserves from December 31, 2023 to December 31, 2024
(Forecast Prices and Costs)

Factors	**Light Crude Oil and Medium Crude Oil** *(Mbbls)*	**Conventional Natural Gas** *(MMcf)*	**Shale Gas** *(MMcf)*	**NGLs[8]** *(Mbbls)*	**Total Oil Equivalent** *(Mboe)*
GROSS TOTAL PROVED					
Opening balance December 31, 2023	**14,460**	**10,251**	**3,493,022**	**93,547**	**691,886**
Extensions and Improved Recovery[1]	0	0	58,875	2,287	12,099
Technical Revisions[2]	(1,724)	2,244	(37,966)	(2,022)	(9,699)
Discoveries[3]	0	0	0	0	0
Acquisitions[4]	0	0	18,193	1,633	4,665
Dispositions[5]	0	0	0	0	0
Economic Factors[6]	(12)	(2,746)	(15,923)	(367)	(3,491)
Production[7]	(738)	(840)	(137,889)	(4,211)	(28,070)
Closing balance December 31, 2024	**11,987**	**8,909**	**3,378,312**	**90,866**	**667,390**
GROSS TOTAL PROBABLE					
Opening balance December 31, 2023	**10,088**	**5,666**	**1,438,587**	**51,213**	**302,011**
Extensions and Improved Recovery[1]	0	0	9,320	1,602	3,155
Technical Revisions[2]	(1,003)	(2,604)	(33,104)	(3,347)	(10,301)
Discoveries[3]	0	0	0	0	0
Acquisitions[4]	0	0	24,508	2,296	6,381
Dispositions[5]	0	0	0	0	0
Economic Factors[6]	(2)	2,208	3,535	45	1,000
Production[7]	0	0	0	0	0
Closing balance December 31, 2024	**9,083**	**5,270**	**1,442,846**	**51,811**	**302,246**
GROSS TOTAL PROVED PLUS PROBABLE					
Opening balance December 31, 2023	**24,549**	**15,917**	**4,931,609**	**144,760**	**993,897**
Extensions and Improved Recovery[1]	0	0	68,195	3,888	15,254
Technical Revisions[2]	(2,727)	(361)	(71,069)	(5,369)	(20,000)
Discoveries[3]	0	0	0	0	0
Acquisitions[4]	0	0	42,701	3,929	11,046
Dispositions[5]	0	0	0	0	0
Economic Factors[6]	(14)	(538)	(12,389)	(322)	(2,490)
Production[7]	(738)	(840)	(137,889)	(4,211)	(28,070)
Closing balance December 31, 2024	**21,070**	**14,179**	**4,821,158**	**142,676**	**969,636**

(1) Additions to volumes resulting from capital expenditures for: (i) step-out drilling in previously discovered reservoirs; (ii) infill drilling in previously discovered reservoirs that were not drilled as part of an enhanced recovery scheme; and (iii) the installation of improved recovery schemes.

(2) Positive or negative volume revisions to an estimate resulting from new technical data or revised interpretations on previously assigned volumes, performance and operating costs. This category also includes revisions resulting from well locations combined or removed as part of an updated development plan.

(3) Additions to volumes in reservoirs where no reserves were previously booked.

(4) Positive additions to volume estimates because of purchasing interests in oil and gas properties.

(5) Reductions in volume estimates because of selling all or a portion of an interest in oil and gas properties.

(6) Changes to volumes resulting from different price forecasts, inflation rates and regulatory changes.

(7) Reductions in the volume estimates due to actual production.

(8) NGLs includes condensate.

Key highlights include the following:

Extensions and Improved Recovery

Reserves were added from 27 wells brought on production pursuant to the Corporation's successful 2024 capital program. The 2024 program was focused in Birchcliff's core areas in Pouce Coupe and Gordondale, converting proved and probable undeveloped reserves into proved developed producing reserves.

Technical Revisions

- The technical revisions in all reserves categories for light crude oil and medium crude oil were primarily the result of: (i) higher gas-to-oil ratios for existing producing oil wells in the southeast area in Gordondale; and (ii) potential future drilling location adjustments based on offsetting well performance.
- The technical revisions in all reserves categories for conventional natural gas were primarily the result of existing well performance.
- The technical revisions in all reserves categories for shale gas were primarily the result of:
  - an updated reserves forecast for existing wells based on historical performance, which included a reduction in the reserves attributable to 56 existing high-density producing wells that were drilled from 2019 to 2023. The Corporation does not expect that the technical revisions relating to these wells will negatively impact future reserves booked for other existing or future wells;
  - an updated full-field development plan, which included the combining or removal of multiple proved and probable potential future drilling locations, resulting in the removal of 10 proved undeveloped locations and 3 probable locations; and
  - an updated reserves forecast for various potential future drilling locations in the Lower Montney in Gordondale as a result of an increase in the reserves attributable to such future locations due to the continued outperformance of existing wells in the area.
- The technical revisions in all reserves categories for NGLs were primarily the result of: (i) a reduction in shale gas volumes; and (ii) reduced NGLs recoveries at the Corporation's owned and/or operated natural gas processing plants in Pouce Coupe and Gordondale. The reduced NGLs recoveries were partially offset by reduced natural gas shrinkage.

Acquisitions

Changes were the result of various accretive acquisitions completed by Birchcliff in the Pouce Coupe and Gordondale areas in 2024.

Economic Factors

The forecast prices for each product type were generally lower in the 2024 IQRE Price Forecast than the 2023 IQRE Price Forecast, which resulted in the economic limit at the end of a well's life being achieved earlier and therefore a reduction of the reserves volumes in the total proved and total proved plus probable categories.

Additional Information Relating to Reserves Data

Undeveloped Reserves

Undeveloped reserves are attributed by Deloitte in accordance with standards and procedures contained in the COGE Handbook. Proved undeveloped reserves are those reserves that can be estimated with a high degree of certainty and are expected to be recovered from known accumulations where a significant expenditure is required to render them capable of production. Probable undeveloped reserves are those reserves that are less certain to be recovered than proved reserves and are expected to be recovered from known accumulations where a significant expenditure is required to render them capable of production.

Essentially all of the Corporation's proved undeveloped reserves are attributed to the Montney/Doig Resource Play concentrated in the Corporation's key operating areas in Pouce Coupe and Gordondale. The Deloitte Report has attributed proved undeveloped reserves to each potential future horizontal drilling location that is proximal to an existing well to which Deloitte attributed proved developed reserves. Deloitte estimated such proved undeveloped reserves using forecast production rates that were based on a statistical analysis of production rates of existing wells operated by the Corporation or others on the Montney/Doig Resource Play in the regional area. If the development timeline went beyond five years of a major plant expansion, then these proximal locations were classified as probable undeveloped reserves.

The following table sets forth for each product type the volumes of proved undeveloped reserves and probable undeveloped reserves that were first attributed as reserves in each of the three most recent financial years:

Undeveloped Reserves

	Proved Undeveloped Reserves				**Probable Undeveloped Reserves**			
Year of first attribution	**Light Crude Oil and Medium Crude Oil** *(Mbbls)*	**Conventional Natural Gas** *(MMcf)*	**Shale Gas** *(MMcf)*	**NGLs** *(Mbbls)*	**Light Crude Oil and Medium Crude Oil** *(Mbbls)*	**Conventional Natural Gas** *(MMcf)*	**Shale Gas** *(MMcf)*	**NGLs** *(Mbbls)*
2024	102	0	79,421	5,064	26	0	51,798	4,324
2023	193	0	295,452	5,784	162	0	117,487	3,009
2022	0	0	113,081	2,171	0	0	47,764	1,219

The Corporation has a large inventory of development opportunities in its portfolio and its capital spending activities are prioritized to optimize development plans, achieve strategic goals and maximize shareholder value.

As at December 31, 2024, undeveloped reserves represented approximately 67% of the Corporation's total proved reserves and approximately 73% of the Corporation's total proved plus probable reserves. Birchcliff is focused on developing these undeveloped reserves in its core areas of Pouce Coupe and Gordondale where the vast majority of the undeveloped reserves are assigned and available processing capacity exists and future processing capacity expansions are forecast to take place. In the Deloitte Report, Deloitte forecast that 28 net wells and 41 net wells would be drilled in 2025 and 2026, respectively, in the proved category. In the proved plus probable category, Deloitte forecast that 31 net wells and 43 net wells would be drilled in 2025 and 2026, respectively. The Corporation's 2025 capital program contemplates the drilling and bringing on production of 26 (26.0 net) horizontal wells in 2025. Birchcliff anticipates that drilling activities in 2025 and 2026 will utilize available capacity at the Pouce Coupe Gas Plant (currently 340 MMcf/d) and the Gordondale Facility (currently 125 MMcf/d), as well as capacity as it becomes available from third-party processors. The Deloitte Report assumes that Birchcliff will continue to develop its proved undeveloped reserves on the Montney/Doig Resource Play over the ensuing years as Deloitte has forecast that the processing capacity at the Pouce Coupe Gas Plant will be expanded to 660 MMcf/d.

Given the Corporation's large, contiguous and concentrated land base, significant inventory of potential future drilling locations, timing of facility and infrastructure construction, and execution pace of the drilling programs, the development time frame of a portion of the Corporation's proved undeveloped and probable undeveloped locations extends beyond two years. Approximately 15% of the proved undeveloped locations are forecast to be drilled within the next two years. The remainder of the proved undeveloped locations are forecast to be drilled in the next five years following the forecast expansion of the Pouce Coupe Gas Plant and the ongoing resource play development in Pouce Coupe and Gordondale. The total development time frame for proved undeveloped locations is seven years. Approximately 2% of the probable undeveloped locations are forecast to be drilled within the next two years. The remainder of the probable undeveloped locations are forecast to be drilled in the next eight years following the forecast expansion of the Pouce Coupe Gas Plant and the ongoing resource play development in Pouce Coupe and Gordondale. The total development time frame for probable undeveloped locations is 10 years. All of the Corporation's proved and probable undeveloped reserves are forecast to be drilled in the time frames recommended by the COGE Handbook.

The pace of development of the Corporation's proved and probable undeveloped reserves is influenced by many factors, including the outcomes of the yearly drilling and reservoir evaluations, the price for oil and natural gas and a variety of economic factors and conditions. There are a number of factors that could result in delayed or cancelled development, including: (i) changing economic conditions (due to pricing, operating and capital expenditure fluctuations); (ii) changing technical conditions (including production anomalies, such as water breakthrough or accelerated depletion); (iii) multi-zone developments (for instance, a prospective formation completion may be delayed until the initial completion is no longer economic); (iv) a larger development program may need to be spread out over several years to optimize capital allocation and facility utilization; (v) a lack of available processing, fractionation or transportation capacity; and (vi) surface access issues (including those relating to landowners, weather conditions and regulatory approvals). See *"Statement of Reserves Data and Other Oil and Gas Information – Additional Information Relating to Reserves Data – Significant Factors or Uncertainties Affecting Reserves Data".*

Significant Factors or Uncertainties Affecting Reserves Data

The process of estimating reserves is complex. It requires significant judgments and decisions based on available geological, geophysical, engineering and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting oil and natural gas prices and costs change. The reserves estimates contained in this Annual Information Form are based on current production forecasts, prices and economic conditions.

As circumstances change and additional data becomes available, reserves estimates also change. Estimates are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required due to changes in well performance, prices, economic conditions and governmental restrictions.

Changes in future commodity prices relative to the forecasts set forth above under *"Statement of Reserves Data and Other Oil and Gas Information – Pricing Assumptions"* could have an impact on the Corporation's reserves, and in particular on the development of undeveloped reserves, unless future development costs are adjusted in parallel. The Corporation has a significant amount of proved and probable undeveloped reserves and large capital expenditures will be required to convert these undeveloped reserves into proved developed producing reserves. At the forecast prices and costs used in the Deloitte Report, these development activities are expected to be economic. However, should oil and natural gas prices decrease materially, these activities may not be economic and the Corporation may defer their implementation.

In addition, reserves can be significantly affected by internal and external factors, including access to processing, fractionation and transportation capacity, capital expenditures, operating costs, royalties, transportation costs, abandonment and reclamation costs, well performance and regulatory approvals and requirements, some of which are beyond the Corporation's control and could affect the Corporation's development decisions.

Other than the foregoing, the Corporation does not anticipate that any significant economic factors or significant uncertainties will affect any particular components of its reserves data. See *"Risk Factors – Uncertainty of Reserves Estimates"*.

Abandonment and Reclamation Costs

In connection with its operations, the Corporation will incur abandonment and reclamation costs for surface leases, wells, gathering systems, pipelines and facilities. Abandonment and reclamation costs have been estimated by Deloitte in the Deloitte Report in accordance with AER Directive 011: *Estimated Liability* and include all costs associated with the process of restoring a property that has been disturbed by oil and gas activities to a standard imposed by the applicable government or regulatory authorities, including all wells with assigned proved and probable reserves and all related gathering systems, pipelines and facilities for properties that have had proved and probable reserves assigned to them. Abandonment and reclamation costs do not include the costs for the abandonment and reclamation of wells and facilities for which no reserves are attributed, including the Pouce Coupe Gas Plant and the Gordondale oil batteries.

In estimating the future net revenue disclosed in this Annual Information Form, the Deloitte Report deducted $498.1 million (undiscounted) and $16.1 million (10% discount) for abandonment and reclamation costs for all wells with assigned proved and probable reserves and all related gathering systems, pipelines and facilities for properties that have had proved and probable reserves assigned to them.

There are no unusually significant abandonment and reclamation costs associated with the Corporation's properties.

Future Development Costs

Future development costs reflect Deloitte's best estimate of what it will cost to bring the proved and proved plus probable reserves on production. Changes in forecast future development costs occur annually as a result of development activities, acquisition and disposition activities and capital cost estimates. The following table sets forth development costs deducted in the estimation of the Corporation's future net revenue attributable to the reserves categories noted below:

Future Development Costs
(Forecast Prices and Costs)

Year	Total Proved *($000s)*	Total Proved Plus Probable *($000s)*
2025	198,395	215,960
2026	355,662	374,083
2027	424,921	455,059
2028	895,366	895,366
2029	644,546	645,166
Thereafter	849,599	2,299,368
Total undiscounted	**3,368,489**	**4,885,002**

The Corporation expects to be able to fund the development costs required in the future primarily from cash flow from operating activities, as well as its existing Credit Facilities. Future development costs may also be funded through the proceeds realized from property dispositions and debt or equity financings. Planned activity levels vary each year due to factors such as capital availability, commodity prices, processing and transportation capacity and regulatory processes.

There can be no guarantee that funds will be available or that the Corporation will allocate funding to develop all of the reserves attributed in the Deloitte Report. Failure to develop those reserves would have a negative impact on the future production and future net revenue estimated by the Corporation's independent qualified reserves evaluator and could result in negative revisions to reserves.

Interest and other costs of external funding are not included in the estimates of reserves and future net revenue set forth herein and would reduce the reserves and future net revenue to some degree depending upon the funding sources utilized. The Corporation currently does not anticipate that interest or other funding costs would make the development of any of its properties uneconomic.

Other Oil and Gas Information

Oil and Gas Properties and Wells

The Corporation's important properties and facilities are described under the heading *"Description of the Business".* All of the Corporation's properties are located in Alberta and are onshore. None of the Corporation's important properties or facilities are subject to any material statutory or other mandatory relinquishments, surrenders, back-ins or changes in ownership.

The following table sets forth the Corporation's producing and non-producing oil and natural gas wells at December 31, 2024:

Producing and Non-Producing Wells at December 31, 2024[(1)]

	Oil Wells				Natural Gas Wells			
	Producing		Non-producing		Producing		Non-producing	
Location	*Gross*	*Net*	*Gross*	*Net*	*Gross*	*Net*	*Gross*	*Net*
Alberta	147	139.5	12	7.5	557	549.9	153	112.0

(1) Does not include abandoned wells, injection wells, service wells or source wells.

The Corporation has no properties to which reserves have been attributed which are capable of production but are not producing except as described herein. At December 31, 2024, the Corporation had 8 (7.75 net) wells categorized as proved developed non-producing in the Deloitte Report. These wells have been non-producing for periods ranging from six months to four years. All of these wells are near pipelines and processing facilities and consist of vertical and horizontal wells. Birchcliff expects all 8 (7.75 net) wells to be classified as proved developed producing at the end of 2025.

Undeveloped Lands

The following table sets forth the gross and net acres of undeveloped lands held by the Corporation at December 31, 2024:

Undeveloped Lands(1)

Location	Gross Acres	Net Acres
Alberta	154,790	131,763

(1) When determining gross and net acreage for two or more leases covering the same lands but different rights, the acreage is reported for each lease. When there are multiple discontinuous rights in a single lease, the acreage is reported only once.

The rights to explore, develop and exploit with respect to 12,705 (12,279 net) acres of such undeveloped lands are expected to expire within one year of the date of this Annual Information Form. The actual acreage that will expire in 2025 may be less than this amount to the extent leases are continued through technical mapping, drilling or other activities prior to their expiry. Any such expiries are not expected to materially affect the reserves attributable to Birchcliff's lands.

The Corporation has no material work commitments on its undeveloped lands.

Significant Factors or Uncertainties Relevant to Properties with No Attributed Reserves

The Corporation has various properties that are in an early stage of appraisal or development that have little to no reserves attributed. In particular, the Corporation's Elmworth property, which is largely unbooked on a reserves basis, will require significant capital to develop, including for the construction of a proposed natural gas processing plant (see *"Description of the Business – Principal Properties – Elmworth"*). There is no assurance that this property will ever be significantly developed by the Corporation and, if it is, whether it will be profitable or provide a return on investment.

The Corporation's decision to develop its properties that have little to no attributed reserves can be significantly affected by internal and external factors, including commodity prices, capital expenditures and royalty regimes, some of which are beyond the Corporation's control.

Forward Contracts and Transportation and Processing Obligations

The Corporation has used, and may continue to use, various types of derivative financial instruments and physical delivery contracts to manage the risks related to fluctuating commodity prices. Subject to compliance with the Credit Facilities, the Board has approved the Corporation to execute a risk management strategy whereby Birchcliff is authorized to enter into agreements and financial or physical transactions with one or more counterparties from time to time that are intended to reduce the risk to the Corporation from volatility in future commodity prices, foreign exchange rates and/or interest rates. A summary of the Corporation's risk management contracts can be found in Note 18 – *Risk Management* in the Corporation's annual audited financial statements for the year ended December 31, 2024 and under the heading *"Discussion of Operations – Market Diversification and Risk Management"* in the Corporation's management's discussion and analysis for the year ended December 31, 2024. Other than as disclosed in the Corporation's annual audited financial statements and related management's discussion and analysis for the year ended December 31, 2024, the Corporation is not bound by any agreement (including any transportation agreement), directly or through an aggregator, under which it may be precluded from fully realizing, or may be protected from the full effect of, future market prices for oil or natural gas. See *"Risk Factors – Risk Management Activities"* for information on the risks and uncertainties relating to the Corporation's risk management activities.

As part of normal business operations, the Corporation enters into firm service arrangements for the transportation, processing and fractionation (as applicable) of its natural gas, oil and NGLs production volumes in order to secure access to the infrastructure necessary to transport and process such volumes. Accordingly, the Corporation renews, amends or enters into new firm service agreements from time to time, having consideration for its forecast capacity requirements and current growth plans, capacity constraints and its expectations for future transportation and processing costs.

With respect to transportation, the Corporation believes that to move its production to market over the short and long-term, it should generally secure firm transportation sufficient for its current growth plans. The Corporation has transportation commitments that exceed forecast production volumes of the Corporation's proved reserves in the Deloitte Report for the period from January 1, 2025 to December 31, 2027 by an average of approximately 120 MMcf/d. These excess commitments relate to the Corporation's firm service commitments on the NGTL System (see *"Description of the Business – Transportation Arrangements"*). The estimated cost of the excess transportation equates to an undiscounted total cost of approximately $51.2 million over the period (2025: $15.1 million; 2025: $16.8 million; 2027: $19.3 million). In order to reduce the costs associated with carrying this excess transportation capacity, Birchcliff from time to time enters into arrangements whereby it assigns portions of its available excess transportation capacity to other entities.

With respect to fractionation, the Corporation has fractionation commitments that exceed forecast production volumes of the Corporation's proved reserves in the Deloitte Report for the period from January 1, 2025 to March 31, 2026 by an average of approximately 875 bbls/d. These excess commitments relate to the Corporation's fractionation commitments for NGLs at the Pembina Facility (see *"Description of the Business – Processing Arrangements"*). The estimated cost of the excess fractionation equates to an undiscounted total cost of approximately $3.1 million over the period. Birchcliff strives to mitigate excess NGLs fractionation costs through strategic marketing with third parties and other producers that are short fractionation capacity.

Tax Horizon

The Corporation was not required to pay any cash income taxes for the year ended December 31, 2024. As at December 31, 2024, the Corporation has approximately $1.4 billion of tax pools available which can be used to offset taxable income in future years. The Corporation estimates that based on its current expenditure plans and the current price environment, no cash income taxes will become payable on the Corporation's income for the financial year ended December 31, 2025. The Corporation does not anticipate that it will be required to pay any material cash income taxes until 2030 based on the current tax regime in Canada, the Corporation's estimated income tax pools available and the forecasts of commodity prices, spending and production set forth in the Corporation's most recent five-year outlook. Changes to any of the foregoing factors could result in the Corporation paying income taxes earlier or later than currently forecasted.

Costs Incurred

The following table sets forth the Corporation's property acquisition costs for proved and unproved properties, exploration costs and development costs for the year ended December 31, 2024:

2024 Property Acquisition, Exploration and Development Costs

Property Acquisition Costs			
Proved Properties *($000s)*	**Unproved Properties** *($000s)*	**Exploration Costs** *($000s)*	**Development Costs** *($000s)*
8,169	-	4,108	268,976

Exploration and Development Activities

The following table sets forth the gross and net exploratory and development wells that the Corporation drilled during the year ended December 31, 2024:

2024 Exploration and Development Activities

	Exploratory Wells(1)		**Development Wells**(1)		**Total**(1)	
	Gross	***Net***	***Gross***	***Net***	***Gross***	***Net***
Oil wells	0	0	4	4	4	4
Natural gas wells	2	2	23	23	25	25
Service wells	0	0	0	0	0	0
Stratigraphic test wells	0	0	0	0	0	0
Dry holes	0	0	0	0	0	0
Total	**2**	**2**	**27**	**27**	**29**	**29**

(1) Number of wells based on rig release dates. For further information regarding the wells drilled and brought on production by the Corporation in 2024, see *"Description of the Business – Drilling Program"*.

The Corporation's exploration and development activities for 2025 are expected to focus on the drilling of wells on the Montney/Doig Resource Play. The Corporation's 2025 capital program contemplates the drilling and bringing on production of 26 (26.0 net) wells in 2025. See *"General Development of the Business – Recent Developments"* and *"Description of the Business – Principal Properties".*

Production Estimates

The following table sets forth the volume of production estimated for the year ending December 31, 2025, which is reflected in the estimates of gross proved reserves and gross probable reserves disclosed in the tables above under the heading *"Statement of Reserves Data and Other Oil and Gas Information – Disclosure of Reserves Data"*:

2025 Production Volume Estimates

Reserves Category	**Light Crude Oil and Medium Crude Oil** *(Mbbls)*	**Shale Gas** *(MMcf)*(1)	**NGLs** *(Mbbls)*	**Total Oil Equivalent** *(Mboe)*
Gross Proved	625	147,499	4,807	30,015
Gross Probable	21	3,439	111	705

(1) Conventional natural gas volumes have been included in the shale gas volumes as conventional natural gas volumes represented less than 1% of the volume estimates for 2025 and are therefore not considered material.

The following table sets forth the estimated production volumes for the fields that account for more than 20% of the estimated production volumes for the year ending December 31, 2025:

2025 Production Volume Estimates for Important Fields

Field Name	**Gross Proved Reserves** *(Mboe)*	**Gross Probable Reserves** *(Mboe)*
Pouce Coupe	21,554	385
Gordondale	8,437	319

Production History

The following table sets forth, by product type, the average daily production, the average prices received, the royalties paid, the production costs incurred, the transportation and other expense incurred and the resulting netback for the periods indicated:

2024 Average Daily Production, Prices Received, Royalties, Costs and Resulting Netback

	Three months ended				Year ended
	March 31, 2024	**June 30, 2024**	**September 30, 2024**	**December 31, 2024**	**December 31, 2024**
Average Daily Production[(1)]					
Light Crude Oil and Medium Crude Oil *(bbls/d)*	1,525	2,419	2,129	1,993	2,017
Shale Gas *(Mcf/d)*[(2)]	370,288	389,026	375,428	381,433	379,040
NGLs *(bbls/d)*[(3)]	12,162	11,101	10,702	12,058	11,505
Combined *(boe/d)*	75,402	78,358	75,403	77,623	76,695
Average Prices Received[(4)]					
Light Crude Oil and Medium Crude Oil *($/bbl)*	95.24	104.70	98.47	95.18	98.90
Shale Gas *($/Mcf)*[(2)]	2.61	1.82	1.50	2.27	2.05
NGLs *($/bbl)*[(3)]	56.06	58.76	52.49	51.08	54.56
Combined *($/boe)*	23.80	20.61	17.71	21.53	20.91
Royalties Paid					
Light Crude Oil and Medium Crude Oil *($/bbl)*	18.26	12.34	15.76	14.88	14.99
Shale Gas *($/Mcf)*[(2)(5)]	0.01	(0.24)	(0.10)	(0.12)	(0.12)
NGLs *($/bbl)*[(3)]	10.49	12.51	9.83	9.53	10.57
Combined *($/boe)*	2.11	0.96	1.34	1.26	1.41
Production Costs[(6)]					
Light Crude Oil and Medium Crude Oil *($/bbl)*	5.48	5.96	3.04	3.88	4.59
Shale Gas *($/Mcf)*[(2)]	0.61	0.53	0.46	0.47	0.52
NGLs *($/bbl)*[(3)]	4.50	4.48	2.89	3.34	3.81
Combined *($/boe)*	3.85	3.43	2.78	2.91	3.24
Transportation and Other Expense[(7)]					
Light Crude Oil and Medium Crude Oil *($/bbl)*	6.80	5.66	4.70	5.57	5.59
Shale Gas *($/Mcf)*[(2)]	0.80	0.87	0.81	0.81	0.83
NGLs *($/bbl)*[(3)]	5.76	6.31	7.25	7.01	6.57
Combined *($/boe)*	4.99	5.44	5.24	5.26	5.24
Resulting Netback[(8)]					
Light Crude Oil and Medium Crude Oil *($/bbl)*	64.70	80.74	74.97	70.85	73.73
Shale Gas *($/Mcf)*[(2)]	1.19	0.66	0.33	1.11	0.82
NGLs *($/bbl)*[(3)]	35.31	35.46	32.52	31.20	33.61
Combined *($/boe)*	12.85	10.78	8.35	12.10	11.02

(1) Before deduction of royalties and without including any royalty interests.

(2) Conventional natural gas volumes have been included in the shale gas volumes as conventional natural gas volumes represented less than 1% of the Corporation's total natural gas production in 2024 and are therefore not considered material.

(3) Includes condensate.

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

(5) Includes the effects of prior period gas cost allowance credits received by the Corporation.

(6) Production costs are comprised of direct costs incurred to operate wells that produce any one or more of the product types that are shown. Costs have been allocated to product production on a pro rata basis.

(7) Transportation and other expense on a per unit basis is a non-GAAP ratio which is not a standardized financial measure under GAAP and might not be comparable to similar financial measures disclosed by other issuers. For additional information, see *"Non-GAAP and Other Financial Measures"* in the Corporation's management's discussion and analysis for the year ended December 31, 2024, which section is incorporated by reference herein and is available on the Corporation's SEDAR+ profile at www.sedarplus.ca.

(8) Resulting netback is calculated by subtracting royalties, production costs and transportation and other expense from the average price received.

The following table sets forth, by product type, for each important field and in total, the Corporation's average daily production volumes for the year ended December 31, 2024:

2024 Production Volumes By Field

Field Name	Light Crude Oil and Medium Crude Oil *(bbls/d)*	Shale Gas *(Mcf/d)*[(1)]	NGLs *(bbls/d)*[(2)]	Total Oil Equivalent *(boe/d)*
Pouce Coupe	44	295,579	4,784	54,091
Gordondale	1,972	83,074	6,713	22,531
Other	1	387	8	73
Total	**2,017**	**379,040**	**11,505**	**76,695**

(1) Conventional natural gas volumes have been included in the shale gas volumes as conventional natural gas volumes represented less than 1% of the Corporation's total natural gas production in 2024 and are therefore not considered material.

(2) Includes condensate.

DIVIDEND AND DISTRIBUTION POLICY

The Corporation's dividend policy establishes that until changed by the Board, dividends will be paid to the holders of Common Shares for the quarters ending March 31, June 30, September 30 and December 31. The payment date for any dividends declared shall be the last day of March, June, September and December; provided that, if any such date is not a business day, the payment date shall be the preceding business day. The record date for determining the holders of Common Shares entitled to receive dividends is expected to be on or about the 15th day of the last month of the applicable quarter. The dividend policy also provides that the Board may declare and pay special dividends. Unless otherwise determined by the Board, all dividends shall be paid in cash. The approval of all dividends is ultimately at the discretion of the Board. The dividend policy is periodically reviewed by the Board and no assurance or guarantee can be given that Birchcliff will maintain the dividend policy in its current form.

On January 22, 2025, the Corporation announced that the Board had approved an annual base dividend of $0.12 per Common Share for 2025, which is expected to be declared and paid quarterly at the rate of $0.03 per Common Share, at the discretion of the Board. In addition, the Corporation announced that the Board had declared a quarterly cash dividend of $0.03 per Common Share for the quarter ending March 31, 2025. This dividend is payable on March 31, 2025 to shareholders of record at the close of business on March 14, 2025.

Birchcliff does not have a dividend reinvestment plan or stock dividend program.

The declaration and payment of dividends is subject to the discretion of the Board and may vary depending on a variety of factors and conditions existing from time to time. 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. For further information regarding the risks relating to the payment of dividends, see *"Risk Factors – Dividends"*.

Dividend History

Common Shares

The following table sets forth details regarding the dividends that were declared on the Common Shares during the three most recently completed financial years:

Declaration Date	Record Date	Payment Date	Type	Amount
November 14, 2024	December 13, 2024	December 31, 2024	Quarterly, Cash	$0.10
August 14, 2024	September 13, 2024	September 27, 2024	Quarterly, Cash	$0.10
May 15, 2024	June 14, 2024	June 28, 2024	Quarterly, Cash	$0.10
January 17, 2024	March 15, 2024	March 28, 2024	Quarterly, Cash	$0.10
November 14, 2023	December 15, 2023	December 29, 2023	Quarterly, Cash	$0.20
August 10, 2023	September 15, 2023	September 29, 2023	Quarterly, Cash	$0.20
May 10, 2023	June 15, 2023	June 30, 2023	Quarterly, Cash	$0.20
January 18, 2023	March 15, 2023	March 31, 2023	Quarterly, Cash	$0.20
November 29, 2022	December 15, 2022	December 30, 2022	Quarterly, Cash	$0.02
October 13, 2022	October 21, 2022	October 28, 2022	Special, Cash	$0.20
August 30, 2022	September 15, 2022	October 3, 2022	Quarterly, Cash	$0.02
May 11, 2022	June 15, 2022	June 30, 2022	Quarterly, Cash	$0.02
February 22, 2022	March 15, 2022	March 31, 2022	Quarterly, Cash	$0.01

Preferred Shares

On September 30, 2022, the Corporation redeemed all of the issued and outstanding Series A and Series C Preferred Shares. The following tables set forth details regarding the dividends that were declared on the Series A Preferred Shares and the Series C Preferred Shares between January 1, 2022 and the redemption thereof:

Series A Preferred Shares

Declaration Date	Record Date	Payment Date	Type	Amount
August 4, 2022	September 15, 2022	October 3, 2022	Quarterly, Cash	$0.527677
May 11, 2022	June 15, 2022	June 30, 2022	Quarterly, Cash	$0.523375
February 22, 2022	March 15, 2022	March 31, 2022	Quarterly, Cash	$0.523375

Series C Preferred Shares

Declaration Date	Record Date	Payment Date	Type	Amount
August 4, 2022	September 15, 2022	October 3, 2022	Quarterly, Cash	$0.441096
May 11, 2022	June 15, 2022	June 30, 2022	Quarterly, Cash	$0.4375
February 22, 2022	March 15, 2022	March 31, 2022	Quarterly, Cash	$0.4375

DESCRIPTION OF CAPITAL STRUCTURE

Share Capital

The authorized share capital of the Corporation consists of an unlimited number of Common Shares and an unlimited number of Preferred Shares, each without par value. At March 11, 2025, there were 271,660,897 Common Shares and no Preferred Shares issued and outstanding.

The following is a summary of the rights, privileges, restrictions and conditions which attach to the Common Shares and the Preferred Shares as a class:

Common Shares

Shareholders are entitled to receive notice of, to attend and to one vote per Common Share at all meetings of holders of Common Shares, except meetings at which only holders of a specified class of shares are entitled to vote. Shareholders are entitled to receive any dividend declared by the Corporation on the Common Shares; provided that the Corporation shall be entitled to declare dividends on the Preferred Shares or on any of such classes of shares without being obliged to declare any dividends on the Common Shares. Subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Corporation, holders of Common Shares are entitled to receive the remaining property of the Corporation upon dissolution in equal rank with the holders of other Common Shares.

Normal Course Issuer Bid

On November 20, 2023, the Corporation announced that the TSX had accepted the Corporation's notice of intention to make a normal course issuer bid pursuant to which the Corporation was permitted to purchase for cancellation up to 13,328,267 of its Common Shares. This normal course issuer bid commenced on November 27, 2023 and terminated on November 26, 2024. The Corporation did not purchase any Common Shares under this bid.

On November 21, 2024, the Corporation announced that the TSX had accepted the Corporation's notice of intention to make a normal course issuer bid pursuant to which the Corporation may purchase for cancellation up to 13,489,975 of its Common Shares. This normal course issuer bid commenced on November 27, 2024 and will terminate no later than November 26, 2025. All Common Shares purchased under the bid will be cancelled. The actual number of Common Shares purchased pursuant to the bid and the timing of such purchases will be determined by Birchcliff and there cannot be any assurance as to how many Common Shares, if any, will ultimately be acquired by the Corporation. As at the date of this Annual Information Form, the Corporation has not purchased any Common Shares under the bid.

Preferred Shares

The Preferred Shares may from time to time be issued in one or more series and the Board may fix from time to time before such issue the number of Preferred Shares which is to comprise each series and the designation, rights, privileges, restrictions and conditions attaching to each series of Preferred Shares including, without limiting the generality of the foregoing, any voting rights, the rate or amount of dividends or the method of calculating dividends, the dates of payment thereof, the terms and conditions of redemption, purchase and conversion, if any, and any sinking fund or other provisions.

The Preferred Shares of each series shall, with respect to the payment of dividends and the distribution of assets or return of capital in the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other return of capital or distribution of the assets of Birchcliff amongst its shareholders for the purpose of winding up its affairs, be entitled to preference over the Common Shares and over any other shares of the Corporation ranking by their terms junior to the Preferred Shares of that series. The Preferred Shares of any series may also be given such other preferences, not inconsistent with the articles of the Corporation, over the Common Shares and any other Preferred Shares as may be fixed by the Board.

If any cumulative dividends or amounts payable on the return of capital in respect of a series of Preferred Shares are not paid in full, all series of Preferred Shares shall participate rateably in respect of accumulated dividends and return of capital.

Credit Facilities

The Corporation's Credit Facilities in the aggregate principal amount of $850 million are comprised of the Syndicated Credit Facility in the amount of $750 million and the Working Capital Facility in the amount of $100 million. The Credit Facilities allow for prime rate loans, U.S. base rate loans, secured overnight financing rate (SOFR) loans, Canadian Overnight Repo Rate Average (CORRA) loans and, in the case of the Working Capital Facility only, letters of credit.

The maturity date of each of the Syndicated Credit Facility and the Working Capital Facility is currently May 11, 2027. The Corporation may each year, at its option, request an extension to the maturity date of the Syndicated Credit Facility and the Working Capital Facility, or either of them, for an additional period of up to three years from May 11 of the year in which the extension request is made. The Credit Facilities are subject to semi-annual reviews of the borrowing base limit by the Corporation's syndicate of lenders, which are typically completed in May and November of each year. The Credit Facilities do not contain any financial maintenance covenants.

For further information regarding the Credit Facilities, see the Corporation's annual audited financial statements and related management's discussion and analysis for the year ended December 31, 2024. See also *"Risk Factors – Credit Facilities"*.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares are listed for trading on the TSX under the trading symbol "BIR". The following table sets forth the price ranges and trading volumes of the Common Shares during the year ended December 31, 2024:

Month	High *($)*	Low *($)*	Monthly Trading Volume
January	6.10	4.77	45,687,221
February	5.58	4.61	32,553,418
March	5.78	5.12	24,567,608
April	5.91	5.21	29,268,183
May	6.22	5.40	23,037,493
June	6.53	5.82	23,005,193
July	6.54	5.79	23,076,480
August	6.43	5.52	20,128,841
September	5.91	5.41	26,472,001
October	6.03	5.14	24,992,284
November	5.58	4.84	26,532,952
December	5.45	4.53	26,691,388

Prior Sales

During the year ended December 31, 2024, the only securities the Corporation issued which are outstanding but are not listed or quoted on a marketplace were an aggregate 6,194,150 stock options, which were granted at exercise prices ranging from $4.68 to $6.39 per Common Share.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

To the Corporation's knowledge, at December 31, 2024, no securities of Birchcliff were held in escrow or subject to a contractual restriction on transfer.

DIRECTORS AND OFFICERS

Directors

The following table sets forth for each person who is a director of the Corporation at the date hereof: (i) their name, province and country of residence; (ii) the period during which they have served as a director of the Corporation or its predecessor entities; and (iii) their principal occupation during the past five years:

Name, Province and Country of Residence	Director Since(1)	Principal Occupation During the Past Five Years
Dennis Dawson(2)(3)(4)(5)(6) *Alberta, Canada*	May 14, 2015	Corporate director. Vice President, General Counsel and Corporate Secretary of AltaGas from December 1998 to April 2015.
Debra Gerlach(2)(3)(4)(5)(6) *Alberta, Canada*	November 8, 2017	Corporate director. Partner with Deloitte LLP from September 1996 to September 2017.
Stacey McDonald(2)(3)(4)(5)(6) *Alberta, Canada*	December 14, 2018	Corporate director and independent businessperson. Managing Director – Institutional Equity Research (Energy) at GMP FirstEnergy and its predecessor from September 2016 to July 2018 and prior thereto, Equity Analyst with GMP FirstEnergy.
Cameron Proctor(3)(4)(5)(6) *Alberta, Canada*	October 4, 2023	Partner with Blake, Cassels & Graydon LLP. Chief Operating Officer and Corporate Secretary of PrairieSky Royalty Ltd. from April 2014 to August 2023.

Name, Province and Country of Residence	Director Since[1]	Principal Occupation During the Past Five Years
James Surbey[6] *Alberta, Canada*	May 11, 2017	Corporate director and independent businessperson. Vice President, Corporate Development and Corporate Secretary of Birchcliff and its predecessor entities from July 2004 to June 30, 2017.
Jeff Tonken[4] *Alberta, Canada*	July 6, 2004	Chairman of the Board of Birchcliff since May 2017. President and Chief Executive Officer of Birchcliff and its predecessor entities from July 2004 to December 2021 and Chief Executive Officer of Birchcliff from January 2022 to December 2023.

(1) The directors of the Corporation hold office until the close of the next annual meeting of shareholders of the Corporation or until their successors are elected or appointed. The next annual meeting of the shareholders of the Corporation is scheduled for May 15, 2025.

(2) Member of the Audit Committee.

(3) Member of the Compensation Committee.

(4) Member of the EHSS Committee.

(5) Member of the Nominating Committee.

(6) Member of the Reserves Evaluation Committee.

Executive Officers

The following table sets forth for each person who is an executive officer of the Corporation at the date hereof: (i) their name, province and country of residence; (ii) their position with the Corporation; and (iii) their principal occupation during the past five years:

Name, Province and Country of Residence	Position with Birchcliff	Principal Occupation During the Past Five Years
Christopher Carlsen *Alberta, Canada*	President and Chief Executive Officer	President and Chief Executive Officer since January 2024. Prior thereto, President and Chief Operating Officer of Birchcliff from January 2022 to December 2023 and Vice President, Engineering of Birchcliff from July 2013 to December 2021.
Bruno Geremia *Alberta, Canada*	Executive Vice President and Chief Financial Officer	Executive Vice President and Chief Financial Officer of Birchcliff since January 2022. Prior thereto, Vice President and Chief Financial Officer of Birchcliff and its predecessor entities from July 2004 to December 2021.
Theo van der Werken *Alberta, Canada*	Chief Operating Officer	Chief Operating Officer of Birchcliff since January 2024. Prior thereto, Vice President, Engineering of Birchcliff from January 2022 to December 2023 and Asset Team Lead/Asset Manager for the Corporation's Pouce Coupe assets from November 2011 to December 2021.
Robyn Bourgeois *Alberta, Canada*	Vice President, Legal, General Counsel and Corporate Secretary	Vice President, Legal, General Counsel and Corporate Secretary of Birchcliff since January 2022. Prior thereto, Corporate Secretary of Birchcliff from June 2017 to December 2021 and General Counsel from December 2014 to December 2021.
Duane Thompson *Alberta, Canada*	Vice President, Operations	Vice President, Operations of Birchcliff since January 2024. Prior thereto, Birchcliff's Production Manager from May 2017 to December 2023.
Hue Tran *Alberta, Canada*	Vice President, Business Development and Marketing	Vice President, Business Development and Marketing of Birchcliff since January 2022. Prior thereto, Business Development Manager of Birchcliff from January 2018 to December 2021 and Joint Venture & Marketing Manager from January 2016 to December 2017.

Biographies of Executive Officers and Directors

The following sets forth a brief biography for each of the executive officers and directors of the Corporation.

Christopher Carlsen – President and Chief Executive Officer

Mr. Carlsen is the President and Chief Executive Officer of Birchcliff and is responsible for the overall strategic direction and financial and operational performance of the Corporation. He is a Professional Engineer with over 20 years of experience in the oil and natural gas industry, including in the areas of executive leadership, engineering, operations, finance, acquisitions and divestitures, business development, marketing and sustainability.

Mr. Carlsen joined Birchcliff in 2008 and has been a member of the Corporation's Executive Team since 2013, serving as the President and Chief Operating Officer from January 2022 to December 2023 and as the Vice President, Engineering from July 2013 to December 2021. Prior to joining Birchcliff, Mr. Carlsen was the Senior Engineer at Greenfield Resources Ltd. and held various engineering positions at both Encana Corporation and PanCanadian Petroleum Ltd.

Mr. Carlsen holds a Bachelor of Science degree in Chemical Engineering from the University of Saskatchewan and is a member of APEGA. He is also a member of the board of directors of CAPP and the board of governors of the Explorers and Producers Association of Canada and a member of the Business Council of Alberta.

Bruno Geremia – Executive Vice President and Chief Financial Officer

Mr. Geremia is the Executive Vice President and Chief Financial Officer of Birchcliff and is responsible for overseeing the Corporation's finance, accounting, payroll, investor relations and information technology teams. He is a Chartered Accountant with over 30 years of experience in the oil and natural gas industry, including in the areas of executive leadership, accounting, finance, taxation and acquisitions and divestitures.

Mr. Geremia is one of the founders of Birchcliff and served as the Vice President and Chief Financial Officer of the Corporation and its predecessor entities from July 2004 to December 2021. Prior to Birchcliff, he served as the Vice President and Chief Financial Officer of both Case Resources Inc. and Big Bear Exploration Ltd., as the Director, Commercial of Gulf Canada Resources and as the Manager, Special Projects of Stampeder Exploration Ltd. Mr. Geremia was previously a Chartered Accountant with Deloitte LLP.

Mr. Geremia holds a Bachelor of Commerce degree from the University of Calgary. He is a Chartered Accountant with the Chartered Professional Accountants of Alberta.

Theo van der Werken – Chief Operating Officer

Mr. van der Werken is the Chief Operating Officer of Birchcliff and is responsible for overseeing the Corporation's day-to-day business, including leading all aspects of Birchcliff's operations and ensuring the Corporation's ongoing commitment to operational excellence. He is a Professional Engineer with over 20 years of industry experience focused on asset management and operations engineering, working onshore and offshore in Europe, the Middle East and North America.

Mr. van der Werken joined Birchcliff in April 2011 and has been a member of the Corporation's Executive Team since January 2022, serving as Vice President, Engineering from January 2022 to December 2023. Prior thereto, Mr. van der Werken was the Asset Team Lead/Asset Manager for Birchcliff's Pouce Coupe assets from November 2011 to December 2021. Before joining Birchcliff, he worked for Equal Energy, Seven Energy (Canada) Inc., ConocoPhillips Canada and Weatherford International.

Mr. van der Werken holds a Master of Science degree in Mining Engineering from the Delft University of Technology, The Netherlands and a Master of Business Administration from the Haskayne School of Business at the University of Calgary in the Global Energy Executive MBA program. He is a member of APEGA and is currently serving as the chair of the Society of Petroleum Engineers Canada.

Robyn Bourgeois – Vice President, Legal, General Counsel and Corporate Secretary

Ms. Bourgeois is the Vice President, Legal, General Counsel and Corporate Secretary of Birchcliff and is responsible for overseeing the Corporation's legal team and corporate secretarial function. She has over 20 years of experience in corporate governance, M&A, corporate finance and commercial contract negotiation.

Ms. Bourgeois joined Birchcliff as General Counsel in December 2014 and was appointed as Corporate Secretary on June 30, 2017. Prior to joining Birchcliff, she was a partner with Borden Ladner Gervais LLP specializing in securities, corporate governance and mergers and acquisitions law.

Ms. Bourgeois holds a Bachelor of Science degree with distinction in Psychology from the University of Calgary and a Bachelor of Laws degree with distinction from the University of Alberta. She is a member of the Law Society of Alberta and a member of the Alberta Securities Commission's Energy Advisory Committee.

Duane Thompson – Vice President, Operations

Mr. Thompson is the Vice President, Operations of Birchcliff and is responsible for overseeing the Corporation's drilling and completions, facilities, production, surface land, health and safety and environmental teams. He has over 25 years of industry experience focused on production operations, project management, facilities and pipeline construction and health and safety.

Mr. Thompson joined Birchcliff as Production Manager in May 2017, where he was responsible for managing all aspects of the Corporation's production operations, including overseeing Birchcliff's production engineering, measurement and plant/field operations teams. Prior to joining Birchcliff, his career was primarily focused on upstream operations with Canadian producers, including Cardinal Energy Ltd., Angle Energy Inc., True Energy Ltd., Husky Energy Inc. and Renaissance Energy Ltd.

Mr. Thompson holds a Bachelor of Science degree in Chemistry with a minor in Biology from Cameron University in Lawton, Oklahoma.

Hue Tran – Vice President, Business Development and Marketing

Mr. Tran is the Vice President, Business Development and Marketing of Birchcliff and is responsible for overseeing the Corporation's marketing and business innovation teams. He has over 20 years of experience in the oil and natural gas industry, including in the areas of marketing, joint ventures, business development and finance.

Since joining Birchcliff in February 2010, Mr. Tran has held a number of roles with increasing responsibility. Prior to his appointment as Vice President, Business Development and Marketing in January 2022, Mr. Tran held the position of Business Development Manager from January 2018 to December 2021. Prior to joining Birchcliff, he worked for Provident Energy Ltd. and Samson Canada Ltd.

Mr. Tran holds a Bachelor of Arts degree in Economics from the University of Calgary.

Jeff Tonken – Chairman of the Board

Mr. Tonken is one of the founders of Birchcliff and is the Chairman of the Board, a position he has held since May 2017, and is also a member of the Corporation's EHSS Committee.

Mr. Tonken has over 40 years of experience in the oil and natural gas industry, including in the areas of executive leadership, finance, corporate governance, acquisitions and divestitures, business development, marketing and legal. Mr. Tonken served as the President and Chief Executive Officer of Birchcliff and its predecessor entities from July 2004 to December 2021 and as the Chief Executive Officer from January 2022 to December 2023.Prior to Birchcliff, Mr. Tonken founded and served as the President and Chief Executive Officer of Case Resources Inc., Big Bear Exploration Ltd. and Stampeder Exploration Ltd. Prior thereto, he was a partner with the law firm Howard, Mackie (now Borden Ladner Gervais LLP). Mr. Tonken is a member of the board of directors and Chairman of the Steering Committee of Rockies GP and is a representative of Rockies on the Steering Committee of Ksi Lisims LNG. He was previously a member of the board of directors of CAPP and was the Chair in 2019.

Mr. Tonken holds a Bachelor of Commerce degree from the University of Alberta and a Bachelor of Laws degree from the University of Wales. He is a member of the Law Society of Alberta.

Dennis Dawson – Independent Lead Director

Mr. Dawson is a corporate director. He is the Chair of Birchcliff's Compensation and Nominating Committees and is also a member of the Corporation's Audit, EHSS and Reserves Evaluation Committees.

Mr. Dawson has over 35 years of oil and natural gas experience, including nine years as General Counsel for Pan-Alberta Gas Ltd., a major Canadian natural gas export and marketing company. Mr. Dawson was the Vice President, General Counsel and Corporate Secretary of AltaGas from December 1998 to April 2015. He first joined AltaGas as Associate General Counsel in August 1997, after consulting with AltaGas Services Inc. from July 1996. Effective July 1998, Mr. Dawson became AltaGas' General Counsel and Corporate Secretary and effective December 1998, he became Vice President, General Counsel and Corporate Secretary.

Mr. Dawson holds a Bachelor of Arts degree from the University of Lethbridge and a Bachelor of Laws degree from the University of Alberta. He is a member of the Law Society of Alberta.

Debra Gerlach – Independent Director

Ms. Gerlach is a corporate director. She is the Chair of Birchcliff's Audit Committee and is also a member of the Corporation's Compensation, EHSS, Nominating and Reserves Evaluation Committees.

Ms. Gerlach was a partner with Deloitte LLP from September 1996 to September 2017, where she practiced in the Assurance and Advisory group. Prior thereto, she held various positions within Deloitte LLP from the time she joined the firm in August 1982. During her 35-year career with the firm, Ms. Gerlach worked with numerous public oil and natural gas companies. She is also currently a director of Peyto Exploration & Development Corp., a publicly traded oil and natural gas company, where she is the Chair of the Audit Committee and a member of the Compensation, Environment, Social and Governance and Reserves Committees.

Ms. Gerlach holds a Bachelor of Commerce degree and a Master of Business Administration degree from the University of Calgary. She also holds an Audit Committee Certificate from the Chartered Professional Accountants of Canada. Ms. Gerlach is a Chartered Accountant with the Chartered Professional Accountants of Alberta.

Stacey McDonald – Independent Director

Ms. McDonald is a corporate director and an independent businessperson. She is the Chair of Birchcliff's EHSS Committee and is also a member of the Corporation's Audit, Compensation, Nominating and Reserves Evaluation Committees.

Ms. McDonald has over 19 years of experience in the energy and financial sectors. From September 2016 to July 2018, Ms. McDonald was Managing Director – Institutional Equity Research (Energy) at GMP FirstEnergy and its predecessor, GMP Securities, each of which was an independent global investment bank. She joined GMP Securities in February 2006 as a research associate and began publishing independently as an Equity Analyst in 2009. She is also currently a director of Bonterra Energy Corp., a publicly traded oil and natural gas company, where she is the Chair of the Reserves Committee and is also a member of the Audit, Compensation and Governance and Nominating Committees.

Ms. McDonald holds a Bachelor of Commerce degree in Finance from the University of Alberta. She is also a holder of the Institute of Corporate Directors' Director designation.

Cameron Proctor – Independent Director

Mr. Proctor is a lawyer and experienced business executive with over 20 years of leadership experience in the energy industry. He is a member of Birchcliff's Compensation, EHSS, Nominating and Reserves Evaluation Committees.

Mr. Proctor is a partner with Blake, Cassels & Graydon LLP, one of Canada's leading business law firms. From its inception in April 2014 to August 2023, he was the Chief Operating Officer and Corporate Secretary of PrairieSky Royalty Ltd., a pure-play petroleum and natural gas royalty company. Prior thereto, Mr. Proctor was the Executive Vice President and Chief Legal Officer and a member of the board of directors of Sinopec Canada and worked for Sinopec Canada and its predecessor companies since 2010, including as Vice President, General Counsel and Corporate Secretary of Daylight Energy Ltd. He is a current member of the board of directors of the Pacific Salmon Foundation and was previously a member of the board of directors of CAPP.

Mr. Proctor holds a Bachelor of Arts degree from the University of Victoria and a Bachelor of Laws degree from the University of Calgary and is a member of the Law Society of Alberta.

James Surbey – Director

Mr. Surbey is a corporate director and an independent businessperson. He is the Chair of Birchcliff's Reserves Evaluation Committee.

Mr. Surbey has over 40 years of experience in the oil and natural gas industry, including in the areas of executive leadership, business development, engineering, legal, corporate governance, finance and acquisitions and divestitures. Mr. Surbey is one of the founders of Birchcliff and served as the Vice President, Corporate Development and Corporate Secretary of the Corporation and its predecessor entities from July 2004 to June 30, 2017, and remained an employee of Birchcliff until December 31, 2022. Prior to Birchcliff, he served as the Vice President, Corporate Development of Case Resources Inc., the Senior Vice President, Corporate Development of Big Bear Exploration Ltd. and the Vice President, Corporate Development of Stampeder Exploration Ltd. Mr. Surbey was previously a senior partner with the law firm Howard, Mackie (now Borden Ladner Gervais LLP).

Mr. Surbey holds a Bachelor of Engineering degree and a Bachelor of Laws degree from McGill University and is a member of the Society of Petroleum Engineers. He is a retired member of the Law Society of Alberta and was previously a member of the Alberta Securities Commission's Petroleum Advisory Committee.

Shareholdings of Directors and Executive Officers

At March 11, 2025, the directors and executive officers of the Corporation, as a group, beneficially owned, or controlled or directed, directly or indirectly, 5,582,611 Common Shares, representing approximately 2% of the issued and outstanding Common Shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as disclosed below, none of the directors or executive officers of the Corporation is, as at the date of this Annual Information Form, or was within 10 years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company (including the Corporation) that: (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days (collectively, an "**Order**") that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Except as disclosed below, none of the directors or executive officers of the Corporation or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation: (i) is, as at the date of this Annual Information Form, or has been within the 10 years before the date of this Annual Information Form, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

From July 8, 2010 to February 20, 2018, Mr. Geremia was a director of Manitok Energy Inc., a company listed on the TSX Venture Exchange. On January 10, 2018, Manitok announced that it had filed a Notice of an Intention to Make a Proposal pursuant to the provisions of the *Bankruptcy and Insolvency Act* (Canada), naming FTI Consulting Canada Inc. as the proposed trustee. Manitok was unable to form a proposal with its creditors within 30 days after filing its Notice of Intention and as a result, on February 20, 2018, the Court of Queen's Bench of Alberta issued a Receivership Order placing Manitok into receivership and substituting Alvarez & Marsal Canada Inc. in place of FTI as the trustee in bankruptcy. The Court also appointed Alvarez as the receiver and manager of Manitok and terminated the Notice of

Intention. All of the directors of Manitok, including Mr. Geremia, resigned. On May 4, 2018, a cease trade order was issued against Manitok under the securities legislation of Alberta and Ontario for failure to file annual audited financial statements and annual management's discussion and analysis for the year ended December 31, 2017.

None of the directors or executive officers of the Corporation or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Certain directors and officers of the Corporation are engaged in, and may continue to engage in, other activities in the oil and natural gas industry. As a result, such directors and officers may become subject to conflicts of interest. For example, certain of the Corporation's directors and officers are also, or may be in the future, directors or officers of other oil and natural gas companies that may compete or be counterparties to agreements with the Corporation. The ABCA requires a director or officer of a corporation who is a party to, or is a director or an officer of, or has a material interest in any person who is a party to, a material contract or proposed material contract or a material transaction or proposed material transaction, with the Corporation to disclose the nature and extent of his or her interest and, in the case of directors, to refrain from voting on any matter in respect of such contract or transaction, unless otherwise permitted under the ABCA. To the extent that conflicts of interests arise, such conflicts will be resolved in accordance with the provisions of the ABCA and the Corporation's Code of Business Conduct and Ethics.

AUDIT COMMITTEE

Audit Committee Charter

The full text of the charter adopted by the Audit Committee of the Corporation is attached hereto as Appendix C.

Composition of the Audit Committee and Relevant Education and Experience

As at the date hereof, the Audit Committee is comprised of Ms. Debra Gerlach (Chair), Mr. Dennis Dawson and Ms. Stacey McDonald. Each of the members of the Audit Committee is "independent" and "financially literate" within the meaning of NI 52-110. The following table sets forth the relevant education and experience of each member of the Audit Committee:

Name	Relevant Education and Experience
Debra Gerlach (Chair)	Ms. Gerlach was a partner with Deloitte LLP from September 1996 to September 2017, where she practiced in the Assurance and Advisory group. Prior thereto, she held various positions within Deloitte from the time she joined the firm in August 1982. During her 35-year career with the firm, Ms. Gerlach worked with numerous public oil and natural gas companies. Ms. Gerlach holds a Bachelor of Commerce degree and a Master of Business Administration degree from the University of Calgary. She also holds an Audit Committee Certificate from the Chartered Professional Accountants of Canada. Ms. Gerlach is a Chartered Accountant with the Chartered Professional Accountants of Alberta.
Dennis Dawson	Mr. Dawson has over 35 years of oil and natural gas experience, including nine years as General Counsel for Pan-Alberta Gas Ltd., a major Canadian natural gas export and marketing company. Mr. Dawson was the Vice President, General Counsel and Corporate Secretary of AltaGas from December 1998 to April 2015. He holds a Bachelor of Arts degree from the University of Lethbridge and a Bachelor of Laws degree from the University of Alberta.
Stacey McDonald	Ms. McDonald has over 19 years of experience in the energy and financial sectors. From September 2016 to July 2018, Ms. McDonald was Managing Director – Institutional Equity Research (Energy) at GMP FirstEnergy and its predecessor, GMP Securities, each of which was an independent global investment bank. Ms. McDonald joined GMP Securities in February 2006 as a research associate and began publishing independently as an Equity Analyst in 2009. Ms. McDonald holds a Bachelor of Commerce degree in Finance from the University of Alberta. She is also a holder of the Institute of Corporate Directors' Director designation.

Pre-Approval Policies and Procedures

The charter adopted by the Audit Committee provides that the committee shall pre-approve all non-audit services to be provided to the Corporation by the Corporation's external auditor. The Audit Committee may delegate to one or more of its members the authority to pre-approve non-audit services, provided that any such pre-approval must be presented to the Audit Committee at its first scheduled meeting following such pre-approval and the member(s) to whom such authority has been delegated comply with such other procedures as may be established by the committee from time to time.

External Auditor Service Fees

The following table sets forth the fees billed to the Corporation by its auditors, KPMG LLP, for external audit and other services for the years ended December 31, 2024 and December 31, 2023:

Fees	2024	2023
Audit Fees(1)	$534,010	$492,735
Audit-Related Fees(2)	-	-
Tax Fees(3)	$106,679	$115,336
All Other Fees(4)	-	-
Total	**$640,689**	**$608,071**

(1) "Audit Fees" consist of fees for the audit of the Corporation's annual financial statements and the review of the Corporation's quarterly financial statements, as well as services that are normally provided in connection with statutory and regulatory filings or engagements.

(2) "Audit-Related Fees" consist of fees for assurance and related services that are reasonably related to the performance of the audit or the review of the Corporation's financial statements and are not reported under the heading of "Audit Fees" above.

(3) "Tax Fees" consist of fees for professional services rendered for tax compliance, tax advice and tax planning. In 2024 and 2023, such fees related to the preparation and filing of Birchcliff's corporate income tax returns and other tax-related work and the preparation and filing of Scientific Research and Experimental Development (SRED) investment tax credit claims.

(4) "All Other Fees" consist of fees for products and services other than those described under the headings of "Audit Fees", "Audit-Related Fees" and "Tax Fees" above.

INDUSTRY CONDITIONS

Companies carrying on business in the oil and natural gas industry in Canada are subject to extensive regulation and control of operations (including with respect to land tenure, exploration, development, production, refining and upgrading, transportation and marketing) as a result of legislation enacted by various levels of government, as well as with respect to the pricing and taxation of petroleum and natural gas through legislation enacted by, and agreements among, the federal and provincial governments of Canada, all of which should be carefully considered by investors in the Corporation. All current legislation is a matter of public record and the Corporation is unable to predict what additional legislation or amendments may be enacted in the future.

The Corporation's assets and operations are regulated by administrative agencies that derive their authority from legislation enacted by the applicable level of government. Regulated aspects of the Corporation's upstream oil and natural gas business include all manner of activities associated with the exploration for, and production of, oil, natural gas and NGLs, including, among other matters: (i) permits for the drilling of wells and construction of related infrastructure; (ii) technical drilling and well requirements; (iii) permitted locations of, and access to, operation sites; (iv) operating standards regarding conservation of produced substances and avoidance of waste, such as restricting flaring and venting; (v) minimizing environmental impacts, including by reducing emissions; (vi) the storage, injection and disposal of substances associated with production operations; and (vii) the abandonment and reclamation of impacted sites. In order to conduct oil and natural gas operations and remain in good standing with the applicable federal or provincial regulatory regime, producers must comply with applicable legislation, regulations, orders, directives and other directions (all of which are subject to governmental oversight, review and revision, from time to time). Compliance in this regard can be costly and a breach of the same may result in fines or other sanctions.

The discussion below outlines some of the principal aspects of the legislation, regulations, agreements, orders, directives and a summary of other pertinent conditions that impact the oil and natural gas industry in Western Canada, specifically in the Province of Alberta where the Corporation's assets are located. While these matters do not affect Birchcliff's operations in any manner that is materially different than the manner in which they affect other similarly-sized industry participants with similar assets and operations, investors should consider such matters carefully.

Pricing in Canada

The price of crude oil, natural gas and NGLs is negotiated by buyers and sellers. A number of local, regional, North American and global factors may influence prices, including supply and demand, quality of product, distance to market, availability of transportation, value of refined products, prices of competing products, price of competing stock, weather conditions, tariffs and the length of the contract term and other contractual terms of sale.

Exporting from Canada

Pursuant to Canadian constitutional law, the development and operation of interprovincial and international pipelines fall within the Federal Government's jurisdiction. Under the CER Act, new interprovincial and international pipelines require a federal regulatory review and Cabinet approval before they can proceed.

Pursuant to the CER Act, the CER regulates the export of oil, natural gas and NGLs from Canada through the issuance of short-term orders and long-term export licenses. Exporters are free to negotiate prices and other terms with purchasers, provided that the export contracts continue to meet certain criteria prescribed by the CER and the Federal Government.

Draft federal regulations related to the issuance of export orders by the CER were released for comment on December 14, 2024, with the comment period closing on January 28, 2025. If enacted, the draft federal regulations, including the proposed *Export Applications (Licences and Permits) Regulations* and the *Export and Import (Orders, Licences and Permits) Regulations*, are intended to simplify and streamline regulatory requirements for businesses involved in the export and import of oil and natural gas in accordance with the provisions of the CER Act.

The Federal Government's jurisdiction over interprovincial and international pipelines is not exclusive. For example, provincial environmental laws set requirements for pipeline construction, operation and abandonment and set standards for pipeline safety and environmental incidents. Such provincial laws may apply to an interprovincial or international pipeline to the extent that the law does not interfere with the "core" of the Federal Government's jurisdiction, pursuant to the constitutional doctrine of interjurisdictional immunity. However, pursuant to the constitutional doctrine of federal paramountcy, where federal and provincial enactments are inconsistent with one another, the federal law will prevail.

Transportation Constraints and Market Access

Producers negotiate, bid or accept terms of commitment with pipeline operators to transport their products to market on a firm, spot or interruptible basis depending on the specific pipeline and the specific substance. Transportation availability is highly variable across different jurisdictions and regions. This variability can determine the nature of transportation commitments available, the number of potential customers and the price received.

As noted above, under the CER Act, new interprovincial and international pipelines require a federal regulatory review and Cabinet approval before they can proceed. Recent years have seen a perceived lack of policy and regulatory certainty in this regard such that, even when projects are approved, they may face delays due to, for example, actions taken by provincial and municipal governments and opposition related to issues such as Indigenous rights and title, the government's duty to consult and accommodate Indigenous peoples and the sufficiency of all relevant environmental review processes and assessments. Export pipelines from Canada to the United States face additional unpredictability as such pipelines may also require approvals from various levels of government in the United States.

Capacity to transport production from Western Canada to Eastern Canada, the United States and other international markets has been, and continues to be, a major constraint on the exportation and/or delivery of crude oil, natural gas and NGLs to end buyers. Although certain pipeline and other transportation projects have been announced or are underway, many proposed projects have been cancelled or delayed due to regulatory hurdles, court challenges and economic and socio-political factors. Due in part to growing production and a lack of new and expanded pipeline and rail infrastructure capacity, producers in Western Canada have experienced pricing discounts relative to other markets in the last several years.

Oil Pipeline Updates

The Edmonton and Fort Saskatchewan region in Alberta serves as Western Canada's largest crude oil refining hub. The key crude oil export pipelines originating from this area include the Trans Mountain Pipeline and the Enbridge

Mainline. A company's ability to sell crude oil largely depends on the accessibility, availability, proximity and capacity of pipeline infrastructure. Securing firm access to pipelines for transporting oil out of Western Canada can provide access to more markets and potentially better pricing. However, limited pipeline capacity and the resulting allocation restrictions have impacted crude oil exports from the region, preventing companies from realizing the full economic value of their products. The *Oil Tanker Moratorium Act* (Canada), which was enacted in June 2019, imposes a ban on tanker traffic transporting crude oil or persistent crude oil products in excess of 12,500 metric tonnes to and from ports located along British Columbia's north coast. The ban may prevent pipelines from being built to, and export terminals from being located on, the portion of the British Columbia coast subject to the moratorium.

The Federal Government, through Trans Mountain (a Crown corporation), currently owns the Trans Mountain Pipeline System ("**TMPL**"), which transports crude oil from Alberta to refineries and export terminals in British Columbia. The TMPL includes the newly constructed Trans Mountain Expansion project, which commenced operations in May 2024. The Federal Government has been in discussions with Indigenous groups and businesses regarding selling significant equity stakes in the TMPL; however no agreements have been reached.

On June 1, 2023, Trans Mountain submitted an application to the CER for approval of an interim toll, proposing a base toll of $11 to $12 per barrel. The application was met with significant opposition and a multiple-stage hearing process is currently underway. On November 23, 2023, the CER approved preliminary interim tolls which apply to transportation service on the TMPL until final interim tolls are set.

On January 7, 2025, the Government of Alberta announced that it had signed a letter of intent with Enbridge to evaluate future egress, transport, storage, terminalling and market access opportunities across Enbridge's North American network. The Government of Alberta plans to guarantee oil volumes that will be shipped on Enbridge's network with the goal of encouraging pipeline expansion, thereby providing access to additional markets.

Natural Gas and LNG Updates

Natural gas prices in Western Canada have been constrained in recent years due to increasing North American supply, limited access to markets and limited storage capacity. Companies that secure firm access to infrastructure to transport their natural gas production out of Western Canada may be able to access more markets and obtain better pricing. Companies without firm access may be forced to accept spot pricing in Western Canada for their natural gas, which may be lower than the prices received in other markets. The Corporation has entered into, and continues to look for opportunities for, various physical delivery sales contracts and financial instruments in order to provide it with geographical market diversification. See *"Description of the Business – Transportation Arrangements"* and *"Description of the Business – Marketing and Risk Management".*

Required repairs or upgrades to existing natural gas pipeline systems in Western Canada have also led to reduced capacity and apportionment of access, the effects of which have been exacerbated by storage limitations. However, due to a series of recent upgrades, capacity on the NGTL System has increased incrementally each year since 2021. The NGTL System will supply a portion of natural gas to the Coastal GasLink pipeline, which will deliver gas to LNG Canada's export facility, as discussed further below.

While a number of LNG export plants have been proposed in Canada, regulatory and legal uncertainty, social and political opposition and changing market conditions have resulted in the cancellation or delay of many of these projects. Nonetheless, there are currently multiple LNG export projects at different stages of development across Canada, as described in further detail below:

- LNG Canada's LNG liquefaction facility ("**LNG Canada Facility**") and export terminal in Kitimat, British Columbia will be Canada's first operational large-scale LNG export facility. It is currently expected that the LNG Canada Facility will commence exports of LNG in mid-2025.
- Woodfibre LNG Limited is currently constructing the Woodfibre LNG facility in Squamish, British Columbia. Upon completion, the Woodfibre LNG facility will produce approximately 2.1 million tonnes of LNG per year. Completion of the project is currently expected to occur in late 2027.
- Cedar LNG is a proposed floating LNG facility in Kitimat, British Columbia, within the traditional territory of the Haisla Nation. On June 25, 2024, a positive final investment decision was reached for the Cedar LNG project. Early construction work is underway and it is currently anticipated that the project will be in service in late 2028.

- The Ksi Lisims LNG project, jointly developed by the Nisga'a Lisims Government, Rockies LNG Limited Partnership and Western LNG LLC, is a proposed LNG facility to be located on a site owned by the Nisga'a Nation on the northwest coast of British Columbia. The Ksi Lisims LNG project submitted an application for an environmental certificate to the British Columbia Environmental Assessment Office (the "**BC EAO**") on October 16, 2023 and a revised application on September 3, 2024. The public comment period on the BC EAO's draft assessment report of the Ksi Lisims LNG project closed on December 12, 2024 and the BC EAO has completed its assessment of the possible impacts of the Ksi Lisims LNG project. By the second quarter of 2025, the BC EAO is expected to finalize its assessment report and provide it along with other materials from the environmental assessment to the provincial ministers of Environment & Parks and Energy & Climate Solutions to inform their decision on whether or not to approve the Ksi Lisims LNG project. Once operational, the Ksi Lisims LNG project is expected to export up to 22.4 billion cubic metres of natural gas per year.

Land Tenure

Mineral Rights

With the exception of Manitoba, each provincial government in Western Canada owns most of the mineral rights to the oil and natural gas located within their respective provincial borders. Provincial governments grant rights to explore for and produce oil and natural gas pursuant to leases, licences and permits (collectively, "**leases**") for varying terms and on conditions set forth in provincial legislation, including requirements to perform specific work or make payments in lieu thereof. The provincial governments in Western Canada conduct regular land sales where oil and natural gas companies bid for the leases necessary to explore for and produce oil and natural gas owned by the respective provincial governments. These leases generally have a fixed term; however, a lease may be continued beyond its initial term if the necessary conditions are satisfied.

In addition to Crown ownership of the rights to oil and natural gas, private ownership of oil and natural gas (i.e. freehold mineral lands) also exists in Alberta. The rights to explore for and produce privately owned oil and natural gas are granted by a lease or other contract on such terms and conditions as may be negotiated between the owner of such mineral rights and oil and natural gas explorers and producers.

An additional category of mineral rights ownership is Federal Government ownership of some legacy mineral lands within First Nations reserves, as designated under the *Indian Act* (Canada).

Surface Rights

To develop oil and natural gas resources, producers must also have access rights to the surface lands required to conduct operations. For Crown lands, surface access rights can be obtained directly from the government. For private lands, access rights can be negotiated with the landowner. Where an agreement cannot be reached, however, each province has developed its own process that producers can follow to obtain and maintain the surface access necessary to conduct operations throughout the lifespan of a well, facility or pipeline.

Royalties and Incentives

General

Each province has legislation and regulations in place to govern Crown royalties and establish the royalty rates that producers must pay in respect of the production of Crown resources. The royalty regime in a given province is in addition to applicable federal and provincial taxes and is a significant factor in the profitability of oil, natural gas and NGLs production. Royalties payable on production from lands where the Crown does not hold the mineral rights are negotiated between the mineral freehold owner and the lessee, though certain provincial taxes and other charges on production or revenues may be payable. Royalties from production on Crown lands are determined by provincial regulation and are generally calculated as a percentage of the value of production. The majority of the Corporation's assets are on Crown lands.

Producers and working interest owners of oil and natural gas rights may create additional royalties or royalty-like interests, such as overriding royalties, net profits interests and net carried interests, through private transactions, the terms of which are subject to negotiation.

Occasionally, the Federal Government and provincial governments create incentive programs for the oil and natural gas industry. Such programs often provide for volume-based incentives, royalty rate reductions, royalty holidays or royalty tax credits and may be introduced when commodity prices are low to encourage exploration and development activity. Governments may also introduce incentive programs to encourage producers to prioritize certain kinds of development or utilize technologies that may enhance or improve the recovery of oil, natural gas and NGLs or improve environmental performance. In addition, the Federal Government creates incentives and other financial aid programs from time to time, which are intended to assist businesses operating in the oil and natural gas industry, as well as other industries in Canada.

The Royalty Framework in Alberta

Crown Royalties

In Alberta, oil and natural gas producers are responsible for calculating their royalty rate on an ongoing basis. The Crown's royalty share of production is payable monthly and producers must submit their records showing the royalty calculation.

In 2016, the Government of Alberta adopted a modernized Crown royalty framework (the "**Modernized Framework**") that applies to all conventional oil (i.e.; not oil sands) and natural gas wells drilled after December 31, 2016 that produce Crown-owned resources. The previous royalty framework (the "**Previous Framework**") will continue to apply to wells producing Crown-owned resources that were drilled prior to January 1, 2017 until December 31, 2026, following which time they will become subject to the Modernized Framework. The *Royalty Guarantee Act* (Alberta), which came into effect on July 18, 2019, provides that no major changes will be made to the current oil and natural gas royalty structure for a period of at least 10 years.

Royalties on production from non-oil sands wells subject to the Modernized Framework are determined on a "revenue-minus-costs" basis. The cost component is based on a drilling and completion cost allowance formula that relies, in part, on the industry's average drilling and completion costs, determined annually by the AER, and incorporates information specific to each well such as vertical depth and lateral length.

Producers pay a flat royalty rate of 5% of gross revenue from each well that is subject to the Modernized Framework until the well reaches payout. Payout for a well is the point at which cumulative gross revenue from the well equals the drilling and completion cost allowance for the well, as set by the AER. After payout, producers pay an increased royalty on revenue at a royalty rate between 5% and 40% for oil and pentanes and 5% and 36% for methane, ethane, propane and butane, all determined by reference to the then current commodity prices of the various hydrocarbons. Similar to the Previous Framework, the post-payout royalty rate under the Modernized Framework varies with commodity prices and operates on a sliding scale. Once production in a mature well drops below a threshold level where the rate of production is too low to sustain the full royalty burden, its royalty rate is adjusted downward, to a minimum rate of 5%. As the Modernized Framework uses deemed drilling and completion costs in calculating the royalty and not the actual drilling and completion costs incurred by a producer, low-cost producers benefit if their well costs are lower than the drilling and completion cost allowance.

Subject to certain available incentives, royalty rates for conventional oil production subject to the Previous Framework range from a base rate of 0% to a cap of 40% and royalty rates for natural gas production under the Previous Framework range from a base rate of 5% to a cap of 36%. The Previous Framework also includes a natural gas royalty formula which provides for a reduction based on the measured depth of the well below 2,000 metres deep, as well as the acid gas content of the produced gas. Under the Previous Framework, the royalty rate applicable to NGLs is a flat rate of 40% for pentanes and 30% for butanes and propane.

Freehold Royalties

Royalties on production from privately-owned freehold lands are negotiated between the freehold mineral owner and the lessee under a lease or other contract. Producers and working interest participants may also pay additional royalties to parties other than the freehold mineral owner where such royalties are negotiated through private transactions.

Rental Payments and Freehold Mineral Taxes

Currently, producers of oil and natural gas from Crown lands in Alberta are required to make annual rental payments, at a rate of $3.50 per hectare, and make monthly royalty payments in respect of oil and natural gas produced.

In addition to the royalties payable to the mineral owners (or to other royalty holders, if applicable), producers of oil and natural gas from freehold lands in each of the Western Canadian provinces are required to pay freehold mineral taxes or production taxes. Freehold mineral taxes or production taxes are taxes levied by a provincial government on oil and natural gas production from lands where the Crown does not hold the mineral rights. Freehold mineral taxes are in addition to any other negotiated royalty or other payment required to be paid to the owner of such freehold mineral rights.

Regulatory Authorities and Environmental Regulation

The Canadian oil and natural gas industry is subject to environmental regulation under a variety of Canadian federal, provincial, territorial and municipal laws and regulations, all of which are subject to governmental review and revision from time to time. Such regulations provide for, among other things, restrictions and prohibitions on the spill, release or emission of various substances produced in association with certain oil and natural gas industry operations, such as sulphur dioxide and nitrous oxide and, increasingly, GHG emissions. The regulatory regimes set out the requirements with respect to oilfield waste handling and storage, habitat protection and the satisfactory operation, maintenance, abandonment and reclamation of well, facility and pipeline sites. Compliance with such regulations can require significant expenditures and a breach of such requirements may result in suspension or revocation of necessary licences and authorizations, civil liability and the imposition of material fines and penalties. In addition, future changes to environmental legislation, including legislation related to air pollution and GHG emissions (typically measured in terms of their global warming potential and expressed in terms of CO_2e), may impose further requirements on operators and other companies in the oil and natural gas industry. Companies that have hydraulic fracturing operations have additional operational regulatory and reporting requirements.

Federal

Canadian environmental regulation is the responsibility of both the federal and provincial governments. While provincial governments and their delegates are responsible for most environmental regulation, the Federal Government regulates environmental matters where they impact matters of federal jurisdiction or when they arise from projects that are subject to federal jurisdiction, such as interprovincial transportation undertakings, including pipelines and railways, and activities carried out on federal lands. Where there is a direct conflict between federal and provincial environmental legislation in relation to the same matter, the federal law prevails.

The *Impact Assessment Act* (the "**IAA**") sets out the scheme for federal environmental assessments in Canada. In 2023, and after various court challenges, the Supreme Court of Canada found that certain aspects of the IAA were unconstitutional largely on the basis that they represented federal overreach into areas of provincial jurisdiction. The Federal Government amended the IAA via the *Budget Implementation Act, 2024, No. 1*, which received royal assent on June 20, 2024. The amendments, among other things, limit the range of project effects that could require an assessment under the IAA.

The Federal Government's role in regulating environmental matters, such as emissions, is discussed in further detail in *"Industry Conditions – Climate Change Regulation"*.

Alberta

The AER is the principal regulator responsible for all energy resource development in Alberta. The AER is responsible for ensuring the safe, efficient, orderly and environmentally responsible development of hydrocarbon and mineral resources, including allocating and conserving water resources, managing public lands and protecting the environment.

While the AER is the primary regulator for energy development, several other governmental departments, agencies and regulators may be involved in land use issues and mineral tenure, including the Alberta Ministry of Environment and Protected Areas, the Alberta Ministry of Energy and Minerals, the Aboriginal Consultation Office, the Land Use Secretariat and the Land and Property Rights Tribunal.

Liability Management

The AER administers several liability management programs to manage liability for most conventional upstream oil and natural gas wells, facilities and pipelines in Alberta. The province is gradually moving from a prescriptive framework toward a more holistic approach to liability management.

The Supreme Court of Canada's decision in *Orphan Well Association v Grant Thornton* (also known as the Redwater decision), provides the backdrop for Alberta's approach to liability management. As a result of the Redwater decision, receivers and trustees can no longer avoid the AER's legislated authority to impose abandonment orders against licensees or to require a licensee to pay a security deposit before approving a licence transfer when any such licensee is subject to formal insolvency proceedings. This means that insolvent estates can no longer disclaim assets that have reached the end of their productive lives (and therefore represent a net liability) in order to deal primarily with the remaining productive and valuable assets without first satisfying any abandonment and reclamation obligations associated with the insolvent estate's assets. The burden of a defunct licensee's abandonment and reclamation obligations first falls on the defunct licensee's working interest partners, and second, the AER may order the orphan fund to assume care and custody and accelerate the clean-up of wells or sites which do not have a responsible owner.

The AER is currently in the process of replacing its Liability Management Rating Program with the Liability Management Framework. The Liability Management Framework is intended to provide a more holistic approach to liability management. It includes the Licensee Management Program, the Inventory Reduction Program, the Licensee Liability Rating Program and the Large Facility Liability Management Program.

AER Directive 088: *Licensee Life-Cycle Management* ("**Directive 088**") came into force on December 1, 2021. Directive 088 institutes a holistic assessment regime with several different regulatory tools not limited to the use of security deposits. Introduced through Directive 088, the Licensee Capability Assessment considers a wider variety of factors and is intended to be a more comprehensive assessment of corporate health. Such factors are wide reaching and include a licensee's financial and liability risk, performance compared with similar companies, compliance history and other operations, closure and administrative factors. These various factors feed into the assessment of a licensee and provides the basis for assessing risk posed by license transfers, as well as any security deposit that the AER may require from a licensee in the event that the regulator deems a licensee at risk of not being able to meet its liability obligations.

This regime also includes an Inventory Reduction Program. Under the Inventory Reduction Program, which became effective on January 1, 2022, all licensees that have liability associated with inactive infrastructure are required to spend a specified amount each year on reclamation activities or post equivalent security with the AER. The specified amount is calculated based on a licensee's proportion of the total industry inactive liability and financial health. In addition, Alberta has an orphan fund to help pay the costs to suspend, abandon, remediate and reclaim a well, facility or pipeline included in certain of the AER's programs if a licensee or working interest participant becomes insolvent or is unable to meet its obligations. The orphan fund is funded through a levy imposed on licensees and a loan from the provincial government.

To address abandonment and reclamation liabilities in Alberta, the AER also implements, from time to time, programs intended to encourage the decommissioning, remediation and reclamation of inactive or marginal oil and natural gas infrastructure.

Climate Change Regulation

Climate change regulation at each of the international, federal and provincial levels has the potential to significantly affect the future of the oil and natural gas industry in Canada. These impacts are uncertain and it is not possible to predict what future policies, laws and regulations will entail. Any new laws and regulations (or additional requirements to existing laws and regulations) could have a material impact on the Corporation's operations and cash flow.

Federal

Canada has been a signatory to the United Nations Framework Convention on Climate Change (the "**UNFCCC**") since 1992. Since its inception, the UNFCCC has instigated numerous policy changes with respect to climate governance. In December 2015, 196 parties, including Canada, adopted the Paris Agreement, committing to prevent global temperatures from rising more than 2° Celsius above pre-industrial levels and to pursue efforts to limit this rise to no more than 1.5° Celsius. In 2016, Canada committed to reducing its emissions by 30% below 2005 levels by 2030. In

2021, Canada updated its original commitment by pledging to reduce emissions by 40 – 45% below 2005 levels by 2030 and to net-zero by 2050.

During the course of the 2021 United Nations Climate Change Conference, Canada pledged to: (i) reduce methane emissions in the oil and gas sector to 75% of 2012 levels by 2030; (ii) cease the export of thermal coal by 2030; (iii) impose a cap on emissions from the oil and gas sector; (iv) halt direct public funding to the global fossil fuel sector by the end of 2022; and (v) commit that all new vehicles sold in the country will be zero-emission on or before 2040. In the November 23, 2021 Speech from the Throne, the Federal Government restated these commitments, including the cap on oil and gas sector emissions, and made other commitments to funding climate change adaptation work.

The Federal Government released the Pan-Canadian Framework on Clean Growth and Climate Change in 2016, setting out a plan to meet the Federal Government's 2030 emissions reduction targets. On June 21, 2018, the Federal Government enacted the *Greenhouse Gas Pollution Pricing Act* (the "**GGPPA**"), which came into force on January 1, 2019. This regime has two parts: an output-based pricing system ("**OBPS**") for large industry (enabled by the *Output-Based Pricing System Regulations*) and a fuel charge (enabled by the *Fuel Charge Regulations*), both of which impose a price on CO_2e emissions. This system, commonly referred to as the federal backstop program, applies in provinces and territories that request it and in those that do not have their own equivalent emissions pricing systems in place that meet the federal standards and ensure that there is a uniform price on emissions across the country. Originally under the federal plans, the price was set to escalate by $10 per year until it reached a maximum price of $50/tonne of CO_2e in 2022; however, on December 11, 2020, the Federal Government announced its intention to continue the annual price increases beyond 2022. Commencing in 2023, the benchmark price per tonne of CO_2e increases by $15 per year until it reaches $170/tonne of CO_2e in 2030. In 2025, the minimum price permissible under the GGPPA will increase to $95/tonne of CO_2e. While several provinces challenged the constitutionality of the GGPPA following its enactment, the Supreme Court of Canada confirmed its constitutional validity in a judgment released on March 25, 2021.

On January 1, 2020, the *Regulations Respecting Reduction in the Release of Methane and Certain Volatile Organic Compounds (Upstream Oil and Gas Sector)* (the "**Federal Methane Regulations**") came into force. The Federal Methane Regulations are intended to achieve a 40% to 45% reduction in methane levels from 2012 levels by 2025. The Federal Methane Regulations originally included requirements for reducing fugitive equipment leaks and venting from well completion and compressors and have since expanded to include restrictions on facility production and pneumatic equipment venting. On December 16, 2023, the Federal Government released draft amendments to the Federal Methane Regulations, which include further reduction targets, a mandatory third-party annual inspection and a performance-based compliance option. The amendments are scheduled to take effect in 2027 and apply across the oil and gas sector by 2030.

On June 29, 2021, the *Canadian Net-Zero Emissions Accountability Act* (the "**CNEAA**") received royal assent. The CNEAA binds the Federal Government to a process intended to help Canada achieve net-zero emissions by 2050. It establishes rolling five-year emissions-reduction targets and requires the government to develop plans to reach each target and support these efforts by creating a Net-Zero Advisory Body. The CNEAA also requires the Federal Government to publish an emissions reduction plan and annual reports that describe how departments and Crown corporations are considering the financial risks and opportunities of climate change in their decision-making. A comprehensive review of the CNEAA is required every five years from the date the CNEAA came into force.

On March 29, 2022, the Federal Government introduced its *2030 Emissions Reduction Plan* (the "**2030 ERP**"). The 2030 ERP, which is the first emissions reduction plan under the CNEAA, restated the 40 – 45% by 2030 GHG reduction target, the oil and gas sector emissions cap and incentives for electric vehicles and renewable energy, among other measures. In December 2023, the Federal Government released the *"2023 Progress Report on the 2030 Emissions Reduction Plan"* and mentioned that Canada's ability to meet its long-term climate goals depends on key regulatory initiatives, such as an oil and gas emissions cap and methane reduction requirements.

In 2022, the *Canadian Greenhouse Gas Offset Credit System Regulations* came into force. These regulations establish a regulatory framework to allow certain kinds of projects to generate and sell offset credits for use in the federal OBPS through Canada's Greenhouse Gas Offset Credit System. The system enables project proponents to generate federal offset credits through projects that reduce GHG emissions under a published federal GHG offset protocol. Offset credits can then be sold to those seeking to meet limits imposed under the OBPS or those seeking to meet voluntary targets.

In November 2023, the Federal Government published amendments to the OBPS. These amendments involved adding and revising output-based standards, enhancing implementation procedures, refining reporting accuracy and encouraging voluntary participation. Notably, the updated OBPS introduces a 2% fixed annual tightening rate for most output-based standards starting from 2023. Sectors facing significant competition and carbon pricing-induced carbon leakage will experience a 1% adjusted tightening rate from 2023 onwards. Additionally, the publication of the *Quantification Methods for the Output-Based Pricing System Regulations*, detailing emissions quantification methods, was released on December 12, 2023, establishing the required methods for quantifying GHGs, heat ratios and electricity generated within the OBPS framework.

Also in 2023, the federal *Clean Fuel Regulations* came into force. These regulations aim to discourage the use of fossil fuels by increasing the price of those fuels when compared to lower-carbon alternatives, imposing obligations on primary suppliers of transportation fuels in Canada, and requiring fuels to contain a minimum percentage of renewable fuel content and meet emissions caps calculated over the life cycle of the fuel. The *Clean Fuel Regulations* also established a market for compliance credits. Compliance credits can be generated by primary suppliers, among others, through carbon capture and storage, producing or importing low-emission fuel, or through end-use fuel switching (for example, operating an electric vehicle charging network).

In November 2024, the Federal Government published the proposed *Oil and Gas Sector Greenhouse Gas Emissions Cap Regulations*, which would implement a cap on GHG emissions from the upstream oil and gas sector and the LNG sector. The proposed regulations would cap 2030 emissions at 35% below 2019 levels between 2030 and 2032. The proposed regulations introduce a cap-and-trade system that covers specific activities, such as onshore and offshore oil and gas production, oil sands extraction and upgrading, natural gas production and processing and LNG production. GHG emissions from certain activities will be capped, while GHG emissions from other activities will be prohibited unless the operator registers in accordance with the regulations.

In December 2024, the Federal Government released the finalized version of the *Clean Electricity Regulations*. Developed under the *Canadian Environmental Protection Act, 1999*, these regulations establish stringent pollution emission standards without prescribing specific technologies. Beginning in 2035, these regulations will set limits on carbon dioxide pollution from almost all electricity generation units that use fossil fuels. The regulations provide a mix of compliance flexibilities and do not prescribe specific technological solutions, thereby providing flexibility to provincial, territorial and municipal authorities to choose the best solutions for their circumstances. While the Federal Government originally had a goal of achieving a net-zero electricity grid by 2035, the *Clean Electricity Regulations* are aimed at achieving a net-zero electricity grid by 2050.

The Government of Alberta has contested the constitutionality of the *Clean Electricity Regulations*. On November 27, 2023, the Government of Alberta issued notice of its intention to invoke a resolution under the *Alberta Sovereignty within a United Canada Act* (the "**Sovereignty Act**") in response to the draft *Clean Electricity Regulations*. This resolution directed specific provincial entities to not enforce or comply with the *Clean Electricity Regulations* "to the extent legally permissible." Following the release of the finalized *Clean Electricity Regulations*, the provincial government indicated that it will prepare an immediate court challenge once the regulations come into force.

On September 27, 2023, the Federal Government released Canada's Carbon Management Strategy, which articulates how carbon management, such as CCUS, will contribute to Canada's net-zero goals. CCUS is a technology that captures CO_2 from facilities, including industrial or power applications, or directly from the atmosphere. The captured CO_2 is then compressed and transported for permanent storage in underground geological formations or used to make new products such as concrete. The strategy provides the following priority areas for the Federal Government regarding carbon management: accelerating innovation and research, development and demonstration; advancing predictable policies and regulations, including Canada's economy-wide carbon pricing system; attracting investment and trade opportunities; scaling up projects and infrastructure to meet the evolving capacity needs of the carbon management sector; and building partnerships and growing inclusive workforces. The Federal Government has also introduced the *Carbon Capture, Utilization, and Storage (CCUS) Investment Tax Credit*, which is a tax credit that applies to eligible expenditures incurred for qualified CCUS projects.

Alberta

In June 2019, the fuel charge element of the federal backstop program took effect in Alberta. The carbon tax payable in Alberta (currently $80/tonne, which is set to increase to $95/tonne effective April 1, 2025) will continue to increase at a rate of $15 per year until it reaches $170 per tonne in 2030. Alberta's *Technology Innovation and Emissions Reduction* ("**TIER**") *Regulation*, which applies to "large emitters" and those who have opted in, came into effect on January 1, 2020 (as amended on January 1, 2023) and replaced the previous *Carbon Competitiveness Incentives Regulation*. The TIER Regulation currently meets the federal benchmark stringency requirements for emissions sources covered in the regulation, and as of January 1, 2023, will continue to apply in Alberta for as long as it meets the federal stringency standards. The federal backstop continues to apply to emissions sources not covered by the regulation.

The TIER Regulation applies to emitters that emit more than 100,000 tonnes of CO_2e per year in 2016 or any subsequent year. The initial target for most TIER-regulated facilities is to reduce emissions intensity by 10% as measured against that facility's individual benchmark, with a further 1% reduction in each subsequent year. The facility-specific benchmark does not apply to all facilities. As of January 1, 2023, a 2% annual tightening rate will apply to facility-specific and high performance benchmarks. Certain facilities, such as those in the electricity sector, are compared against the good-as-best-gas standard. Similarly, for facilities that have already made substantial headway in reducing their emissions, a different "high-performance" benchmark is available. Certain facilities in high-emitting or trade exposed sectors can opt-in to the program in specified circumstances if they do not meet the 100,000 tonne threshold. Amendments as of January 1, 2023 reduced the threshold for those to opt-in from 10,000 tonnes of CO_2e to 2,000 tonnes of CO_2e per year. To encourage compliance with the emissions intensity reduction targets, TIER-regulated facilities must provide annual compliance reports. Facilities that are unable to achieve their targets may either purchase credits from other facilities, purchase carbon offsets, or pay a levy to the Government of Alberta.

In furtherance of global emissions reductions targets, the Government of Alberta had announced a goal to lower annual methane emissions by 45% by 2025. Pursuant to this goal, the *Methane Emission Reduction Regulation* came into force on January 1, 2020 and the AER simultaneously released an updated edition of Directive 060: *Upstream Petroleum Industry Flaring, Incinerating, and Venting* ("**Directive 060**"). The release of the updated Directive 060 complemented a previously released update to Directive 017: *Measurement Requirements for Oil and Gas Operations* that took effect in December 2018. In November 2023, it was announced that Alberta had achieved its goal of reducing methane emissions by 45% by 2025, years ahead of schedule. Alberta's methane reduction programs are currently sufficient to prevent the application of the Federal Methane Regulations in Alberta. Should the amendments to the Federal Methane Regulation come into effect and the Government of Alberta challenges such amendments, the potential effects are unknown.

Indigenous Rights

Constitutionally mandated government-led consultation with and, if applicable, accommodation of the rights of, Indigenous groups impacted by regulated industrial activity, as well as proponent-led consultation and accommodation or benefit sharing initiatives, play an increasingly important role in the Western Canadian oil and natural gas industry. In addition, Canada is a signatory to the *United Nations Declaration on the Rights of Indigenous Peoples* ("**UNDRIP**") and the principles set forth therein may continue to influence the role of Indigenous engagement in the development of the oil and natural gas industry in Western Canada. In June 2021, the *United Nations Declaration on the Rights of Indigenous Peoples Act* (the "**UNDRIP Act**") came into force in Canada. The UNDRIP Act requires the Federal Government to take all measures necessary to ensure the laws of Canada are consistent with the principles of UNDRIP and to implement an action plan to address UNDRIP's objectives. On June 21, 2022, the Minister of Justice and Attorney General issued the First Annual Progress Report on the implementation of the UNDRIP Act. The report provides that, as of June 2022, the Federal Government has sought to implement the UNDRIP Act by, among other things, creating a Secretariat within the Department of Justice to support Indigenous participation in the implementation of UNDRIP, consulting with Indigenous peoples to identify their priorities, drafting an action plan to align federal laws with UNDRIP, and implementing efforts to educate federal departments on UNDRIP's principles. In June 2023, the Implementation Secretariat of the Department of Justice Canada released its action plan with respect to the UNDRIP Act with respect to aligning federal laws with UNDRIP, which has a 2023 to 2028 implementation timeframe.

There are various pieces of Indigenous-related legislation currently being considered, and regulations being developed, by the Federal Government, including the proposed *First Nations Clean Water Act* (currently being considered by the House of Commons) and regulations regarding Indigenous impact assessment co-administration agreements (currently being developed under the IAA). In addition to the changing legislative landscape, common law precedent regarding existing and new Indigenous-related laws continues to develop. Such developments are expected to continue to add uncertainty to the ability of entities operating in the Canadian oil and natural gas industry to execute on major resource development and infrastructure projects, including, among other projects, pipelines.

On June 29, 2021, the British Columbia Supreme Court issued a judgment in *Yahey v British Columbia* (the "**Blueberry Decision**"), in which it determined that the cumulative impacts of industrial development on the traditional territory of the Blueberry River First Nation ("**BRFN**") in Northeast British Columbia had breached the BRFN's rights guaranteed under Treaty 8. Going forward, the Blueberry Decision may have significant impacts on the regulation of industrial activities in Northeast British Columbia and it may lead to similar claims of cumulative effects across Canada in other areas covered by numbered treaties, as has been seen in Alberta.

On January 18, 2023, the Government of British Columbia and the BRFN signed the Blueberry River First Nations Implementation Agreement (the "**BRFN Agreement**"). The BRFN Agreement aims to address the cumulative effects of development on BRFN's claim area through restoration work, establishment of areas protected from industrial development and a constraint on development activities. Such measures will remain in place while a long-term cumulative effects management regime is implemented. Specifically, the BRFN Agreement includes, among other measures, restoration and conservation funding, limits on new petroleum and natural gas development and a new planning regime for future oil and gas activities. The BRFN will receive $87.5 million over three years, with an opportunity for increased benefits based on petroleum and natural gas revenue sharing and provincial royalty revenue sharing in the next two fiscal years.

The BRFN Agreement has acted as a blueprint for other agreements between the Government of British Columbia and Indigenous groups in Treaty 8 territory. In late January 2023, the Government of British Columbia and four Treaty 8 First Nations – Fort Nelson, Saulteau, Halfway River and Doig River First Nations – reached consensus on a collaborative approach to land and resource planning (the "**Consensus Agreement**"). The Consensus Agreement implements various initiatives including a "cumulative effects" management system linked to natural resource landscape planning and restoration initiatives, new land-use plans and protection measures and a new revenue-sharing approach to support the priorities of Treaty 8 First Nations communities.

In July 2022, Duncan's First Nation filed a lawsuit against the Government of Alberta relying on similar arguments to those advanced successfully by the BRFN. Duncan's First Nation claims in its lawsuit that Alberta has failed to uphold its treaty obligations by authorizing development without considering the cumulative impacts on the First Nation's treaty rights. Beaver Lake Cree Nation brought a similar lawsuit against the Government of Alberta and the Federal Government in 2008. The long-term impacts of the Blueberry Decision and the Duncan's First Nation's and Beaver Lake Cree Nation's lawsuits on the Canadian oil and natural gas industry remain uncertain.

Accountability and Transparency

In 2015, ESTMA came into effect, which imposed mandatory reporting requirements on certain entities engaged in the "commercial development of oil, gas or minerals", including exploration, extraction and holding permits. All companies subject to ESTMA must report payments over CDN$100,000 made to any level of a Canadian or foreign government (including Indigenous groups), including royalty payments, taxes (other than consumption taxes and personal taxes), fees, production entitlements, bonuses, dividends (other than ordinary dividends paid to shareholders), infrastructure improvement payments and other prescribed categories of payments.

In June 2023, the International Sustainability Standards Board ("**ISSB**") issued two international reporting standards on sustainability: IFRS S1 – *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 – *Climate-related Disclosures* (collectively, the "**IFRS Standards**"). The Canadian Sustainability Standards Board ("**CSSB**") subsequently released for public comment substantially similar proposed Canadian versions of the international standards ("**CSDS 1**" and "**CSDS 2**"), which were finalized December 2024 (collectively, the "**Canadian Standards**"). The Canadian Standards require issuers, among other things, to include quantitative data regarding their climate change considerations, to use scenario analysis in developing their disclosure and to disclose Scope 3 GHG emissions. The finalized Canadian Standards are substantially similar to the IFRS Standards (and earlier drafts of CSDS 1 and CSDS 2); however, they have extended the implementation timelines for select criteria. Canadian companies are not required to follow the Canadian Standards at this time, however the Canadian Securities Administrators are considering amending Canadian reporting requirements to include certain aspects of these new Canadian Standards. To what extent they will be adopted remains unclear.

On January 1, 2024, the Modern Slavery Act came into force. Pursuant to the Act, entities that meet certain criteria are required to file public reports annually on the steps they have taken prevent and reduce the use of forced labour and child labour in their supply chains. Entities that meet the requirement to comply with the obligations under the Modern Slavery Act, which includes the Corporation, are required to submit annual reports by May 31 of each year.

In June 2024, the Competition Act was amended to enact new deceptive marketing provisions targeting greenwashing. The new provisions introduced unclear substantiation requirements for companies making environmental claims and significant fines for failing to meet the new requirements. In December 2024, the constitutionality of the new deceptive marketing provisions was challenged in the Alberta Court of King's Bench and the lawsuit remains ongoing.

RISK FACTORS

The Corporation is subject to risks that directly affect its business and operations, as well as indirect risks that impact third parties or the oil and natural gas industry generally.

Investors should carefully consider the risk factors set forth below and consider all other information contained herein and in the Corporation's other public filings before making an investment decision. The risks set forth below should be read in conjunction with the *"Industry Conditions"* section above. These risks are not exhaustive and should not be taken as a complete summary or description of all the risks associated with the Corporation's business and the oil and natural gas industry generally. Investors are encouraged to perform their own investigation with respect to the business, financial condition and prospects of the Corporation.

If any of the risks set forth below materialize, the Corporation's business, financial condition, results of operations, prospects, cash flow and reputation may be adversely affected, which may, in turn, reduce or restrict the Corporation's ability to pay dividends and may materially affect the market price of the Common Shares.

While some exposures may be reduced by the Corporation's risk management strategies, many risks are driven by external factors beyond its control or are of a nature which cannot be eliminated. Additional risks and uncertainties not currently known to management or that may currently not be considered material by management, could nevertheless also have an adverse effect on the Corporation's business.

The risks set forth below are based on certain assumptions made by the Corporation, which later may prove to be incorrect or incomplete. The risks set forth below contain forward-looking statements, which are qualified by the information contained under the heading *"Special Notes to Reader – Forward-Looking Statements".*

Commodity Prices

The prices of oil, natural gas and NGLs are volatile, outside of the Corporation's control and affect the Corporation's revenue, cash flow, profitability, financial condition and financial performance

The Corporation's revenue, cash flow, profitability, financial condition and financial performance are highly dependent on commodity prices. Historically, oil, natural gas and NGLs markets have been volatile and are likely to continue to be volatile in the future. Oil, natural gas and NGLs prices are subject to fluctuations in response to changes in supply, demand, market uncertainty and a variety of other factors that are beyond the Corporation's control. These factors include, but are not limited to, the following:

- global energy policy, including the ability of OPEC (and in particular, the Kingdom of Saudi Arabia) and other oil and natural gas exporting nations (and in particular, Russia) to set and maintain production levels and influence prices for oil;
- transportation and infrastructure constraints, including the limitations on the ability of Western Canadian energy producers to export oil, natural gas and NGLs to U.S. markets and other world markets and the resulting

discount that Western Canadian energy producers may receive for their products as compared to U.S. and international benchmark commodity prices;

- production and storage levels of oil, natural gas and NGLs;
- existing and threatened political instability and hostilities in commodity producing regions such as the Middle East, Northern Africa, Russia and elsewhere;
- sanctions imposed on certain oil producing nations (such as Russia) by other countries;
- domestic and global supply of, and demand for, oil, natural gas and NGLs, including LNG;
- increased growth of shale oil and natural gas production in the U.S.;
- weather conditions;
- the overall economic and political environment in Canada, the U.S., Europe, China, Russia, emerging markets and globally;
- tariffs, taxes, restrictions or prohibitions on the import or export of products from one country to another, including on oil and natural gas, imposed by Canada, the U.S. and/or other countries;
- the occurrence or threat of terrorist attacks that could adversely affect the global economy;
- government regulation relating to prices, taxes, royalties, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and natural gas business;
- currency exchange rates, interest rates and inflation rates;
- capital investments by oil and natural gas companies relating to the exploration, development and production of hydrocarbons;
- the effect of environmental and/or energy conservation measures;
- the price, availability and acceptance of alternative energy supplies;
- the development of new hydrocarbon exploration, production and transportation methods or technological advancements in existing methods;
- domestic and foreign governmental regulations, including environmental regulations, climate change regulations and taxation;
- shareholder activism or activities by non-governmental organizations to limit sources of capital for the energy sector or restrict the exploration, development and production of oil, NGLs and natural gas;
- social attitudes or policies affecting energy consumption and energy supply; and
- the impact of regional and/or global health-related events on economic activity levels and energy demand.

Any substantial and prolonged decline in the price of oil and natural gas would have an adverse effect on the carrying value of the Corporation’s assets, borrowing capacity, revenue, profitability and cash flow from operating activities and may have a material adverse effect on the Corporation’s business, financial condition, results of operations, prospects, its ability to pay dividends and ultimately on the market price of the Common Shares.

A material decline in oil and natural gas prices could result in a reduction in the Corporation’s net production revenue. The economics of producing from some wells may change because of lower prices, which could result in reduced production of oil, natural gas or NGLs. The Corporation might also elect not to produce from certain wells at lower prices. In addition, any prolonged period of low oil or natural gas prices could result in a decision by the Corporation to suspend or slow exploration and development activities or the construction or expansion of new or existing facilities or reduce its production levels.

Volatile oil and natural gas prices make it difficult to estimate the value of producing properties for acquisitions and often cause disruption in the market for oil and natural gas producing properties, as buyers and sellers have difficulty agreeing on the value of such properties. Price volatility also makes it difficult to budget for and project the return on potential acquisitions or development and exploitation projects.

Lower commodity prices may also affect the volume and value of the Corporation's reserves, rendering certain reserves uneconomic for development. The Corporation's reserves at December 31, 2024 are estimated using forecast prices and costs. If oil and natural gas prices decrease, the Corporation's reserves may be substantially reduced as economic limits of developed reserves are reached earlier and undeveloped reserves become uneconomic at such prices. Even if some reserves remain economic at lower price levels, sustained low prices may compel the Corporation to re-evaluate its development plans and reduce or eliminate various projects with marginal economics. Any decrease in the value of the Corporation's reserves may reduce the borrowing base under the Credit Facilities, which, depending on the level of the Corporation's indebtedness, could result in the Corporation having to repay a portion of its indebtedness. See *"Risk Factors – Credit Facilities".*

In addition, lower commodity prices restrict the Corporation's cash flow resulting in less funds being available to fund the Corporation's capital expenditure programs. The Corporation's capital expenditure plans are impacted by the Corporation's cash flow. Consequently, the Corporation may not be able to replace its production with additional reserves and both the Corporation's production and reserves could be reduced on a year-over-year basis.

In addition to possibly resulting in a decrease in the value of the Corporation's economically recoverable reserves, lower commodity prices may also result in a decrease in the value of the Corporation's infrastructure and facilities, all of which could also have the effect of requiring a write-down of the carrying value of its oil and natural gas assets on its balance sheet and the recognition of an impairment charge on its income statement.

The Corporation makes price assumptions that are used for planning purposes and a significant portion of its cash outflows, including capital and transportation commitments, are largely fixed in nature. Accordingly, if commodity prices are below the expectations on which these commitments were based, the Corporation's financial results are likely to be adversely and disproportionately affected because these cash outflows are not variable in the short-term and cannot be quickly reduced to respond to unanticipated decreases in commodity prices.

Exploration, Development and Production Risks

The Corporation's business, operations and financial condition may be affected by the financial, operational, environmental and safety risks associated with the exploration, development and production of oil and natural gas

Oil and natural gas operations involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long-term commercial success of the Corporation depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. Without the continual addition of new reserves, the Corporation's existing reserves and the production therefrom, will decline over time as the Corporation produces from such reserves. A future increase in the Corporation's reserves will depend on both the ability of the Corporation to explore and develop its existing properties and its ability to select and acquire suitable producing properties or prospects. There is no assurance that the Corporation will be able to continue to find satisfactory properties to acquire or participate in. Moreover, management of the Corporation may determine that current markets, terms of acquisition or participation or pricing conditions make potential acquisitions or participation uneconomic. There is also no assurance that the Corporation will discover or acquire further commercial quantities of oil or natural gas. The success of the Corporation's business is highly dependent on its ability to acquire or discover new reserves in a cost-efficient manner as substantially all of the Corporation's cash flow is derived from the sale of the petroleum and natural gas reserves that it accumulates and develops. In order to remain financially viable, the Corporation must be able to replace reserves over time at a lesser cost on a per unit basis than its cash flow on a per unit basis.

Future oil and natural gas exploration may involve unprofitable efforts from dry wells or wells that are productive but do not produce sufficient petroleum substances to return a profit after drilling, completing (including hydraulic fracturing), operating and other costs. Completion of a well does not ensure a profit on the investment or recovery of drilling, completion and operating costs.

Drilling hazards, environmental damage and various field operating conditions could greatly increase the cost of operations and adversely affect the production from successful wells. Adverse field operating conditions include, but are not limited to, delays in obtaining governmental approvals or consents, the shutting-in of wells resulting from extreme weather conditions, insufficient storage or transportation capacity or geological and mechanical conditions. While diligent well supervision, effective maintenance operations and the development and utilization of enhanced recovery technologies can contribute to maximizing production rates over time, it is not possible to eliminate production delays and declines from normal field operating conditions, which can negatively affect revenue and cash flow levels to varying degrees.

The Corporation utilizes multi-well pad drilling where practicable. Wells drilled on a pad are typically not placed on production until all wells on the pad are drilled and completed. In addition, problems affecting a single well could adversely affect production from all of the wells on the pad. As a result, multi-well pad drilling can cause delays in the scheduled commencement of production or interruptions in ongoing production. These delays or interruptions may cause volatility in the Corporation's operating results.

The Corporation's business is subject to all of the risks and hazards typically associated with oil and natural gas exploration, development and production operations, including, but not limited to, fire, explosion, blowouts, cratering, sour gas releases, spills and other environmental hazards. These typical risks and hazards could result in substantial damage to oil and natural gas wells, production facilities, other property or the environment and cause personal injury or threaten wildlife. Particularly, the Corporation may explore for and produce sour gas in certain areas. An unintentional leak of sour gas could result in personal injury, loss of life or damage to property and may necessitate an evacuation of populated areas, all of which could result in liability to the Corporation.

Oil and natural gas production operations are also subject to geological and seismic risks, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations. Losses resulting from the occurrence of any of these risks may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

As is standard industry practice, the Corporation is not fully insured against all risks, nor are all risks insurable. Although the Corporation maintains liability and business interruption insurance in amounts that it considers consistent with industry practice, liabilities associated with certain risks could exceed policy limits or not be covered. In either event, the Corporation could incur significant costs. See *"Risk Factors – Insurance"*.

Restrictions on the availability and cost of materials and equipment may impede the Corporation's exploration, development and operating activities as such activities are dependent on the availability and cost of specialized materials and equipment (typically leased from third parties) in the areas where such activities are conducted. The availability of such materials and equipment is limited. An increase in the demand or cost, or a decrease in the availability of such materials and equipment, may impede the Corporation's exploration, development and operating activities. See *"Risk Factors – Availability and Cost of Equipment, Materials and Services"*.

Project Risks

The success of the Corporation's operations may be negatively impacted by factors outside of its control resulting in operational delays and cost overruns

The Corporation manages a variety of small and large projects in the conduct of its business. Project delays and interruptions may delay expected revenue from operations. Significant project cost overruns could make a project uneconomic. The Corporation's ability to execute projects and successfully market its oil, natural gas and NGLs depends upon numerous factors beyond the Corporation's control, including:

- the availability of processing capacity;
- the availability and proximity of pipeline capacity;
- the availability of storage capacity;
- the availability of, and the ability to acquire, water supplies needed for drilling and hydraulic fracturing and the Corporation's ability to dispose of water used or removed from strata at a reasonable cost and in accordance with applicable environmental regulations;
- the effects of inclement and severe weather events, including fire, drought, flooding and extreme temperatures;

- the availability of drilling and related equipment;
- unexpected cost increases;
- accidental events;
- currency fluctuations;
- regulatory changes;
- the availability and productivity of skilled labour;
- environmental and Indigenous activism or land claims that result in delays or cancellations of projects;
- litigation and judicial interpretation and application of laws, including with respect to Indigenous rights and historical treaties;
- political uncertainty; and
- the regulation of the oil and natural gas industry by various levels of government and governmental agencies.

If cash flow from operating activities and funds from external financing sources are not sufficient to cover the Corporation's capital expenditure requirements, the Corporation may be required to reallocate available capital among its projects or modify its capital expenditure plans, which may result in delays in, or cancellation of, certain projects or the deferral of certain capital expenditures. Any change to the Corporation's capital expenditure plans could, in turn, have a material adverse effect on the Corporation's business, financial position, results of operations and plans.

Due to these factors, the Corporation may be unable to execute projects on time, on budget, or at all, and may be unable to effectively market the oil, natural gas and NGLs that it produces.

Geopolitical Events and International Conflicts

Geopolitical events or instability and international conflicts may have wide-ranging consequences for the global market and economic conditions, including energy and commodity prices

The Corporation's business may be adversely affected by geopolitical events in Canada, the United States and elsewhere. A change in government in Canada, the United States or elsewhere may have an impact on the directions taken by such governments on matters that may impact the oil and natural gas industry and have a significant impact on the price of oil and natural gas and result in a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

The recent election of President Trump in the United States may result in legislative and regulatory changes that could have an adverse effect on the Corporation and its financial condition. In particular, there is uncertainty regarding U.S. tariffs and support for existing treaty and trade relationships, including with Canada. Implementation of new legislative or regulatory policies by the U.S. government could impose additional costs on the Corporation, decrease U.S. demand for the Corporation's products or otherwise negatively impact the Corporation, which could have a material adverse impact on the Canadian economy, the Canadian oil and natural gas industry and the Corporation. See *"Risk Factors – Tariffs and Trade Policies".*

Conflicts, or conversely peaceful developments, arising outside of Canada may have a significant impact on the price of oil and natural gas and result in a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

In October 2023, Hamas terrorists infiltrated Israel's southern border from the Gaza Strip and conducted a series of attacks on civilian and military targets. Hamas also launched extensive rocket attacks on the Israeli population and industrial centres located along Israel's border with the Gaza Strip and in other areas within the State of Israel. Following the attack, Israel's security cabinet declared war against Hamas and the military campaign against these terrorist organizations has launched a series of responding attacks in Palestine. In January 2025, Israel and Hamas agreed to a temporary ceasefire, which would be executed in three stages and involve the negotiation of a permanent ceasefire; however, there have been allegations of violations by both sides and the future of the ceasefire remains uncertain. While neither Israel nor the Gaza Strip are significant oil producers, and despite the ceasefire, there remains a risk that any new conflict could lead to wider regional instability in the Middle East, home to some of the world's largest oil producers. In addition, attacks by Houthi rebels in the Red Sea has put significant risks on shipping lanes in the area and has resulted in increased shipping costs to various business entities. Continued attacks on shipping in the Middle East may result in further increases in shipping costs and longer transit times and delays in delivering products or procuring supplies. Throughout 2024, conflict arose in other Middle Eastern countries such as Iran, Syria and Lebanon, with the potential for escalation and intervention by Western countries like the United States. Further escalation of such conflicts may spark confrontations in other parts of the Middle East and have adverse consequences on global markets, commodity prices, supply chains and shipping lanes.

In February 2022, Russian military forces invaded Ukraine. Ukrainian military personnel and civilians continue to actively resist the invasion. Certain countries, including Canada, have imposed strict financial and trade sanctions against Russia. The outcome of the ongoing conflict remains uncertain and may have wide-ranging consequences on the peace and stability of the region and the world economy.

Tariffs and Trade Policies

The Corporation's business could be adversely affected by the imposition of new tariffs or changes to existing tariffs and export or import restrictions

On March 4, 2025, the U.S. announced a 25% broad-based tariff on goods exported out of Canada into the United States, other than energy products (including oil and natural gas), which would be subject to a 10% tariff. In response, the Canadian government announced that it would impose a 25% tariff on $155 billion of goods imported from the U.S. The U.S. also announced a 25% tariff on goods imported from Mexico. Subsequently, on March 6, 2025, President Trump signed an executive order to delay such tariffs on goods from both Canada and Mexico that are covered by the United States-Mexico-Canada Agreement until April 2, 2025.

If enacted, these tariffs, and any changes to these tariffs or imposition of any new tariffs, taxes or import or export restrictions or prohibitions, could have a material adverse effect on the Canadian economy, the Canadian oil and natural gas industry and the Corporation. Furthermore, there is a risk that tariffs imposed by the U.S. on other countries will trigger a broader global trade war which could have a material adverse effect on the Canadian, U.S. and global economies, and by extension the Canadian oil and natural gas industry and the Corporation. Accordingly, the introduction of new trade policies or barriers, including the imposition of new tariffs, duties or other trade restrictions on Canadian hydrocarbon products exported to the U.S., or the imposition of new or retaliatory tariffs, duties or trade restrictions on hydrocarbon products imported into Canada from the U.S., could result in a decrease in, or increase the volatility of, commodity prices and/or price differentials which could, in turn, reduce the demand for oil and natural gas and have an adverse effect on the Corporation's business, financial condition and results of operations.

Political Uncertainty

The Corporation's business may be adversely affected by political and social events and decisions made in Canada and elsewhere

The Corporation's results can be adversely impacted by political, legal or regulatory developments in Canada and elsewhere that affect local operations and local and international markets. Changes in government, government policy or regulations, changes in law or the interpretation of settled law, third-party opposition to industrial activity generally or projects specifically, and the duration of regulatory reviews could impact the Corporation's existing operations and planned projects. This includes actions by regulators or other political actors to delay or deny necessary licences and permits for the Corporation's activities or restrict the operation of third-party infrastructure that the Corporation relies on. Additionally, changes in environmental regulations, assessment processes or other laws, and increasing and expanding stakeholder consultation (including Indigenous stakeholders), may increase the cost of compliance or reduce or delay available business opportunities and adversely impact the Corporation's results.

A change in federal, provincial or municipal governments in Canada may have an impact on the directions taken by such governments on matters that may impact the oil and natural gas industry, including the balance between economic development and environmental policy. With the prorogation of federal parliament on January 6, 2025 and the federal election to follow, there is currently greater uncertainty within the Canadian political landscape. The future applicability and scope of proposed federal regulations that have not yet been enacted is uncertain. A change in the Federal Government could lead to a policy shift that could impact the regulatory environment of the oil and natural gas industry and may have a material adverse impact the Corporation's business, financial condition, results of operations and prospects.

Other government and political factors that could adversely affect the Corporation's financial results include increases in taxes or government royalty rates (including retroactive claims) and changes in trade policies and agreements. Further, the adoption of regulations mandating efficiency standards, the sale of electric vehicles and the use of alternative fuels or uncompetitive fuel components could affect the demand for the Corporation's products. Many governments are providing tax advantages and other subsidies to support alternative energy sources or are mandating the use of specific fuels, technologies or the use of electric vehicles. Governments and others are also promoting research into new technologies to reduce the cost and increase the scalability of alternative energy sources and the success of these initiatives may decrease the demand for the Corporation's products.

The oil and natural gas industry has become an increasingly politically polarizing topic, which has resulted in a rise in civil disobedience surrounding oil and natural gas development, particularly with respect to infrastructure projects such as pipelines. Protests, blockades, demonstrations and vandalism have the potential to delay and disrupt the Corporation's activities. See *"Risk Factors – Public Opposition and Non-Governmental Organizations".*

Gathering and Processing Facilities, Pipeline Systems, Trucking and Rail

Lack of capacity and/or regulatory constraints on gathering and processing facilities, pipeline systems and railway lines may have a negative impact on the Corporation's ability to produce and sell its oil and natural gas

The Corporation delivers its products through gathering and processing facilities, pipeline systems, and, in certain circumstances, by truck and rail. The amount of oil, natural gas and NGLs that the Corporation can produce and sell is subject to the accessibility, availability, proximity and capacity of these gathering and processing facilities, pipeline systems, trucks and railway lines. The lack of firm pipeline capacity, production limits and limits on availability of capacity in gathering and processing facilities, pipeline systems and railway lines continues to affect the oil and natural gas industry and limits the ability to transport produced oil, natural gas and NGLs to market. Unexpected shutdowns or curtailment of capacity of pipelines for maintenance or integrity work or because of actions taken by regulators could also affect the Corporation's production, operations and financial results.

The Corporation's production passes through Birchcliff owned or third-party infrastructure prior to it being ready for sale. There is a risk that should this infrastructure fail and cause a significant portion of the Corporation's production to be shut-in and unable to be sold, this could have a material adverse effect on the Corporation's available cash flow. With respect to facilities owned by third parties and over which the Corporation has no control, these facilities may discontinue or decrease operations, either as a result of normal servicing requirements or as a result of unexpected events. A discontinuation or decrease of operations could have a material adverse effect on the Corporation's ability to process its production and deliver the same to market. Midstream and pipeline companies may take actions to maximize their return on investment which may in turn adversely affect producers and shippers, especially when combined with a regulatory framework that may not always align with the interests of particular shippers.

Further, the Corporation has certain long-term take-or-pay commitments to deliver products through third-party owned infrastructure which creates a financial liability and there can be no assurance that future volume commitments will be met which may adversely affect the Corporation's financial condition and cash flow from operating activities.

Substantial Capital and Additional Funding Requirements

The Corporation may require additional financing from time to time to fund the acquisition, exploration and development of properties and its ability to obtain such financing in a timely fashion and on acceptable terms may be negatively impacted by the current economic and global market volatility

The Corporation anticipates making substantial capital expenditures for the acquisition, exploration, development and production of oil, natural gas and NGLs reserves in the future. As future capital expenditures are expected to be financed out of cash generated from operations and borrowings as well as possible future asset and equity sales, the Corporation's ability to do so is dependent on, among other factors:

- the overall state of the capital markets;
- commodity prices;
- interest rates;
- royalty rates;
- tax burden due to current and future tax laws; and
- investor appetite for investments in the energy industry and the Corporation's securities in particular.

The Corporation's cash flow from its properties may not be sufficient to fund its ongoing activities at all times and from time to time the Corporation may require additional financing. The inability of the Corporation to access sufficient capital for its operations and activities could have a material adverse effect on the Corporation's financial condition, results of operations and prospects.

There can be no assurance that debt or equity financing or cash generated by operations will be available or sufficient to meet the Corporation's requirements or, if debt or equity financing is available, that it will be on terms acceptable to the Corporation. To the extent that external sources of capital become limited, unavailable or available on onerous terms, the Corporation's ability to make capital investments and maintain existing assets may be impaired, and its assets, liabilities, business, financial condition and results of operations may be affected materially and adversely as a result. In addition, the Corporation may be required to seek additional equity financing on terms that are highly dilutive to existing shareholders. Moreover, future activities may require the Corporation to alter its capitalization significantly. A failure to obtain financing on a timely basis could cause the Corporation to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations.

Availability and Cost of Equipment, Materials and Services

Restrictions on the availability and cost of equipment, materials and services may impede the Corporation's exploration, development and operating activities

Oil and natural gas exploration, development and operating activities are dependent on the availability and cost of specialized equipment and other materials (typically leased from third parties) in the areas where such activities will be conducted. The availability of such equipment and materials is limited.

The cost or availability of oil and natural gas field equipment may adversely affect the Corporation's ability to undertake exploration, development and construction projects. The oil and natural gas industry is cyclical in nature and is prone to shortages of supply of equipment and services, including drilling rigs, geological and geophysical services, engineering and construction services, major equipment items for infrastructure projects and construction materials generally. These materials and services may not be available at reasonable prices when required. A failure to secure the services and equipment necessary to the Corporation's operations for the expected price, on the expected timeline, or at all, may have an adverse effect on the Corporation's financial performance and cash flow.

Inflation and Interest Rates

The Corporation's operations and financial condition may be negatively impacted by inflationary pressures

Recently, Canada, the United States and other countries have experienced high levels of inflation, supply chain disruptions, equipment limitations, escalating supply costs and additional government intervention through stimulus spending and additional regulations, which have impacted the Corporation's operating costs. The Corporation's inability to manage costs may impact project returns and future development decisions, which could have a material adverse effect on its financial performance and cash flow.

In addition, many central banks, including the Bank of Canada and the U.S. Federal Reserve, have taken steps over the last several years to raise interest rates in an attempt to combat inflation. While interest rates have now generally begun to fall, higher interest rates over the last several years impacted the Corporation's borrowing costs. An increase in borrowing costs may impact project returns and future development decisions, which could have a material adverse effect on the Corporation's financial performance. Higher interest rates could also result in a recession in Canada or other countries, which could have a negative impact on demand for oil and natural gas, causing a decrease in commodity prices. A decrease in commodity prices would immediately impact the Corporation's revenue and could also reduce drilling activity. It is unknown how long high levels of inflation will continue to impact the economy of Canada and how inflation and high interest rates will impact oil and natural gas demand and commodity prices.

Issuance of Debt

Increased debt levels may impair the Corporation's ability to borrow additional capital on a timely basis to fund opportunities as they arise

From time to time, the Corporation may finance its activities (including asset acquisitions) in whole or in part with debt, which may increase the Corporation's debt levels above industry standards for oil and natural gas companies of similar size. Depending on future exploration and development plans, the Corporation may require additional debt financing that may not be available or, if available, may not be available on favourable terms. Neither the Corporation's articles nor its by-laws limit the amount of indebtedness that the Corporation may incur. The level of the Corporation's indebtedness from time to time could impair the Corporation's ability to obtain additional financing on a timely basis to take advantage of business opportunities that may arise and may adversely affect the market price of the Common Shares.

Market Price of the Common Shares

The market price of the Common Shares may be volatile and adversely affected by factors related and unrelated to the oil and natural gas industry and cannot be accurately predicted

The market price of the Common Shares may be volatile, which may affect the ability of holders to sell such shares at an advantageous price. The market prices of the securities of oil and natural gas issuers, including the Corporation, is subject to substantial volatility often based on factors related and unrelated to the financial performance or prospects of the issuers involved. Factors unrelated to the Corporation's performance could include macroeconomic developments nationally, within North America or globally, domestic and global commodity prices and current perceptions of the oil and natural gas market. This includes, but is not limited to, changing (and in some cases negative) investor sentiment towards energy-related businesses. In recent years, the volatility of oil and natural gas commodity prices and the securities of issuers involved in the oil and natural gas business, has increased due, in part, to the implementation of computerized trading and the decrease of discretionary commodity trading. The volatility, trading volume and market prices of oil and natural gas issuers have been impacted by increasing investment levels in passive funds that track major indices and only purchase securities included in such indices and subsequently dispose of those securities if they are excluded from such indices. In addition, many institutional investors, pension funds and insurance companies, including government-sponsored entities, have implemented investment strategies increasing their investments in low-carbon assets and businesses while decreasing the carbon intensity of their portfolios through, among other measures, divestments. These factors have impacted the volatility and liquidity of certain securities and put downward pressure on the market prices of those securities.

Similarly, the market price of the Common Shares could be subject to significant fluctuations in response to variations in the Corporation's operating results, financial condition, liquidity, debt levels, dividend levels and other internal factors. In addition, market price fluctuations in the Common Shares may also be due to the Corporation's results failing to meet the expectations of securities analysts or investors in any quarter, downward revisions in securities analysts' estimates and material public announcements by the Corporation, along with a variety of additional factors, including, without limitation, those set forth under "*Special Notes to Reader – Forward-Looking Statements*". Accordingly, the prices at which the Common Shares will trade cannot be accurately predicted.

Regulatory

Modification to current, or implementation of additional, regulations or the failure to obtain any necessary regulatory approvals could negatively impact the Corporation

Various levels of governments impose extensive controls and regulations on oil and natural gas operations, including exploration, development, production, pricing, marketing, transportation, infrastructure and mergers and acquisitions. Governments may regulate or intervene with respect to exploration and production activities, prices, taxes, royalties, the exportation of oil and natural gas, infrastructure projects and the transfer of assets pursuant to acquisition and divestiture activities. Amendments to these controls and regulations may occur from time to time in response to economic or political conditions. Shifts or changes in governmental policy, including as a result of new or existing administrations at the provincial or federal level, may have an impact on the laws and regulations affecting the oil and natural gas industry, as well as the Corporation. The implementation of new regulations or the modification of existing regulations affecting the oil and natural gas industry could reduce the demand for oil and natural gas, increase the Corporation's costs or make certain projects uneconomic, any of which may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Further, third-party challenges to regulatory decisions and orders can reduce the efficiency of the regulatory regime, as the implementation of the decisions and orders may be delayed resulting in uncertainty and interruption to the business of the oil and natural gas industry.

In order to conduct oil and natural gas operations, the Corporation requires regulatory permits, licences, registrations, approvals and authorizations from various governmental authorities. Obtaining certain approvals from regulatory authorities can involve, among other things, stakeholder and Indigenous consultation, environmental impact assessments and public hearings. Regulatory approvals obtained may be subject to the satisfaction of certain conditions including, but not limited to, security deposit obligations, ongoing regulatory oversight of projects, mitigating or avoiding project impacts, environmental and habitat assessments and other commitments or obligations. There can be no assurance that the Corporation will be able to obtain all of the permits, licences, registrations, approvals and authorizations that may be required to conduct operations that it may wish to undertake in the time required or on acceptable terms and conditions. Any failure to renew, maintain or obtain the required permits, licences, registrations, approvals and authorizations or the revocation or termination of the same may disrupt the Corporation's operations and have a material adverse effect on the Corporation's business and financial condition.

In addition, the Corporation may have to comply with the requirements of certain federal legislation such as the Competition Act and the *Investment Canada Act* (Canada), which may adversely affect its business and financial condition and the market value of its Common Shares or assets, particularly when undertaking, or attempting to undertake, an acquisition or disposition.

See *"Industry Conditions".*

Environmental

Compliance with environmental regulations requires the dedication of a portion of the Corporation's financial and operational resources

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and municipal laws and regulations. Environmental legislation provides for, among other things, the initiation and approval of new oil and natural gas projects and restrictions and prohibitions on the spill, release or emission of various substances produced in association with oil and natural gas industry operations. In addition, such legislation sets out the requirements with respect to oilfield waste handling and storage, habitat protection and the satisfactory operation, maintenance, abandonment and reclamation of well and facility sites. See *"Industry Conditions – Regulatory Authorities and Environmental Regulation".*

Compliance with environmental legislation can require significant expenditures and/or result in operational restrictions. A breach of applicable environmental legislation may result in the imposition of fines and penalties, some of which may be material. In addition, a breach may result in the suspension or revocation of necessary licences and authorizations and/or the Corporation being subject to interim compliance measures, all of which may restrict the Corporation's ability to conduct operations. Further, the Corporation could be subject to civil liability for pollution damage. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require the Corporation to incur costs to remedy such discharge.

Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liabilities and potentially increased capital expenditures and operating costs. Although the Corporation believes that it is in material compliance with current applicable environmental legislation, no assurance can be given that environmental compliance requirements will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

In addition, new environmental legislation may increase uncertainty among oil and natural gas participants as the new legislation is implemented. The implementation of new environmental legislation or the modification of existing legislation affecting the oil and natural gas industry generally could reduce the demand for oil and natural gas and increase costs.

See *"Industry Conditions – Climate Change Regulation"* and *"Risk Factors – Climate Change"*.

Climate Change

Climate change may pose varied and far-ranging risks to the business and operations of the Corporation, both known and unknown, which may adversely affect its business, operations and financial condition

Global climate issues continue to attract public and scientific attention. Numerous reports, including reports from the Intergovernmental Panel on Climate Change, have engendered concern about the impacts of human activity, especially hydrocarbon combustion, on global climate issues. In turn, increasing public, government and investor attention is being paid to global climate issues and to GHG emissions, including emissions of CO_2 and methane from the production and use of oil, NGLs and natural gas. The majority of countries, including Canada, have agreed to reduce their carbon emissions in accordance with the Paris Agreement. See *"Industry Conditions – Climate Change Regulation".*

As discussed below, the Corporation faces both physical risks and transition risks associated with climate change and climate change policy and regulations.

Physical Risks – Acute

Climate change has been linked to an increased severity and frequency of extreme weather. Extreme hot and cold weather, heavy snowfall, heavy rainfall, drought and wildfires may restrict or interfere with the Corporation's operations and its access to its properties or cause other operational difficulties, increasing its costs and negatively impacting its production. For example, extreme weather may impact the Corporation's ability to complete capital projects, facility turnarounds, maintenance and repairs on time. Moreover, extreme weather conditions may lead to disruptions in the Corporation's ability to transport its production, as well as goods and services in its supply chains. Extreme weather also increases the risk of damage to infrastructure and equipment and the risk of injury to the Corporation's personnel due to dangerous working conditions. Certain of the Corporation's properties are proximate to forests and rivers and a wildfire or flood may lead to significant downtime and/or damage to the Corporation's assets. See *"Risk Factors – Seasonality and Extreme Weather".*

Physical Risks – Chronic

Climate change has been linked to long-term shifts in climate patterns, including rising mean temperature and sea levels and long-term changes in precipitation patterns. As the level of activity in the Canadian oil and natural gas industry is influenced by seasonal weather patterns, long-term shifts in climate patterns pose the risk of exacerbating operational delays and other risks posed by seasonal weather patterns. In addition, long-term shifts in weather patterns such as water scarcity, increased frequency of storms and fires and prolonged heat waves may, among other things, require the Corporation to incur greater expenditures (time and capital) to deal with the challenges posed by such changes to its premises, operations, supply chain, transport needs and employee safety, which may in turn have a material adverse effect on the Corporation's business, operations and financial condition. In the event of water shortages or sourcing issues, the Corporation may not be able to, or will incur greater costs to, carry out hydraulic fracturing. See *"Risk Factors – Seasonality and Extreme Weather"* and *"Risk Factors – Hydraulic Fracturing".*

Transition Risks – Reputational

The Corporation's business, financial condition, operations or prospects may be negatively impacted as a result of any negative public opinion towards the Corporation or as a result of any negative sentiment towards, or in respect of, the Corporation's reputation with stakeholders, special interest groups, political leadership, the media or other entities. Public opinion may be influenced by certain media and special interest groups' negative portrayal of the industry in which the Corporation operates, as well as their opposition to certain oil and natural gas projects.

Concerns about climate change have resulted in a number of environmental activists and members of the public opposing the continued exploitation and development of fossil fuels, which has influenced investors' willingness to invest in the oil and natural gas industry. Historically, political and legal opposition to the fossil fuel industry focused on public opinion and the regulatory process. More recently, however, there has been a movement to more directly hold governments and oil and natural gas companies responsible for climate change through climate litigation.

Given the perceived elevated long-term risks associated with policy development, regulatory changes, public and private legal challenges or other market developments related to climate change, there have also been efforts in recent years affecting the financial community, including investment advisors, sovereign wealth funds, banks, public pension funds, universities and other institutional investors, promoting direct engagement and dialogue with companies in their portfolios on climate change action (including exercising their voting rights on matters relating to climate change) and increased capital allocation to investments in low-carbon assets and businesses, while decreasing the carbon intensity of their portfolios through, among other measures, divestments of companies with high exposure to GHG-intensive operations and products. Certain stakeholders have also pressured insurance providers and commercial and investment banks to reduce or stop providing insurance coverage and financing to oil and natural gas companies and related infrastructure businesses and projects. The impact of such efforts may require the Corporation's management to dedicate significant time and resources to these climate change-related concerns and may adversely affect the Corporation's operations, the demand for and price of the Common Shares, the Corporation's cost of capital and the Corporation's access to the capital markets, which negative impact could prove to be material over time.

See *"Risk Factors – Changing Investor Sentiment", "Risk Factors – Public Opinion and Reputational Risk"* and *"Risk Factors – Public Opposition and Non-Governmental Organizations".*

<u>*Transition Risks – Market*</u>

Concerns over climate change, fossil fuels, GHG emissions and water and land-use could lead to reduced demand for the oil, natural gas and NGLs that the Corporation produces, which would have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. See *"Risk Factors – Energy Transition and Alternatives to and Changing Demand for Petroleum Products".*

<u>*Transition Risks – Regulatory and Policy*</u>

Foreign and domestic governments continue to evaluate and implement policy, legislation and regulations focused on restricting GHG emissions and promoting adaptation to climate change and the transition to a low-carbon economy. It is not possible to predict what measures foreign and domestic governments may implement in this regard, nor is it possible to predict the requirements that such measures may impose or when such measures may be implemented. However, international multilateral agreements, the obligations adopted thereunder and legal challenges concerning the adequacy of climate-related policy brought against foreign and domestic governments may accelerate the implementation of these measures.

Existing and future laws and regulations may impose significant liabilities for a failure to comply with their requirements. Concerns over climate change, fossil fuels, GHG emissions and water and land-use could lead to the enactment of more stringent laws and regulations applicable to the Corporation. Any new laws and regulations (or additional requirements to existing laws and regulations) could have a material impact on the Corporation's business, financial condition, results of operations and prospects.

Adverse impacts to the Corporation's business as a result of GHG legislation may include, but are not limited to, increased compliance costs, permitting delays, increased operating costs and capital expenditures. Given the evolving nature of climate change policy and the control of GHG emissions and resulting requirements, including carbon taxes and carbon pricing schemes implemented by varying levels of government, it is expected that current and future climate change regulations will have the effect of increasing the Corporation's operating expenses and, in the long-term, potentially reducing the demand for oil, natural gas and NGLs, resulting in a decrease in the Corporation's profitability and a reduction in the value of its assets or requiring impairments for financial statement purposes.

The Corporation's exploration and production facilities and other operations and activities emit GHGs, which requires the Corporation to comply with applicable GHG emissions legislation. The Corporation is subject to TIER and may become subject to future regional, provincial and/or federal climate change regulations to manage GHG emissions. See *"Description of the Business – Environmental Protection Regulation and Costs"* for further details.

Emissions, carbon and other regulations impacting climate and climate-related matters are constantly evolving. In December 2024, the CSSB released for public comment the Canadian Standards, which require issuers, among other things, to include quantitative data regarding their climate change considerations, to use scenario analysis in developing their disclosure and to disclose Scope 3 GHG emissions, as discussed above in *"Industry Conditions – Accountability and Transparency*". Canadian companies are not required to follow the Canadian Standards at this time, however the Canadian Securities Administrators are considering amending Canadian reporting requirements to include certain aspects of these new Canadian Standards. To what extent they will be adopted remains unclear. If the Corporation is not able to meet future sustainability reporting requirements of regulators or current and future expectations of investors, insurance providers, lenders or other stakeholders, its business and ability to attract and retain skilled employees, obtain regulatory permits, licences, registrations, approvals and authorizations from various governmental authorities, and raise capital may be adversely affected.

In November 2024, the Federal Government published a draft of the proposed *Oil and Gas Sector Greenhouse Gas Emissions Cap Regulations*, which, if enacted as currently drafted, would cap emissions from a range of industrial activities in the oil and gas sector, establish a cap-and-trade system for emissions allowances and require facility operators to comply with various reporting and remittance obligations. Such proposed regulations, which could affect investor confidence, suppress spending on decarbonization initiatives and lead to production cuts, are expected to be finalized in mid-2025 and come into force by January 1, 2026.

See *"Industry Conditions – Climate Change Regulation", "Industry Conditions – Accountability and Transparency", "Risk Factors – Regulatory", "Risk Factors – Environmental", "Risk Factors – Evolving Corporate Governance, Sustainability and Reporting Framework"* and "*Risk Factors – Carbon Pricing Risk".*

Transition Risks – Legal

Claims have been made against certain energy companies alleging that GHG emissions from oil and natural gas operations constitute a public nuisance under certain laws or that such energy companies provided misleading disclosure to the public and investors of current or future risks associated with climate change. Individuals, government authorities or other organizations may make claims against oil and natural gas companies, including the Corporation, for alleged personal injury, property damage or other potential liabilities. While the Corporation is not a party to any such litigation or proceedings, it could be named in actions making similar allegations. An unfavorable ruling in any such case could adversely affect the demand for and price of securities issued by the Corporation, impact its operations and have an adverse effect on its financial condition, which could prove to be material. See *"Risk Factors – Litigation".*

Transition Risks – Technology

The adoption of new technologies by the Corporation to deal with climate change could require a significant capital investment. Limitations related to the development, adoption and success of these technologies or the development of disruptive technologies may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. See *"Risk Factors – Cost of New Technologies".*

Changing Investor Sentiment

Changing investor sentiment towards the oil and natural gas industry may impact the Corporation's access to, and cost of, capital

A number of factors, including concerns regarding the effects of the use of fossil fuels on climate change, the impact of oil and natural gas operations on the environment, environmental damage relating to spills of petroleum products during production and transportation and Indigenous rights, have affected certain investors', lenders' and insurers' sentiments towards investing in, lending to and insuring participants in, the oil and natural gas industry. As a result of these concerns, some institutional, retail and governmental investors, lenders and insurers have announced that they are no longer willing to fund or invest in, lend to or insure oil and natural gas properties or companies, or are reducing the amount thereof over time. In addition, certain institutional investors, lenders and insurers are requesting that issuers develop and implement more robust ESG policies and practices and make related disclosures. Developing and implementing such policies and practices, and making such related disclosures, can involve significant costs and require a significant time commitment from the Corporation's Board, management and employees. Failing to implement the policies and practices, and make the related disclosures, as requested by institutional investors, lenders and insurers, may result in such investors reducing their investment in or loan to the Corporation, or not investing in or lending to the Corporation at all, or such insurers refusing to insure the Corporation. Any reduction in the investor, lender or insurance base interested or willing to invest in, lend to or insure participants in the oil and natural gas industry and more specifically, the Corporation, may result in limiting the Corporation's access to, or increasing the cost of, capital or insurance and decreasing the price and liquidity of the Common Shares, even if the Corporation's operating results, underlying asset values or prospects have not changed or improved.

Public Opinion and Reputational Risk

The Corporation relies on its reputation to continue its operations and to attract and retain investors and employees

The Corporation's business, financial condition, operations and prospects may be negatively impacted by any negative public opinion towards the Corporation or as a result of any negative sentiment towards, or in respect of, the Corporation's reputation with stakeholders, special interest groups, political leadership, the media or other entities. Public opinion may be influenced by certain media and special interest groups' negative portrayal of the industry in which the Corporation operates, as well as their opposition to certain oil and natural gas projects. Potential impacts of negative public opinion or reputational issues may include delays or interruptions in operations, legal or regulatory actions or challenges, blockades, increased regulatory oversight, reduced support for, delays in, challenges to, or the revocation of regulatory approvals, permits and/or licences, increased costs and/or cost overruns and reduced access to (or an increase in the cost of) capital, credit and/or insurance. See *"Risk Factors – Public Opposition and Non-Governmental Organizations".*

Any environmental damage, loss of life, injury or damage to property caused by the Corporation's operations could damage its reputation. Negative sentiment towards the Corporation could result in a lack of willingness of governmental authorities to grant the necessary licences or permits for the Corporation to operate its business. In addition, negative sentiment towards the Corporation could result in the residents of the areas where the Corporation is doing business opposing further operations in the area by the Corporation. If the Corporation develops a reputation of having an unsafe workplace, this may impact its ability to attract and retain the necessary skilled employees and consultants to operate its business. Further, the Corporation's reputation and public opinion could be affected by the actions and activities of other companies operating in the oil and natural gas industry, particularly other producers, over which the Corporation has no control. In addition, opposition from special interest groups opposed to oil and natural gas development and the possibility of climate-related litigation against governments and oil and natural gas companies may harm the Corporation's reputation. See *"Risk Factors – Climate Change".*

Reputational risk cannot be managed in isolation from other forms of risk. Credit, market, operational, insurance, regulatory and legal risks, among others, must all be managed effectively to safeguard the Corporation's reputation. Damage to the Corporation's reputation could result in negative investor sentiment towards the Corporation, which may result in limiting the Corporation's access to, or increasing the cost of, capital, credit and/or insurance and decreasing the price and liquidity of the Common Shares.

Public Opposition and Non-Governmental Organizations

The oil and natural gas industry and the Corporation may be subject to public opposition and other actions by non-governmental organizations

The oil and natural gas industry may, at times, be subject to public opposition. The oil and natural gas industry has become an increasingly politically polarizing topic in Canada, which has resulted in a rise in civil disobedience surrounding oil and natural gas development, particularly with respect to infrastructure projects. Public opposition could expose the Corporation to the risk of higher costs, operational delays and disruptions or even project cancellations due to increased pressure on governments and regulators by special interest groups, which may include Indigenous groups, landowners, environmental interest groups (including those opposed to oil and natural gas production operations) and other non-governmental organizations. Potential impacts of such pressure and opposition include blockades, legal or regulatory actions or challenges, increased regulatory oversight, reduced support of federal, provincial or municipal governments and delays in, challenges to, or the revocation of regulatory approvals, permits and/or licences, as well as direct legal challenges, including the possibility of climate-related litigation. There is no guarantee that the Corporation will be able to satisfy the concerns of the special interest groups and non-governmental organizations and attempting to address such concerns may require the Corporation to incur significant and unanticipated capital and operating expenditures and may divert the attention of management and key personnel from business operations, which may negatively impact the Corporation's business, financial condition, results of operations and prospects.

In addition, the Corporation's oil and natural gas properties, wells and facilities or the third-party facilities and pipelines utilized by the Corporation could be the subject of a terrorist attack or sabotage. If any of such properties, wells or facilities are the subject of terrorist attack or sabotage, it may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Carbon Pricing Risk

Taxes on carbon emissions affect the demand for oil and natural gas and the Corporation's operating expenses and may impair the Corporation's ability to compete

The majority of countries across the globe have agreed to reduce their carbon emissions in accordance with the Paris Agreement. In Canada, the Federal Government implemented legislation aimed at incentivizing the use of alternative fuels and, in turn, reducing carbon emissions. The federal system, which was upheld by the Supreme Court of Canada as constitutional, currently applies in provinces and territories without their own system that meets federal standards. See *"Industry Conditions – Climate Change Regulation".* There is uncertainty regarding what impacts, if any, the Canadian federal election expected to occur in 2025 will have on emissions reduction and carbon pricing policies in Canada.

Any taxes placed on carbon emissions may have the effect of decreasing the demand for oil, natural gas and NGLs products and at the same time, increasing the Corporation's operating expenses, each of which may have a material adverse effect on the Corporation's profitability and financial condition. Further, the imposition of carbon taxes puts companies at an economic disadvantage with their counterparts who operate in jurisdictions where there are less costly carbon regulations. See *"Risk Factors – Climate Change"* and *"Risk Factors – Environmental".*

Energy Transition and Alternatives to and Changing Demand for Petroleum Products

The global energy transition to a low-carbon economy, changes to the demand for oil and natural gas products and the rise of petroleum alternatives may negatively affect the Corporation's business, financial condition, results of operations and cash flow

A transition away from the use of petroleum products, which may include fuel conservation measures, alternative fuel requirements, electric vehicle mandates, increasing consumer demand for alternatives to oil, natural gas and NGLs and technological advances in fuel economy and renewable energy generation systems, could reduce the demand for oil and natural gas. Certain jurisdictions have implemented policies or incentives to decrease the use of fossil fuels, encourage the use of renewable fuel alternatives and/or made commitments to carbon reduction, which may lessen the demand for petroleum products and put downward pressure on commodity prices. In addition, advancements in energy efficient products have a similar effect on the demand for oil, natural gas and NGLs products. The Corporation cannot predict the impact of the changing demand for oil, natural gas and NGLs products and any major changes may have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flow by decreasing the Corporation's profitability, increasing its costs, limiting its access to capital or decreasing the value of its assets.

In addition, the Corporation may invest in technologies and other opportunities related to decreasing GHG emissions or energy transition, which may involve investments in businesses, operations or assets relating to renewable or other alternative forms of energy. Such investments may involve certain risks and uncertainties in addition to those identified herein in respect of the Corporation's existing business, operations and assets, including the obligation to comply with additional regulatory and other legal requirements associated with such businesses, operations or assets and the potential requirement for additional sources of capital to make, develop and/or maintain such investments and the Corporation's ability to access such sources of capital. In the event the Corporation were to complete such investments, there can be no guarantee that the Corporation will realize a return on those investments or businesses, operations or assets that is similar to the returns it receives in respect of its existing business, operations and assets.

Credit Facilities

The Corporation's borrowing base under the Credit Facilities could be redetermined and the Corporation could fail to comply with covenants under the Credit Facilities, resulting in restricted access to capital or a requirement to repay all amounts owing thereunder

The amount authorized under the Credit Facilities is dependent on the borrowing base determined by the Corporation's lenders. The Credit Facilities are subject to semi-annual reviews of the borrowing base limit by Birchcliff's syndicate of lenders, which limit is directly impacted by the value of Birchcliff's oil, natural gas and NGLs reserves. The Corporation's lenders use the Corporation's reserves, commodity prices and other factors to determine the Corporation's borrowing base. Depressed commodity prices could result in a reduction in the Corporation's borrowing base, thereby reducing the funds available to the Corporation under the Credit Facilities. As the borrowing base is determined based on the lender's interpretation of the Corporation's reserves and future commodity prices, there can be no assurance as to the amount of the borrowing base determined at each review.

In addition to the semi-annual reviews of the borrowing limit, the lenders under the Credit Facilities have the right to redetermine the borrowing base limit in certain other circumstances. In the event that: (i) the Corporation, any material subsidiary of the Corporation or any of its borrowing base properties become subject to an abandonment/reclamation order by an energy regulator where the aggregate estimated current cost to the Corporation and its material subsidiaries to comply with all outstanding orders exceeds 10% of the borrowing base; or (ii) the liability management rating (as such term is defined in the agreement governing the Credit Facilities) of the Corporation or any material subsidiary is less than 2.0, then, unless agreed to by all of the lenders, a redetermination of the borrowing base shall be completed within 45 days of receipt by the Corporation or the applicable material subsidiary of such order or demand in the case of (i) above, and of receipt by the agent of notice that the liability management rating is less than 2.0 in the case of (ii) above. Further, a majority of lenders have the right once per year to redetermine the borrowing base in between scheduled redeterminations and the borrowing base may also be reduced in connection with asset dispositions.

If, at the time of a borrowing base redetermination, the outstanding borrowings under the Credit Facilities were to exceed the borrowing base as a result of any such redetermination, the Corporation would be required to make principal repayments or otherwise eliminate the borrowing base shortfall. If the Corporation is forced to repay a portion of its indebtedness under the Credit Facilities, it may not have sufficient funds to make such repayments. If it does not have sufficient funds and is otherwise unable to negotiate renewals of its borrowings or arrange new financing, it may have to sell significant assets. Any such sale could have a material adverse effect on the Corporation's business and financial results.

The maturity date of the Credit Facilities is currently May 11, 2027. The Corporation may each year, at its option, request an extension to the maturity date of the Syndicated Credit Facility and the Working Capital Facility, or either of them, for an additional period of up to three years from May 11 of the year in which the extension request is made. In the event that either of the Credit Facilities is not extended before the maturity date, all outstanding indebtedness under such Credit Facility will be repayable at the maturity date. There is also a risk that the Credit Facilities will not be renewed for the same principal amount or on the same terms. Any of these events could adversely affect the Corporation's ability to fund its ongoing operations and to pay dividends.

The Corporation is required to comply with various covenants under the Credit Facilities. In the event that the Corporation does not comply with these covenants, the Corporation's access to capital could be restricted or repayment could be required. Events beyond the Corporation's control may contribute to the failure of the Corporation to comply with such covenants. A failure to comply with covenants could result in an event of default under the Credit Facilities, which could result in the Corporation being required to repay amounts owing thereunder and may prevent the payment of dividends to shareholders. The acceleration of the Corporation's indebtedness under one agreement may permit acceleration of indebtedness under other agreements that contain cross-default or cross-acceleration provisions. In addition, the Credit Facilities impose certain restrictions on the Corporation, including, but not limited to, restrictions on the payment of dividends and other distributions, incurring of additional indebtedness, dispositions of properties and the entering into of amalgamations, mergers, plans of arrangements, reorganizations or consolidations with any person. The Credit Facilities do not currently contain any financial maintenance covenants;

however, there is no assurance that the Corporation's lenders will not impose any such covenants on the Corporation in the future. Any such covenants may either affect the availability or price of additional funding.

If the Corporation's lenders require repayment of all or a portion of the amounts outstanding under the Credit Facilities for any reason, including for a default of a covenant, there is no certainty that the Corporation would be in a position to make such repayment. Even if the Corporation is able to obtain new financing in order to make any required repayment under the Credit Facilities, it may not be on commercially reasonable terms or terms that are acceptable to the Corporation. If the Corporation is unable to repay amounts owing under the Credit Facilities, the lenders under the Credit Facilities could proceed to foreclose or otherwise realize upon the collateral granted to them to secure the indebtedness.

Dividends

The amount of and frequency at which future cash dividends are paid may vary and there is no assurance that the Corporation will pay dividends in the future

The amount of future cash dividends declared and paid by the Corporation is subject to the discretion of the Board and may vary depending on a variety of factors and conditions existing from time to time, including: fluctuations in commodity prices; the financial condition of Birchcliff; current and future levels of cash flow; production levels; results of operations; capital expenditure requirements; working capital requirements; debt service requirements and debt levels; liquidity requirements; operating costs; royalty burdens; foreign exchange and interest rates; tax laws; the Corporation's risk management activities or programs; available investment opportunities; the Corporation's business plan, strategies and objectives; legal, regulatory and contractual restrictions on the declaration and payment of dividends, including the satisfaction of the solvency and liquidity tests imposed by the ABCA; and other factors that the Board may deem relevant. Depending on these and various other factors, many of which are beyond the control of Birchcliff, the dividend policy of the Corporation may vary from time to time and, as a result, future cash dividends could be reduced or suspended entirely.

Pursuant to the ABCA, the Corporation may not declare or pay a dividend if there are reasonable grounds for believing that: (i) the Corporation is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realizable value of its assets would thereby be less than the aggregate of its liabilities and stated capital of all classes. Additionally, pursuant to the agreement governing the Credit Facilities, the Corporation 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.

Over time, the Corporation's capital and other cash needs may change significantly from its current needs, which could affect whether the Corporation pays dividends and the amount of dividends, if any, it may pay in the future. Dividends may be reduced, suspended or even eliminated at times when significant capital or other expenditures are made or during periods of lower cash flow from operating activities. To the extent Birchcliff is required to use cash flow from operating activities to finance capital expenditures, acquisitions or repay existing debt as it becomes due, the cash available for dividends may be reduced and the level of dividends declared may be reduced suspended or eliminated entirely. If the Corporation continues to pay dividends at the current levels, it may not retain a sufficient amount of cash to finance external growth opportunities, meet any large unanticipated liquidity requirements or fund its activities in the event of a significant business downturn.

The Board may amend, revoke or suspend the Corporation's dividend policy at any time. A decline in the market price, liquidity or both, of the Common Shares may result if the Corporation reduces or eliminates the payment of dividends, which may result in losses to shareholders. Furthermore, the future treatment of dividends for tax purposes will be subject to the nature and composition of dividends paid by Birchcliff and potential legislative and regulatory changes.

Risk Management Activities

Risk management activities expose the Corporation to the risk of financial loss and counter-party risk

From time to time, the Corporation may enter into physical or financial agreements to receive fixed prices on its oil, natural gas and NGLs production to offset the risk of revenue losses if commodity prices decline. Similarly, the Corporation may enter into agreements to fix the differential or discount pricing gap which exists and may fluctuate between different grades of oil, natural gas and NGLs and the various market prices received for such products. However, to the extent that the Corporation engages in price risk management activities to protect itself from commodity price declines, it may also be prevented from realizing the full benefits of price increases above the levels of the derivative instruments used to manage price risk. In addition, such risk management arrangements may expose the Corporation to the risk of financial loss in certain circumstances, including instances in which:

- production falls short of the contracted volumes or prices fall significantly lower than projected;
- there is a widening of price-basis differentials between delivery points for production and the delivery point assumed in the arrangement;
- the counterparties to the arrangements or other risk management contracts fail to perform under those arrangements; and/or
- a sudden unexpected event materially impacts oil or natural gas prices.

On the other hand, a failure to protect against a decline in commodity prices exposes the Corporation to reduced liquidity when prices decline. A sustained lower commodity price environment would result in lower realized prices for unprotected volumes and reduce the prices at which the Corporation would enter into derivative contracts on future volumes. This could make such transactions unattractive, and, as a result, some or all of the Corporation's production volumes forecasted for the current fiscal year and beyond may not be protected by derivative arrangements.

Similarly, the Corporation may enter into agreements to fix the exchange rate of Canadian dollars to United States dollars or other currencies in order to offset the risk of revenue losses if the Canadian dollar increases in value compared to the other currencies. However, if the Canadian dollar declines in value compared to such fixed currencies, the Corporation will not benefit from the fluctuating exchange rate.

Further, the Corporation may enter into arrangements to fix interest rates applicable to the Corporation's debt. However, if interest rates decrease as compared to the interest rate fixed by the Corporation, the Corporation will not benefit from the lower interest rate.

Hydraulic Fracturing

Implementation of new regulations on hydraulic fracturing may lead to operational delays, increased costs and/or decreased production volumes, adversely affecting the Corporation's financial position. The Corporation's operations are dependent upon the availability of water and its ability to dispose of produced water from drilling and production activities

Hydraulic fracturing involves the injection of water, sand and additives under pressure into rock formations to stimulate the production of oil and natural gas. Specifically, hydraulic fracturing enables the production of commercial quantities of oil and natural gas from reservoirs. Certain areas in Alberta and other provinces have been prone to seismic activity and as a result, additional protocols relating to hydraulic fracturing and seismic monitoring have been implemented in such areas. Any new laws, regulations or permitting requirements regarding hydraulic fracturing could lead to operational delays, increased operating costs and third-party or governmental claims and could increase the Corporation's costs of compliance and doing business, as well as delay the development of oil, NGLs and natural gas resources from shale formations, which are not commercial without the use of hydraulic fracturing. Restrictions or bans on hydraulic fracturing in the areas where the Corporation operates could reduce the amount of oil, natural gas and NGLs that the Corporation is ultimately able to produce from its reserves and/or result in the Corporation being unable to economically recover certain of its oil, natural gas and NGLs reserves, which in either case could result in a significant decrease in the value of the Corporation's assets.

Water is an essential component of the Corporation's drilling and hydraulic fracturing processes. Limitations or restrictions on the Corporation's ability to secure sufficient amounts of water (including limitations resulting from natural causes such as drought), could materially and adversely impact its operations. Severe drought conditions can result in local water authorities taking steps to restrict the use of water in their jurisdiction for drilling and hydraulic fracturing in order to protect the local water supply. If the Corporation is unable to obtain water to use in its operations from local sources, it may need to be obtained from new sources and transported to drilling sites, resulting in increased costs. Cost increases could have a material adverse effect on drilling economics resulting in delays or suspensions of drilling, which could have a detrimental effect on the Corporation's financial condition, results of operations and cash flows.

The Corporation must dispose of the fluids produced from oil, natural gas and NGLs production operations, including produced water, which it does directly or through the use of third-party vendors. The legal requirements related to the disposal of produced water into a non-producing geologic formation by means of underground injection wells are subject to change based on concerns of the public or governmental authorities regarding such disposal activities. See *"Risk Factors – Disposal of Fluids Used in Operations"*.

Another consequence of seismic events may be lawsuits alleging that disposal well operations have caused damage to neighbouring properties or otherwise violated laws and regulations regarding waste disposal. These developments could result in additional regulation and restrictions on the use of injection wells by the Corporation or by commercial disposal well vendors that the Corporation may use from time to time to dispose of produced water. Increased regulation and attention given to induced seismicity could also lead to greater opposition, including litigation to limit or prohibit oil and natural gas activities utilizing injection wells for produced water disposal. Any one or more of these developments may result in the Corporation or its vendors having to limit disposal well volumes, disposal rates, pressures or locations, or require the Corporation or its vendors to shut down or curtail the injection of produced water into disposal wells, which events could have a material adverse effect on the Corporation's business, financial condition and results of operations.

Minor earthquakes are common in certain parts of Alberta and the AER has implemented seismic protocols for hydraulic fracturing operations in the Montney-Lower Doig, Duvernay, Cardium, Brazeau and Red Deer areas (collectively, the "**Seismic Protocol Regions**"). Oil and natural gas producers in each of the Seismic Protocol Regions are subject to a "traffic light" reporting system that sets thresholds on the Richter scale of earthquake magnitude, which vary among the regions. The reporting requirements include an assessment of the potential for seismicity prior to conducting operations, the implementation of a response plan to address potential seismic events and the suspension of operations, depending on the magnitude of an earthquake. Orders imposed by the AER in response to seismic events remain in effect as long as the AER deems them necessary. In recent years, hydraulic fracturing has been linked to increased seismicity in the areas in which hydraulic fracturing takes place, leading to continued monitoring by the AER. The AER may extend seismic protocols to other areas of the province if necessary, which may adversely affect the Corporation's operations.

Disposal of Fluids Used in Operations

Regulations regarding the disposal of fluids used in operations may increase costs of compliance or subject the Corporation to regulatory penalties or litigation

The safe disposal of hydraulic fracturing fluids (including the additives) and water recovered from oil and natural gas wells is subject to ongoing regulatory review by the federal and provincial governments, including its effect on fresh water supplies and the ability of such water to be recycled, amongst other things. While it is difficult to predict the impact of any regulations that may be enacted in response to such review, the implementation of stricter regulations may increase the Corporation's costs of compliance which may impact the economics of certain projects and, in turn, impact activity levels and new capital spending on the Corporation's oil and natural gas properties.

Industry Competition

The Corporation competes with other oil and natural gas companies, some of which have greater financial and operational resources or other competitive advantages

The oil and natural gas industry is highly competitive in all of its phases. The Corporation competes with numerous other entities in the exploration for, and the development, production and marketing of, oil, natural gas and NGLs, including land, acquisitions of reserves, access to drilling and service rigs and other equipment, access to transportation and access to skilled technical and operating personnel. The Corporation's competitors include oil and natural gas companies that have substantially greater financial resources, staff and facilities than those of the Corporation. Some of these companies not only explore for, develop and produce oil and natural gas, but also carry on refining operations and market oil, natural gas and NGLs on an international basis. As a result of these complementary activities, some of these competitors may have greater and more diverse competitive resources to draw on than the Corporation. The Corporation's ability to increase its reserves in the future will depend not only on its ability to explore and develop its present properties, but also on its ability to select and acquire other suitable producing properties or prospects for exploratory drilling. To a lesser extent, the Corporation also faces competition from companies that supply alternative sources of energy, such as wind and solar power. Other factors that could affect competition in the marketplace include additional discoveries of hydrocarbon reserves by the Corporation's competitors, the cost of production, political and economic factors and other factors outside of the Corporation's control.

Uncertainty of Reserves Estimates

The Corporation's estimated reserves are based on numerous factors and assumptions which may prove incorrect and which may affect the Corporation

There are numerous uncertainties inherent in estimating quantities of oil, natural gas and NGLs reserves and the future net revenue attributed to such reserves. The reserves and associated future net revenue information set forth in this Annual Information Form are estimates only. In general, estimates of economically recoverable oil, natural gas and NGLs reserves and the future net revenue therefrom are based upon a number of variable factors and assumptions, such as:

- commodity prices;
- historical production from the properties;
- production rates and estimated production decline rates;
- ultimate reserves recovery;
- the timing and amount of capital expenditures;
- marketability of oil, natural gas and NGLs;
- royalty rates; and
- the assumed effects of regulation by governmental agencies and future operating costs,

all of which may vary materially from actual results.

For these reasons, estimates of the economically recoverable oil, natural gas and NGLs reserves attributable to any particular group of properties, the classification of such reserves based on risk of recovery and estimates of future net revenue associated with reserves prepared by different engineers, or by the same engineer at different times, may vary. The Corporation's actual production, revenue, taxes and development and operating expenditures with respect to its reserves will vary from estimates thereof and such variations could be material.

The estimation of proved and probable reserves that may be developed and produced in the future is often based upon volumetric calculations and upon analogy to similar types of reserves rather than actual production history. Recovery factors and drainage areas are often estimated by experience and analogy to similar producing pools. Estimates based on these methods are generally less reliable than those based on actual production history.

Subsequent evaluation of the same reserves based upon production history and production practices will result in variations in the estimated reserves and such variations could be material.

In accordance with applicable securities laws in Canada, Deloitte, the Corporation's independent qualified reserves evaluator, has used forecast prices and costs in estimating the reserves and future net revenue as summarized herein. Actual future net revenue will be affected by other factors such as actual production levels, supply and demand for oil, natural gas and NGLs, curtailments or increases in consumption by oil, natural gas and NGLs purchasers, changes in governmental regulations or taxation and the impact of inflation on costs.

Actual production and cash flow derived from the Corporation's reserves will vary from the estimates contained in the Corporation's independent reserves evaluation and such variations could be material. The independent reserves evaluation is based in part on the assumed success of activities the Corporation intends to take in future years. The reserves and estimated future net revenue to be derived therefrom and contained in the Corporation's independent reserves evaluation will be reduced to the extent that such activities are not undertaken or, if undertaken, do not achieve the level of success assumed in the evaluation.

The Deloitte Report is effective as of December 31, 2024 and, except as may be specifically stated or required by applicable securities laws, has not been updated since that date and therefore does not reflect changes since that date.

Seasonality and Extreme Weather

Oil and natural gas operations are subject to seasonal conditions and extreme weather and the Corporation may experience significant operational delays as a result

The level of activity in the Canadian oil and natural gas industry is influenced by seasonal weather patterns. Wet weather and spring thaw may make the ground unstable, which may prevent, delay or make operations more difficult. Consequently, municipalities and provincial transportation departments enforce road bans that restrict the movement of rigs and other heavy equipment, thereby reducing activity levels. Road bans and other restrictions generally result in a reduction of drilling and exploration activities and may also result in the shut-in of some of the Corporation's production if not otherwise tied-in. In addition, certain oil and natural gas producing properties may be located in areas that are inaccessible other than during the winter months because the ground surrounding the sites in these areas consists of swampy terrain. Further, extreme cold weather, heavy snowfall and heavy rainfall may restrict the Corporation's ability to access its properties, cause operational difficulties and delays, damage infrastructure or equipment and contribute to personnel injury because of dangerous working conditions.

The Corporation's operations are susceptible to the impacts of wildfires and flooding. In addition to the loss of revenue that would result from the loss of production if the Corporation's operations were affected by wildfires and/or flooding, the Corporation would incur delays and expenses responding to such events, repairing damaged equipment and resuming operations. Although the Corporation's insurance policies may compensate it for part of the Corporation's losses, they will not compensate the Corporation for all of its losses. In addition, wildfires and/or flooding consume both financial resources and management and employee time. The Corporation can offer no assurance that the severe wildfires and flooding that have at times affected the oil and natural gas industry in Western Canada will not occur again in the future with equal or greater severity.

Seasonal factors and unexpected weather patterns may lead to declines in exploration and production activity and also to volatility in commodity prices as the demand for natural gas typically fluctuates during cold winter months and hot summer months.

Asset Concentration

All of the Corporation's properties are located on the Montney/Doig Resource Play in Alberta, making the Corporation vulnerable to risks associated with having its production concentrated in one area

All of the Corporation's producing and undeveloped properties are geographically concentrated on the Montney/Doig Resource Play in Alberta. The demand for and costs of personnel, equipment, power, services and resources in the area are high, which could result in a delay or inability to secure such personnel, equipment, power, services and resources. Any delay or inability to secure the necessary personnel, equipment, power, services or resources could result in the Corporation's oil, natural gas and NGLs production volumes being below its forecasts. In addition, any such decrease in production volumes, or any significant increases in costs, could have a material adverse effect on the Corporation's financial condition, results of operations, cash flow and profitability.

As a result of this geographical concentration, the Corporation may be disproportionately exposed to the impact of delays or interruptions of production or operations in this area that are caused by external factors such as government regulation, federal and/or provincial politics, transportation limitations and capacity constraints, natural disasters or extreme weather-related conditions, Indigenous rights claims, supply shortages or other events which impact that area. Due to the concentrated nature of the Corporation's portfolio of properties, a number of the Corporation's properties could experience any of the same conditions at the same time, resulting in a relatively greater impact on the Corporation's results of operations than they might have on other companies that have a more diversified portfolio of properties. Such delays or interruptions could have a material adverse effect on the Corporation's financial condition and results of operations.

Reliance on a Skilled Workforce and Key Personnel

An inability to recruit and retain a skilled workforce and key personnel could negatively impact the Corporation

The operations and management of the Corporation require the recruitment and retention of a skilled workforce, including engineers, technical personnel and other professionals. The loss of key members of such workforce, or a substantial portion of the workforce as a whole, could result in the failure to implement the Corporation's business plans, which could have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Competition for qualified personnel in the oil and natural gas industry is intense and there can be no assurance that the Corporation will be able to continue to attract and retain all personnel necessary for the development and operation of its business. In addition, the decline in market conditions in recent years has resulted in a significant number of skilled personnel exiting the oil and natural gas industry and fewer young people entering the industry. Contributions of the existing management team to the immediate and near-term operations of the Corporation are likely to be of central importance. In addition, certain of the Corporation's current employees may have significant institutional knowledge that must be transferred to other employees prior to their departure from the Corporation. If the Corporation is unable to: (i) retain current employees; (ii) successfully complete effective knowledge transfers; and/or (iii) recruit new employees with the requisite knowledge and experience, the Corporation could be negatively impacted. In addition, the Corporation could experience increased costs to retain and recruit these professionals. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the Corporation's management.

Information Technology Systems and Cyber-Security

A disruption of information technology services or a cyber-security breach may adversely affect the Corporation

The Corporation has become increasingly dependent upon the availability, capacity, reliability and security of its information technology infrastructure and its ability to expand and continually update this infrastructure to conduct daily operations. The Corporation depends on various information technology systems to estimate reserves, process and record financial data, manage its financial resources and land base, analyze seismic information, administer its contracts with operators and lessees and communicate with employees, consultants, securityholders and other stakeholders, regulators and other third parties.

In the event the Corporation is unable to regularly deploy software and hardware, effectively upgrade systems and network infrastructure and take other steps to maintain or improve the efficiency and efficacy of its information technology systems, the operation of such systems could be interrupted or result in the loss, corruption or release of data. Further, the Corporation is subject to a variety of information technology and system risks as a part of its normal course operations, including potential breakdown, invasion, virus, cyber-attack, cyber-fraud, security breach, and destruction or interruption of the Corporation's information technology systems by third parties or insiders. Unauthorized access to these systems by employees or third parties could lead to corruption or exposure of confidential, fiduciary or proprietary information, interruption to communications or operations or disruption to its business activities or its competitive position. In addition, cyber-phishing attempts, in which a malicious party disguising themselves as a trustworthy entity in an electronic communication attempts to obtain sensitive information such as usernames, passwords, credit card or banking details (and money) or to have phony wire transfer or cheque requests approved, have become more widespread and sophisticated in recent years. If the Corporation becomes a victim of a cyber-phishing attack, it could result in a loss or theft of the Corporation's financial resources or critical data and information or could result in a loss of control of the Corporation's technological infrastructure or financial resources. The Corporation's employees are often the targets of such cyber-phishing attacks, whereby parties using fraudulent "spoof" emails to misappropriate information or to introduce viruses or other malware through "trojan horse" programs to the Corporation's systems. These emails appear to be legitimate emails, but direct recipients to fraudulent websites operated by the sender of the email or request recipients to send a password or other confidential information through email or to download malware.

Increasingly, social media is used as a vehicle to carry out cyber-phishing attacks. Information posted on social media sites, for business or personal purposes, may be used by attackers to gain entry into the Corporation's systems and obtain confidential information. As social media continues to grow in influence and access to social media platforms becomes increasingly prevalent, there are significant risks that the Corporation may not be able to properly regulate social media use and preserve adequate records of business activities and client communications conducted through the use of social media platforms.

The Corporation maintains policies and procedures that address and implement employee protocols with respect to electronic communications and electronic devices and the Corporation periodically conducts cyber-security risk assessments and education and training for its employees. Despite the Corporation's efforts to mitigate cyber-phishing attacks through education and training, cyber-phishing activities remain a serious problem that may damage its information technology infrastructure. The Corporation applies technical and process controls in line with industry-accepted standards to protect its information assets and systems, including a written security incident response plan for responding to a cyber-security incident. However, these controls may not adequately prevent cyber-security breaches. Disruption of critical information technology services, or breaches of information security, could have a negative effect on the Corporation's performance, earnings and its reputation and any damages sustained may not be adequately covered by the Corporation's current insurance coverage, or at all. The significance of any such event is difficult to quantify, but may in certain circumstances be material and could have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

The increasing prevalence of AI tools may also increase the risk of cyber-attacks or data breaches as a result of the use of AI to launch more automated, targeted and coordinated attacks to the Corporation's technology infrastructure.

In addition to the oversight provided by the Corporation's management Information Technology Committee, management of the Corporation periodically reports to the Board on the Corporation's information technology and cyber-security risks and the steps taken by the Corporation to manage such risks. To date, the Corporation has not been subject to a cyber-security attack or other breach that has had a material impact on its business or operations or resulted in material losses to the Corporation; however, there is no assurance that the measures the Corporation takes to protect its business systems and operational control systems will be effective in protecting against a breach in the future and that the Corporation will not incur such losses in the future.

Data Protection

The handling of secure information exposes the Corporation to potential data security risks that could result in monetary damages against the Corporation and could otherwise damage its reputation, and adversely affect its business, financial condition and results of operations

The protection of customer, employee and company data is also critical to the Corporation's business. The regulatory environment in Canada surrounding information security and privacy is increasingly demanding, with the frequent imposition of new and changing requirements. Certain legislation requires documents to be securely destroyed to avoid identity theft and inadvertent disclosure of confidential and sensitive information. A significant breach of customer, employee or company data could attract a substantial amount of media attention, damage the Corporation's customer relationships and reputation and result in lost revenue, fines or lawsuits. In addition, an increasing number of countries have introduced and/or increased enforcement of comprehensive privacy laws or are expected to do so. The continued emphasis on information security, as well as increasing concerns about government surveillance, may lead customers to request the Corporation to take additional measures to enhance security and/or assume higher liability under the Corporation's contracts. As a result of legislative initiatives and customer demands, the Corporation may have to modify its operations to further improve data security. Any such modifications may result in increased expenses and operational complexity and adversely affect the Corporation's reputation, business, financial condition and results of operations.

Additionally, the Corporation's information technology systems may incorporate the use of artificial intelligence (commonly referred to as AI) and the development of such capabilities remains ongoing. Although the Corporation has implemented a policy with respect to its employees' use of AI tools, AI presents risks, challenges and unintended consequences that could affect its adoption, and therefore the Corporation's business. AI algorithms and training methodologies may be flawed. The use of AI to support business operations of the Corporation, its partners, vendors, suppliers, contractors or others carries inherent risks related to data privacy and cyber-security, such as intended, unintended or inadvertent transmission of proprietary or sensitive information, as well as challenges related to implementing and maintaining AI tools, including the development and maintenance of appropriate datasets for such support. Dependence on AI to make certain business decisions without adequate safeguards may introduce additional operational vulnerabilities by producing inaccurate outcomes or other unintended results, based on flaws or deficiencies in the underlying data. Further, AI tools or software may rely on data sets to produce derivative work which may contain content subject to licence, copyright, patent or trademark protection or sensitive personal information and can produce outputs that infringe intellectual property rights or compromise privacy of individuals or organizations, raising concerns about data privacy. As AI is an emerging technology for which the legal and regulatory landscape is not fully developed, including potential liability for breaching intellectual property or privacy rights or laws, new laws and regulations applicable to AI initiatives remain uncertain and the Corporation's obligation to comply with such laws could entail significant costs, negatively affect the Corporation's business or limit the Corporation's ability to incorporate certain AI capabilities into its operations.

Variations in Foreign Exchange Rates and Interest Rates

Variations in foreign exchange rates and interest rates could adversely affect the Corporation's financial condition

World oil and natural gas prices are quoted in United States dollars. The Canadian/United States dollar exchange rate, which fluctuates over time, consequently affects the price received by Canadian producers of oil and natural gas. Material increases in the value of the Canadian dollar relative to the United States dollar may negatively affect the Corporation's production revenue. Accordingly, Canadian/United States exchange rates could impact the future value of the Corporation's reserves as determined by independent reserves evaluators. Although a low value of the Canadian dollar relative to the United States dollar may positively affect the price the Corporation receives for its oil, natural gas and NGLs production, it could also result in an increase in the price for certain goods used in the Corporation's operations, which may have a negative impact on the Corporation's financial results.

To the extent that the Corporation engages in risk management activities related to foreign exchange and interest rates, there are risks associated with such activities. See *"Risk Factors – Risk Management Activities"*.

An increase in interest rates could result in a significant increase in the amount the Corporation pays to service debt, resulting in reduced funds available to fund its exploration and development activities and the cash available for dividends and could negatively impact the market price of the Common Shares.

Cost of New Technologies

The Corporation's ability to successfully implement new technologies into its operations in a timely and efficient manner will affect its ability to compete

The oil and natural gas industry is characterized by rapid and significant technological advancements and introductions of new products and services utilizing new technologies. Other oil and natural gas companies may have greater financial, technical and personnel resources that allow them to implement and benefit from new technologies before the Corporation. There can be no assurance that the Corporation will be able to respond to such competitive pressures and implement such technologies on a timely basis or at an acceptable cost. If the Corporation implements such technologies, there is no assurance that the Corporation will do so successfully. One or more of the technologies currently utilized by the Corporation or implemented in the future may become obsolete. In such case, the Corporation's business, financial condition, results of operations and prospects could be materially adversely affected. If the Corporation is unable to utilize the most advanced commercially available technology or is unsuccessful in implementing certain technologies, its business, financial condition, results of operations and prospects could also be materially adversely affected.

Insurance

Not all risks are insurable and the occurrence of an uninsurable event may have a material adverse effect on the Corporation

The Corporation's involvement in the exploration for, and development of, oil and natural gas properties may result in the Corporation becoming subject to liability for pollution, blowouts, sour natural gas leaks, property damage, personal injury or other hazards. Although the Corporation maintains insurance in accordance with industry standards to address certain of these risks, such insurance has limitations on liability and may not be sufficient to cover the full extent of such liabilities. In addition, certain risks are not, in all circumstances, insurable or, in certain circumstances, the Corporation may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of any uninsured liabilities would reduce the funds available to the Corporation. The occurrence of a significant event that the Corporation is not fully insured against, the Corporation's inability to obtain insurance against one or more risks at acceptable premiums or at all or the insolvency of the insurer of such event, could have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

The Corporation's insurance policies are generally renewed on an annual basis and, depending on factors such as market conditions, the premiums, policy limits and/or deductibles for certain insurance policies can vary substantially. In some instances, certain insurance may become unavailable or available only for reduced amounts of coverage. Significantly increased costs could lead the Corporation to decide to reduce or possibly eliminate coverage. In addition, insurance is purchased from a number of third-party insurers, often in layered insurance arrangements, some of which may discontinue providing insurance coverage for their own policy or strategic reasons. Should any of these insurers refuse to continue to provide insurance coverage, the Corporation's overall risk exposure could be increased and the Corporation could incur significant costs.

Indigenous Land and Rights Claims

Indigenous land and rights claims and opposition by Indigenous groups to the conduct of the Corporation's operations, development or exploration activities may negatively impact the Corporation

Opposition by Indigenous groups to the conduct of the Corporation's operations, development or exploration activities may negatively impact the Corporation in terms of public perception, result in a diversion of management's time and resources and could adversely impact the Corporation's progress and ability to explore and develop properties.

Indigenous groups across Canada have established and asserted treaty entitlements, title to land and Aboriginal rights. There may be ongoing Indigenous rights claims, which may include Indigenous title claims, on the lands where the Corporation operates. Such claims, if successful, could have a material adverse impact on the Corporation's ability to operate on such lands, which could in turn have a material adverse impact on the Corporation's financial condition, results of operations and/or growth plans.

The Canadian federal and provincial governments have a duty to consult with Indigenous people when contemplating actions that may adversely affect the asserted or proven Indigenous or treaty rights and, in certain circumstances, accommodate their concerns. The scope of the duty to consult by federal and provincial governments varies with the circumstances and is often the subject of litigation. The fulfillment of the duty to consult Indigenous people and any associated accommodations may adversely affect the Corporation's ability to, or increase the timeline to, obtain or renew, permits, leases, licences and other approvals, or to meet the terms and conditions of those approvals. For example, the Blueberry Decision determined that the cumulative impacts of government-sanctioned industrial development on the traditional territory of the BRFN in Northeast British Columbia breached that group's treaty rights. In 2023, the Government of British Columbia and the BRFN came to an agreement relating to further industrial activities in the area. Although the Corporation does not have any assets in British Columbia, the BRFN may lead to similar claims of cumulative effects across Canada in other areas covered by numbered treaties. For example, in July 2022, Duncan's First Nation filed a lawsuit against the Government of Alberta relying on similar arguments to those advanced successfully by the BRFN. While a settlement between the British Columbia government and BRFN was entered into and the regulatory authorities have resumed granting certain approvals for oil and natural gas activities in British Columbia, the long-term impacts of, and associated risks with, the Blueberry Decision and the Duncan's First

Nation lawsuit on the Canadian oil and natural gas industry remain uncertain. See *"Industry Conditions – Indigenous Rights"*.

In addition, the Federal Government has introduced the UNDRIP Act to implement UNDRIP. Other Canadian jurisdictions, including British Columbia, have introduced or passed similar legislation and have begun considering the principles and objectives of UNDRIP, or may do so in the future. The means and timelines associated with UNDRIP's implementation by governments are uncertain. Additional processes may be created and legislation associated with project development and operations may be amended or introduced, further increasing uncertainty with respect to project regulatory approval timelines and requirements. See *"Industry Conditions – Indigenous Rights"*.

Indigenous-related Legislation and Regulatory Frameworks

Changing regulatory frameworks related to conducting business on or near First Nation lands may negatively impact the Corporation

The Federal Government is in the process of developing various regulatory regimes that could create new requirements when doing business with Indigenous groups and on or near First Nation lands, for example, Bill C-226, *National Strategy Respecting Environmental Racism and Environmental Justice Act*, which received royal assent in June 2024, the new Indigenous co-administration agreement provisions of the IAA for which regulations, policy, guidance and procedures are forthcoming, and the proposed Bill C-61, *First Nations Clean Water Act*, which is currently being considered by the House of Commons. The introduction of such new regulatory schemes has the potential to disrupt the Corporation's ongoing activities and introduce uncertainty into potential future projects.

Litigation

The Corporation may be involved in litigation in the normal course of its operations and the outcome of litigation may adversely affect the Corporation and its reputation

In the normal course of the Corporation's operations, it may become involved in, be named as a party to or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions. Such proceedings may develop in relation to personal injury (including claims resulting from exposure to hazardous substances), property damage, income or property taxes, land and access rights, royalty rights, environmental issues (including claims relating to contamination or natural resource damages), securities law matters, employment matters and contractual disputes. The outcome of any outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely to the Corporation and, as a result, could have a material adverse effect on the Corporation's business, financial condition and results of operations. Even if the Corporation prevails in any such legal proceedings, the proceedings could be costly and time-consuming and may divert the attention of management and key personnel from the Corporation's business operations, which may adversely affect the Corporation.

Due to the rapid development of oil and natural gas technology, the Corporation may become involved in, be named as a party to or be the subject of, various legal proceedings in which it is alleged that the Corporation has infringed the intellectual property rights of others or conversely, the Corporation may commence lawsuits against others who the Corporation believes are infringing upon its intellectual property rights. The Corporation's involvement in intellectual property litigation could result in significant expense, adversely affecting the development of its assets or intellectual property or diverting the efforts of its technical and management personnel, whether or not such litigation is resolved in the Corporation's favour. In the event of an adverse outcome as a defendant in any such litigation, the Corporation may, among other things, be required to: (i) pay substantial damages; (ii) cease the use of infringing intellectual property; (iii) expend significant resources to develop or acquire non-infringing intellectual property; (iv) discontinue processes incorporating infringing technology; or (v) obtain licences to the infringing intellectual property. However, the Corporation may not be successful in such development or acquisition or such licences may not be available on reasonable terms. Any such development, acquisition or licence could require the expenditure of substantial time and other resources and could have a material adverse effect on the Corporation's business and financial results.

Credit Risk

The Corporation is exposed to credit risk through its contractual arrangements and its third-party operators or partners of properties in which it has an interest

The Corporation may be exposed to third-party credit risk through its contractual arrangements with joint venture partners, marketers of its oil, natural gas and NGLs production, counterparties to its risk management contracts and other parties. In addition, the Corporation may be exposed to third-party credit risk from operators of properties in which the Corporation has a working or royalty interest and from purchasers of assets from the Corporation for various liabilities, including well abandonment and reclamation obligations assumed by the purchasers. In the event such entities fail to meet their contractual or other obligations to the Corporation, such failures may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. The use of risk management contracts involves the risk that the counterparties will be unable to meet the financial terms of such transactions. The Corporation is unable to predict changes in a counterparty's creditworthiness or ability to perform. Even if the Corporation accurately predicts such changes, its ability to negate this risk may be limited depending upon market conditions and the contractual terms of the agreements. During periods of high volatility in commodity prices, the Corporation's derivative receivable positions may increase, which would increase the Corporation's counterparty credit exposure. To the extent that any of such third parties go bankrupt, become insolvent or make a proposal or institute any proceedings relating to bankruptcy or insolvency, it could result in the Corporation being unable to collect all or a portion of any money owing from such parties. Any of these factors could materially adversely affect the Corporation's financial and operational results.

Conversely, the Corporation's counterparties may deem the Corporation to be at risk of defaulting on its contractual obligations. These counterparties may require that the Corporation provide additional credit assurance by prepaying anticipated expenses or posting letters of credit, which would decrease the Corporation's available liquidity.

Operational Dependence

The Corporation is subject to risk as it pertains to other parties operating assets it has an interest in

Other companies operate some of the assets in which the Corporation has an interest. The Corporation has limited ability to exercise influence over the operation of those assets or their associated costs, which could adversely affect the Corporation's business, financial condition, results of operations and prospects. The Corporation's return on assets operated by others depends upon a number of factors that may be outside of the Corporation's control, including, but not limited to, the timing and amount of capital expenditures, the operator's expertise and financial resources, the approval of other participants, the selection of technology and risk management practices.

In addition, companies that may operate some of the assets in which the Corporation has an interest may be in or encounter financial difficulty. This could impact their ability to fund and pursue capital expenditures, carry out their operations in a safe and effective manner and satisfy regulatory requirements with respect to abandonment and reclamation obligations. If companies that operate some of the assets in which the Corporation has an interest fail to satisfy regulatory requirements with respect to abandonment and reclamation obligations, the Corporation may be required to satisfy such obligations and to seek reimbursement from such companies. To the extent that any such companies go bankrupt, become insolvent or make a proposal or institute any proceedings relating to bankruptcy or insolvency, it could result in such assets being shut-in, the Corporation potentially becoming subject to additional liabilities relating to such assets and the Corporation having difficulty collecting revenue due to it from such operators or recovering amounts owing to the Corporation from such operators for their share of abandonment and reclamation obligations. Any of these factors could have a material adverse effect on the Corporation's financial and operational results.

Risks Associated with Acquisitions and Dispositions

The anticipated benefits of acquisitions may not be achieved and the Corporation may dispose of certain assets for less than their carrying value on the financial statements

The Corporation considers acquisitions and dispositions of assets in the ordinary course of business. Typically, once an acquisition opportunity is identified, a review of available information relating to the assets is conducted. There is a risk that even a detailed review of records and assets may not necessarily reveal every existing or potential problem, nor will it permit the Corporation to become sufficiently familiar with the assets to fully assess their deficiencies and potential. There is no guarantee that defects in the chain of title will not arise to defeat the Corporation's title to certain assets or that environmental defects, liabilities or deficiencies do not exist or are greater than anticipated. Inspections may not always be performed on every well and environmental problems, such as ground water contamination, are not necessarily observable even when an inspection is undertaken. Even when problems are identified, the Corporation may assume certain environmental and other risk liabilities in connection with acquired assets.

In addition, acquisitions of oil and natural gas properties or companies are based in part on engineering, environmental and economic assessments. These assessments include a series of assumptions regarding such factors as recoverability and marketability of oil and natural gas, environmental restrictions and prohibitions regarding releases and emissions of various substances, future prices of oil and natural gas, future operating costs, future capital expenditures and royalties and other government levies which will be imposed over the producing life of the reserves. Many of these factors are subject to change and are beyond the control of the Corporation. All such assessments involve a measure of geological, engineering, environmental and regulatory uncertainty that could result in lower production and reserves or higher operating or capital expenditures than anticipated. If actual reserves or production are less than expected, the Corporation's revenue and consequently the value of its Common Shares could be negatively affected.

Achieving the benefits of acquisitions depends on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner and the Corporation's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of the Corporation. The integration of acquired businesses and assets may require substantial management effort, time and resources, diverting management's focus away from other strategic opportunities and operational matters, and may also result in the loss of key employees, the disruption of ongoing business, supplier, customer and employee relationships and deficiencies in internal controls or information technology controls.

Management continually assesses the value and contribution of the various assets within its portfolio. In this regard, certain assets may be periodically disposed of so the Corporation can focus its efforts and resources more efficiently. Depending on the state of the market for such assets, there is a risk that certain assets of the Corporation, if disposed of, could realize less than their carrying value on the Corporation's financial statements.

Management of Growth and Integration

The Corporation may not be able to effectively manage the growth of its business

The Corporation may be subject to both integration and growth-related risks, including capacity constraints and pressure on its internal systems and controls. The ability of the Corporation to effectively manage growth and the integration of additional assets will require it to continue to implement and improve its operational and financial systems and to train and manage, and potentially expand, its employee base. The inability of the Corporation to effectively deal with this integration and growth could have a material adverse impact on its business, financial condition, results of operations and prospects.

Liability Management and Abandonment and Reclamation Costs

Liability management programs enacted by regulators may prevent or interfere with the Corporation's ability to acquire properties or require a substantial cash deposited with the regulator. In addition, the Corporation may have to pay certain costs associated with abandonment and reclamation

Alberta has developed liability management programs designed to prevent taxpayers from incurring costs associated with the suspension, abandonment, remediation and reclamation of wells, facilities and pipelines in the event that a licencee or permit holder is unable to satisfy its regulatory obligations. The implementation of or changes to the requirements of liability management programs may result in significant increases to the security that must be posted, increased and more frequent financial disclosure obligations or the denial of licence or permit transfers, which could impact the availability of capital to be spent by the Corporation. In addition, these programs may prevent or interfere with the Corporation's ability to acquire or dispose of assets, as both the vendor and the purchaser of oil and natural gas assets must be in compliance with the liability management programs (both before and after the transfer of the assets) for the AER to allow for the transfer of such assets. See *"Industry Conditions – Alberta – Liability Management".*

The Corporation will need to comply with the terms and conditions of environmental and regulatory approvals and all legislation regarding the abandonment of its projects and reclamation of the project lands at the end of their economic life, which may result in substantial abandonment and reclamation costs. Any failure to comply with the terms and conditions of approvals and legislation may result in the imposition of fines and penalties, which may be material. Generally, abandonment and reclamation costs are substantial and, while the Corporation accrues a reserve in its financial statements for such costs in accordance with IFRS Accounting Standards, such accruals may be insufficient.

It is not possible at this time to estimate abandonment and reclamation costs reliably since they will, in part, depend on future regulatory requirements. In addition, it may be prudent or be required by applicable laws, regulations or regulatory approvals in the future for the Corporation to establish and fund one or more reclamation funds to provide for payment of future abandonment and reclamation costs. If the Corporation establishes a reclamation fund, its liquidity and cash flow may be adversely affected.

Title to and Right to Produce from Assets

Defects in the Corporation's title or rights to produce from its properties may result in a financial loss

The Corporation's actual title to and interest in its properties, and its right to produce and sell the oil, natural gas and NGLs therefrom, may vary from the Corporation's records. Although title reviews may be conducted prior to the purchase of oil and natural gas producing properties or the commencement of drilling wells, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise. In addition, there may be valid legal challenges or legislative changes that affect the Corporation's title to and right to produce from its oil and natural gas properties, which could impair the Corporation's activities on them and result in a reduction of the revenue received by the Corporation.

If a defect exists in the chain of title or in the Corporation's right to produce, or a legal challenge or legislative change arises, it is possible that the Corporation may lose all or a portion of the properties to which the title defect relates and/or its right to produce from such properties. This may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Expiration of Licences and Leases

The Corporation, or its working interest partners, may fail to meet the requirements of a licence or lease, causing its termination or expiry

The Corporation's properties are held in the form of licences and leases and working interests in licences and leases. If the Corporation or the holder of a licence or lease fails to meet the specific requirements of the licence or lease, the licence or lease may terminate or expire. There can be no assurance that any of the obligations required to maintain each licence or lease will be met. The termination or expiration of the Corporation's licences or leases or the working interests relating to a licence or lease may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Evolving Corporate Governance, Sustainability and Reporting Framework

Evolving corporate governance, sustainability and reporting framework may increase both compliance costs and the risk of non-compliance that may have an adverse effect on the Corporation

The Corporation's business is subject to evolving corporate governance and public disclosure regulations that have increased both compliance costs and the risk of non-compliance, which could have an adverse effect on the price of the Common Shares. The Corporation is subject to evolving rules and regulations promulgated by a number of governmental and self-regulated organizations, including the Canadian Securities Administrators, the TSX and the Financial Accounting Standards Board. These rules and regulations continue to evolve in scope and complexity, making compliance more difficult and uncertain. Further, the Corporation's efforts to comply with these and other new and existing rules and regulations have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities. See *"Industry Conditions – Accountability and Transparency"* and *"Risk Factors – Climate Change – Transition Risks – Regulatory and Policy"*.

Anti-greenwashing Rules

Changes to the Competition Act may increase both compliance costs and the risk of non-compliance that may have an adverse effect on the Corporation

Recent updates to the Competition Act, which expand the Competition Act's deceptive marketing provisions, require businesses making environmental claims about products or business practices to substantiate their statements with "adequate and proper tests" or "internationally recognized methodologies". Failure to comply may result in penalties of up to 3% of worldwide gross revenues and reputational damage. Starting in June 2025, private parties will also be allowed to bring deceptive marketing claims before the Competition Tribunal (subject to obtaining leave), a right previously exclusive to the Competition Bureau. See *"Industry Conditions – Accountability and Transparency", "Risk Factors – Litigation" and "Risk Factors – Evolving Corporate Governance, Sustainability and Reporting Framework".*

Natural Disasters, Terrorist Acts, Civil Unrest, Pandemics and Other Disruptions and Dislocations

Natural disasters, terrorist acts, civil unrest and pandemics may cause disruptions in supply chains, reduce economic activity in Canada and internationally and impact the demand for oil and natural gas

Upon the occurrence of a natural disaster or an incident of war, riot or civil unrest, the impacted country, province, state or region may not efficiently and quickly recover from such event, which could have a material adverse effect on the Corporation, its business and operations. Terrorist attacks, public health crises (including epidemics, pandemics or outbreaks of new infectious diseases or viruses), domestic and global trade disruptions, infrastructure disruptions, civil disobedience or unrest, natural disasters, national emergencies, acts of war, technological attacks and related events can result in volatility and disruption to local and global supply chains, operations, mobility of people and the financial markets, which could result in a significant reduction in economic activity in Canada and internationally along with a drop in demand for oil and natural gas, as well as affect interest rates, credit risk, inflation, business, financial conditions, results of operations and other factors relevant to the Corporation, its business and operations, which may have a material adverse effect on the Corporation's business, financial conditions or operations and could aggravate the other risk factors identified herein.

In the event of a global pandemic, countries around the world may close international borders and order the closure of institutions and businesses deemed non-essential. This could result in a significant reduction in economic activity in Canada and internationally along with a drop in demand for oil and natural gas. Any reduction in economic activity in certain countries resulting from outbreaks, government-imposed lockdowns and other restrictions could have a negative effect on demand for oil and natural gas and could aggravate the other risk factors identified herein.

Internal Controls

Material weaknesses in the Corporation's internal controls may negatively affect the Corporation and the market price of the Common Shares

Effective internal controls are necessary for the Corporation to provide reliable financial reports and to help prevent fraud. Although the Corporation has implemented procedures in order to help ensure the reliability of its financial reports, including those imposed on it under Canadian securities laws, the Corporation cannot be certain that such measures will ensure that the Corporation will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Corporation's results of operations or cause it to fail to meet its reporting obligations. If the Corporation or its independent auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Corporation's financial statements and negatively impact the market price of the Common Shares.

Royalty Regimes

Changes to royalty regimes may negatively impact the Corporation's cash flow

The Government of Alberta may adopt a new royalty regime or modify the existing royalty regime, which may impact the economics of the Corporation's projects. An increase in royalties would reduce the Corporation's earnings and could make future capital investments, or the Corporation's operations, less economic or uneconomic. See *"Industry Conditions – Royalties and Incentives".*

Breaches of Confidentiality

Breach of confidentiality by a third party could impact the Corporation's competitive advantage or put it at risk of litigation

While discussing potential business relationships or other transactions with third parties, the Corporation may disclose confidential information relating to its business, operations or affairs. Although confidentiality agreements are generally signed by third parties prior to the disclosure of any confidential information, a breach could put the Corporation at competitive risk and may cause significant damage to its business. The harm to the Corporation's business from a breach of confidentiality cannot presently be quantified or predicted but may be material and may not be compensable in damages. There is no assurance that, in the event of a breach of confidentiality, the Corporation would be able to obtain equitable remedies, such as injunctive relief, from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such a breach of confidentiality may cause.

Negative Impact of Additional Sales or Issuances of Securities

The Corporation may issue additional securities, diluting current shareholders

The Corporation may issue an unlimited number of Common Shares without any vote or action by the shareholders, subject to the rules of any stock exchange on which the Corporation's securities may be listed. The Corporation may make future acquisitions or enter into financings or other transactions involving the issuance of securities of the Corporation. Shareholder dilution may also result from the issuance of Common Shares pursuant to the Corporation's stock option plan. If the Corporation issues additional securities, the percentage ownership of existing shareholders will be reduced and diluted and the market price of the Common Shares could decrease.

Conflicts of Interest

Conflicts of interest may arise for the Corporation's directors and officers

Certain directors and officers of the Corporation are engaged in, and may continue to engage in, other activities in the oil and natural gas industry, including acting as directors of other oil and natural gas companies. As a result, such directors and officers may become subject to conflicts of interest. The ABCA requires a director or officer of a corporation who is a party to, or is a director or an officer of, or has a material interest in any person who is a party to, a material contract or proposed material contract or a material transaction or proposed material transaction, with the Corporation to disclose the nature and extent of his or her interest and, in the case of directors, to refrain from voting on any matter in respect of such contract or transaction, unless otherwise permitted under the ABCA. To the extent that conflicts of interests arise, such conflicts will be resolved in accordance with the provisions of the ABCA and the Corporation's Code of Business Conduct and Ethics. See *"Directors and Officers – Conflicts of Interest".*

Income Taxes

Taxation authorities may reassess the Corporation's tax returns

The Corporation files all required income tax returns and believes that it is in compliance with the provisions of the *Income Tax Act* (Canada) and all applicable provincial tax legislation. However, such returns are subject to reassessment by the applicable taxation authority. In the event of a successful reassessment of the Corporation, such reassessment may have an impact on current and future taxes payable and result in penalties or interest payable, which could have an adverse effect on its financial condition.

Income tax laws or other laws or government incentive programs relating to the oil and natural gas industry, such as the treatment of resource taxation, dividends, share repurchases or capital gains, may in the future be changed or interpreted in a manner that adversely affects the Corporation and/or its shareholders. Furthermore, tax authorities having jurisdiction over the Corporation may disagree with how the Corporation calculates its income for tax purposes or could change administrative practices to the Corporation's detriment and/or the detriment of its shareholders.

Additional Taxation Applicable to Non-Residents

Non-resident shareholders are required to pay additional taxes on their dividends

Tax legislation in Canada may impose withholding or other taxes on the cash dividends, stock dividends or other property transferred by the Corporation to non-resident shareholders. These taxes may be reduced pursuant to tax treaties between Canada and the non-resident shareholder's jurisdiction of residence. Evidence of eligibility for a reduced withholding rate must be filed by the non-resident shareholder in prescribed form with their broker (or in the case of registered shareholders, with the transfer agent). In addition, the country in which the non-resident shareholder is resident may impose additional taxes on such dividends. Any of these taxes may change from time to time.

Foreign Exchange Risk for Non-Resident Shareholders

Variations in foreign exchange rates may affect the amount of cash dividends received by shareholders who receive dividends in currencies other than Canadian dollars

The Corporation's cash dividends are declared in Canadian dollars and may be converted in certain instances to foreign denominated currencies at the spot exchange rate at the time of payment. As a consequence, non-resident shareholders and shareholders who calculate their return in currencies other than the Canadian dollar are subject to foreign exchange risk. To the extent that the Canadian dollar strengthens with respect to their currency, the amount of any dividend will be reduced when converted to the shareholder's home currency.

Expansion into New Activities

Expanding the Corporation's business may expose it to new risks and uncertainties

The operations and expertise of the Corporation's management are currently focused on oil and natural gas production, exploration and development on the Montney/Doig Resource Play in Alberta. In the future, the Corporation may acquire or move into new industry-related activities or new geographical areas or may acquire different energy-related assets. As a result, the Corporation may face unexpected risks or alternatively, its exposure to one or more existing risk factors may be significantly increased, which may in turn result in the Corporation's future operational and financial condition being adversely affected.

Forward-Looking Statements

Forward-looking statements may prove inaccurate

Shareholders and prospective investors are cautioned not to place undue reliance on the Corporation's forward-looking statements. By their nature, forward-looking statements involve numerous assumptions and known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. Additional information on the risks, assumptions and uncertainties relating to forward-looking statements is found under the heading *"Special Notes to Reader – Forward-Looking Statements"*.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

On December 9, 2020, Steelhead LNG (ASLNG) Ltd. and Steelhead Limited Partnership (collectively, "**Steelhead**") filed a Statement of Claim in Federal Court against Seven Generations Energy Ltd. (now ARC Resources Ltd.), Rockies LNG Limited Partnership, Rockies GP and the Corporation (collectively, the "**Defendants**") claiming, among other things: (i) a declaration that the Defendants infringed certain claims of a patent held by Steelhead (the "**Steelhead Patent**"); (ii) a declaration that either or both of Seven Generations Energy Ltd. and the Corporation induced or procured Rockies LNG Limited Partnership and Rockies GP to infringe certain claims of the Steelhead Patent; (iii) an injunction from further infringing the asserted claims of the Steelhead Patent; (iv) damages or an accounting of profits; (v) reasonable compensation under Section 55(2) of the *Patent Act* (Canada); and (vi) punitive and/or exemplary damages (collectively, the "**Steelhead Claim**"). The total monetary amount claimed pursuant to the Steelhead Claim is $250 million. The Steelhead Patent was issued to Steelhead on November 3, 2020 for a purported invention relating to a floating at-shore liquefaction facility. The Steelhead Claim alleges that the Defendants infringed the Steelhead Patent through the "design and development…and marketing" of a near-shore floating liquefaction facility. The Defendants delivered a Statement of Defence and Counterclaim on June 7, 2021. The Defendants brought a motion for a summary trial on the issue of infringement, which was heard in June 2022. On July 6, 2022, the Federal Court's decision was publicly issued, dismissing Steelhead's claim in its entirety. Steelhead filed a Notice of Appeal of the summary trial decision on October 3, 2022. The appeal was heard on November 16, 2023. By Judgment dated April 11, 2024, Steelhead's appeal was unanimously dismissed with costs to the Defendants. Steelhead has sought leave to appeal this decision to the Supreme Court of Canada. A decision on the leave application has not yet been issued.

The Counterclaim filed by the Defendants alleges that: (i) the Steelhead Patent is invalid; and (ii) the conduct of Steelhead, Azimuth Energy Partners IV (NR) LP and Azimuth Energy Partners IV LP caused damage to the Defendants. The claims described in (ii) above were discontinued on June 20, 2023. A trial for the matter described in (i) above was held in September 2023 and a decision was issued on December 13, 2023, wherein the Defendants were successful in invalidating the large majority of the Steelhead Patent claims, including all of the claims of the Patent alleged to be infringed by the Defendants. A costs award (30% of reasonable legal fees and 100% of reasonable disbursements) was awarded to the Defendants. Steelhead appealed this decision. The appeal was heard on December 12, 2024 and unanimously dismissed on the same date, with costs to the Defendants. Steelhead has sought leave to appeal this decision to the Supreme Court of Canada. A decision on the leave application has not yet been issued.

The Corporation considers the Steelhead Claim to be without merit and has, and will continue to, vigorously defend itself against it. Although no assurances can be given with respect to the outcome of such proceedings, the Corporation believes it has valid defences to the Steelhead Claim and accordingly has not recorded any related liability in its financial statements.

There are no other material legal proceedings that the Corporation is or was a party to, or that any of its property is or was the subject of, during the most recently completed financial year or that the Corporation knows to be contemplated.

During the year ended December 31, 2024, there were: (i) no penalties or sanctions imposed against the Corporation by a court relating to securities legislation or by a securities regulatory authority; (ii) no other penalties or sanctions imposed by a court or regulatory body against the Corporation that would likely be considered important to a reasonable investor in making an investment decision; and (iii) no settlement agreements the Corporation entered into before a court relating to securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

There is no material interest, direct or indirect, of: (i) any director or executive officer of the Corporation; (ii) any person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the Common Shares; or (iii) any associate or affiliate of any of the persons or companies referred to in (i) or (ii), in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Corporation.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is Odyssey Trust Company at its principal office in Calgary, Alberta.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the Corporation did not enter into any material contracts within the last financial year, or before the last financial year but which are still in effect.

INTERESTS OF EXPERTS

Names of Experts

The only persons or companies who are named as having prepared or certified a report, valuation, statement or opinion described or included in a filing, or referred to in a filing, made under NI 51-102 by the Corporation during, or relating to, the Corporation's most recently completed financial year, and whose profession or business gives authority to the report, valuation statement or opinion made by the person or company, are KPMG LLP and Deloitte.

Interests of Experts

KPMG LLP performed the audit in respect of the annual audited financial statements of the Corporation as at and for the years ended December 31, 2024 and December 31, 2023. KPMG LLP has confirmed that they are independent of the Corporation within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada.

The Corporation's independent qualified reserves evaluator, Deloitte, prepared the Deloitte Report and the Prior Deloitte Report. As at the date hereof, the designated professionals (as defined in NI 51-102) of Deloitte, as a group, beneficially own, directly or indirectly, less than 1% of the outstanding securities of the Corporation.

In addition, none of the aforementioned persons or companies, nor any partner, director, officer or employee of any of the aforementioned persons or companies, is or is expected to be elected, appointed or employed as a director, officer or employee of the Corporation.

ADDITIONAL INFORMATION

Additional information relating to the Corporation can be found on SEDAR+ at www.sedarplus.ca and on the Corporation's website at www.birchcliffenergy.com. Additional information, including the remuneration and indebtedness of the directors and executive officers of the Corporation, the principal holders of Common Shares and the securities authorized for issuance under the Corporation's equity compensation plans, is contained in the information circular of the Corporation for the most recent annual meeting of the holders of Common Shares, which was held on May 16, 2024. Additional financial information relating to the Corporation is provided in the Corporation's annual audited financial statements and related management's discussion and analysis for the year ended December 31, 2024.

Any document referred to in this Annual Information Form and described as being filed on the Corporation's SEDAR+ profile at www.sedarplus.ca may be obtained free of charge from Birchcliff at Suite 1000, 600 – 3rd Avenue S.W., Calgary, Alberta T2P 0G5.

APPENDIX A

FORM 51-101F2
REPORT ON RESERVES DATA BY INDEPENDENT QUALIFIED RESERVES EVALUATOR OR AUDITOR

To the Board of Directors of Birchcliff Energy Ltd. (the "**Company**"):

1. We have evaluated the Company's reserves data as at December 31, 2024. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2024, estimated using forecast prices and costs.

2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.

3. We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook as amended from time to time (the "**COGE Handbook**") maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter).

4. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.

5. The following table shows the net present value of future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated for the year ended December 31, 2024, and identifies the respective portions thereof that we have evaluated and reported on to the Company's Board of Directors:

Independent Qualified Reserves Evaluator or Auditor	Effective Date of Evaluation Report	Location of Reserves (Country or Foreign Geographic Area)	Net Present Value of Future Net Revenue (before income taxes, 10% discount rate – $000s)			
			Audited	Evaluated	Reviewed	Total
Deloitte LLP	December 31, 2024	Canada	-	5,563,831.0	-	5,563,831.0

6. In our opinion, the reserves data evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook, consistently applied. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.

7. We have no responsibility to update our report referred to in paragraph 5 for events and circumstances occurring after the effective date of our report.

8. Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

Deloitte LLP, Calgary, Alberta, Canada, February 12, 2025

Original signed by: "Andrew R. Botterill"
Andrew R. Botterill, P. Eng.
Partner

APPENDIX B

FORM 51-101F3
REPORT OF MANAGEMENT AND DIRECTORS ON OIL AND GAS DISCLOSURE

Management of Birchcliff Energy Ltd. (the "**Company**") are responsible for the preparation and disclosure of information with respect to the Company's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data.

An independent qualified reserves evaluator has evaluated the Company's reserves data. The report of the independent qualified reserves evaluator will be filed with securities regulatory authorities concurrently with this report.

The Reserves Evaluation Committee of the Board of Directors of the Company has:

(a) reviewed the Company's procedures for providing information to the independent qualified reserves evaluator;

(b) met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation; and

(c) reviewed the reserves data with management and the independent qualified reserves evaluator.

The Reserves Evaluation Committee of the Board of Directors has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The Board of Directors has, on the recommendation of the Reserves Evaluation Committee, approved:

(a) the content and filing with securities regulatory authorities of Form 51-101F1 containing reserves data and other oil and gas information;

(b) the filing of Form 51-101F2 which is the report of the independent qualified reserves evaluator on the reserves data; and

(c) the content and filing of this report.

Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

(signed) *"Christopher Carlsen"*
President and Chief Executive Officer

(signed) *"Theo van der Werken"*
Chief Operating Officer

(signed) *"James Surbey"*
Director and Chairman of the
Reserves Evaluation Committee

(signed) *"Debra Gerlach"*
Director and Member of the
Reserves Evaluation Committee

March 12, 2025

APPENDIX C

AUDIT COMMITTEE CHARTER

Purpose

The purpose of the Audit Committee (the "**Committee**") of the board of directors (the "**Board**") of Birchcliff Energy Ltd. (the "**Corporation**") is to assist the Board in overseeing:

(a) the preparation of the financial statements of the Corporation and the conduct of any audit thereof;

(b) the Corporation's compliance with applicable financial reporting requirements; and

(c) the independence and performance of the Auditor.

Definitions

For the purposes of this Charter, the following terms have the following meanings:

(a) "**Auditor**" means the auditor appointed to prepare an audit report in respect of the annual financial statements of the Corporation.

(b) "**NI 52-110**" means National Instrument 52-110 – *Audit Committees* promulgated by the securities regulatory authorities in Canada as may be amended from time to time.

Composition of the Committee

(a) Number of Members: The Committee shall be composed of a minimum of three members, each of whom shall be a member of the Board.

(b) Independence of Members: Each member of the Committee shall be "independent" within the meaning of NI 52-110 unless the Board determines to rely on an exemption contained in NI 52-110.

(c) Financial Literacy: Each member of the Committee shall be "financially literate" within the meaning of NI 52-110 unless the Board determines to rely on an exemption contained in NI 52-110.

(d) Appointment and Vacancies: The members of the Committee shall be appointed by the Board and shall serve at the pleasure of the Board. Any member of the Committee may be removed or replaced at any time by the Board and shall automatically cease to be a member of the Committee as soon as such member ceases to be a director of the Corporation. The Board may fill vacancies on the Committee by appointment from among its members. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all of its powers so long as a quorum remains.

(e) Chair: The Board shall designate one member of the Committee as the chairperson of the Committee (the "**Chair**"). The Chair shall preside over all meetings of the Committee, and in the Chair's absence, the members of the Committee may designate from among such members the Chair for the purpose of such meeting.

Transaction of Business and Meetings

(a) Transaction of Business: The Committee shall transact its business in accordance with governing corporate legislation and the provisions of the by-laws of the Corporation. To the extent not provided either therein or in the provisions of this Charter, the Committee may determine the manner in which it will transact its business by way of resolution passed by a majority of votes cast thereon.

(b) Number of Meetings: The Committee shall meet at least four times per year or more frequently as is necessary to carry out its duties and responsibilities.

(c) Calling of Meetings: The Chair or any member of the Committee may at any time convene a meeting of the Committee. Upon a request from the Auditor, the Chair shall convene a meeting of the Committee to consider any matters that the Auditor desires to bring to the attention of the Committee.

(d) Notice of Meetings: Notice of meetings shall be delivered, mailed, faxed, emailed or sent by any other form of transmitted or recorded message to each member of the Committee not less than forty-eight hours before the meeting is to take place. Notice of any meeting or any irregularity thereof may be waived by any member. Meetings may be held at any time without formal notice if all the members are present, or if a quorum is present and those members who are absent have signified their consent to the meeting being held in their absence. Any resolution passed or action taken at such a meeting shall be valid and effectual as if it had been passed or taken at a meeting duly called and constituted.

(e) Quorum: A quorum for meetings of the Committee shall be at least two members of the Committee. No business may be transacted by the Committee at a meeting unless a quorum of the Committee is present.

(f) Voting: All motions made at a meeting of the Committee shall be decided by a simple majority of votes cast by members of the Committee who vote on such motion. In the event of an equality of votes on any motion, the Chair shall not have a second or casting vote.

(g) Minutes and Reporting to the Board: Minutes shall be prepared of all meetings of the Committee. A copy of such minutes shall be circulated to all members of the Committee and the Board. In addition, the Chair may report orally to the Board on any matter in his or her view requiring the immediate attention of the Board.

(h) Attendance of Non-Members: The Committee may invite to a meeting any officers, directors or employees of the Corporation, legal counsel, advisors and other persons whose attendance it considers necessary or desirable in order to carry out its duties and responsibilities. If not a member of the Committee, such invitees shall have no voting rights at any meeting of the Committee.

Duties and Responsibilities

External Auditor

(a) The Committee shall recommend to the Board:

  (i) the person or firm to be nominated as Auditor for the purposes of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation; and

  (ii) the compensation of the Auditor.

(b) The Committee is authorized in carrying out its duties to communicate directly with the Auditor and the Auditor shall report directly to the Committee. The Committee shall be directly responsible for overseeing the work of the Auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the Auditor regarding financial reporting.

(c) The Committee shall review and recommend to the Board the annual audit plan of the Auditor and the terms of the Auditor's engagement, including the appropriateness and reasonableness of the Auditor's fees.

(d) The Committee may review and evaluate the Auditor's performance.

(e) The Committee shall review and receive assurances as to the independence of the Auditor.

(f) The Committee shall review any reports issued by the Canadian Public Accountability Board which specifically relate to any previous audit of the financial statements of the Corporation.

(g) The Committee shall periodically meet with the Auditor without management present to discuss the completeness and accuracy of the Corporation's financial statements.

(h) When there is to be a change in the Auditor, the Committee shall review the issues related to the change and shall approve the information to be included in the notice of such change required to be filed with the applicable regulatory authorities.

(i) The Committee shall pre-approve all non-audit services to be provided to the Corporation (or its subsidiary entities, if any) by the Auditor. The Committee may delegate to one or more of its members the authority to pre-approve non-audit services, provided that any such pre-approval must be presented to the Committee at its first scheduled meeting following such pre-approval and the member(s) to whom such authority has been delegated comply with such other procedures as may be established by the Committee from time to time.

Financial Reporting and Public Disclosure

(j) The Committee shall review, report to the Board on and, if deemed advisable by the Committee, recommend to the Board for approval, the Corporation's interim and annual financial statements and all related management's discussion and analysis before those materials are filed with the applicable regulatory authorities and publicly disclosed. If authorized by the Board, the Committee may approve the interim financial statements and the related management's discussion and analysis, before those materials are filed with the applicable regulatory authorities and publicly disclosed. The Committee shall receive and review any reports prepared by management of the Corporation or the Auditor that relate to any of the following:

  (i) changes in accounting principles, or in their application, which may have a material impact on a current or future year's financial statements;

  (ii) significant accruals, reserves or other estimates, such as ceiling test calculations;

  (iii) the accounting treatment of significant, unusual or non-recurring transactions;

  (iv) disclosures of commitments and contingencies;

  (v) adjustments raised by the Auditor, whether or not included in the financial statements;

  (vi) unresolved differences between management and the Auditor;

  (vii) explanations of significant variances with comparative reporting periods; and

  (viii) related party transactions and ensuring that the nature and extent of such transactions are properly disclosed.

(k) The Committee shall review, report to the Board on and, if deemed advisable by the Committee, recommend for approval by the Board, the Corporation's annual and interim earnings press releases before the Corporation publicly discloses this information.

(l) As it relates to financial information that is extracted or derived from the Corporation's financial statements, the Committee shall review, report to the Board on and, if deemed advisable by the Committee, recommend for approval by the Board, all annual reports, annual information forms, information circulars, business acquisition reports, prospectuses and other securities offering documents (excluding, for greater certainty, the Corporation's corporate presentations) before such documents are publicly disclosed and, if applicable, filed with the applicable regulatory authorities.

(m) The Committee shall ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and shall periodically assess the adequacy of those procedures.

Internal Controls

(n) The Committee shall oversee management's reporting on internal controls and shall advise the Board of any material weaknesses of the internal controls.

(o) The Committee shall establish procedures:

    (i) for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and

    (ii) for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

Other Duties and Responsibilities

(p) The Committee shall review management's reports regarding the certification of annual and interim financial reports in accordance with applicable securities legislation.

(q) The Committee shall review and approve:

    (i) the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former Auditor; and

    (ii) the employment by the Corporation of any current or former partner or employee of the present and former Auditor.

(r) The Committee shall review, at least annually, this Charter and recommend to the Board any amendments to this Charter that the Committee considers necessary or advisable.

(s) The Committee shall bring to the attention of the Board such other issues as are necessary to carry out its mandate and shall make recommendations to the Board with respect to the foregoing. In addition, the Committee shall review and report to the Board on any other matters as may be delegated to it by the Board from time to time.

Access to Information and Advisors

(a) In discharging its role, the Committee shall have full access to all books, records, facilities and personnel of the Corporation to the extent that the same relate to matters that are the responsibility of the Committee under this Charter. The Committee may require the Auditor or any director, officer or employee of the Corporation to appear before it to discuss the accounts and records and/or financial position of the Corporation. Members of the Committee may rely upon the accuracy of any statement or report prepared by the Auditor or upon any other statement or report including any appraisal report prepared by a qualified person and shall not be responsible or held liable for any loss or damage in respect of any action taken on the basis of such statement or report.

(b) The Committee has the authority to engage such advisors (including independent legal counsel) as it considers necessary or desirable to assist it in fulfilling its duties and responsibilities as provided in this Charter and to set the compensation to be paid thereto, such engagement to be at the Corporation’s expense. The Corporation shall be responsible for all other expenses of the Committee that are deemed necessary or desirable by the Committee in order to fulfil its duties and responsibilities as provided for in this Charter.

Approved and Adopted: January 22, 2025.