

**BIRCHCLIFF ENERGY LTD. ANNOUNCES Q3 2024 RESULTS,  
DECLARATION OF Q4 2024 DIVIDEND OF \$0.10 PER COMMON SHARE AND PRELIMINARY 2025 GUIDANCE**

**Calgary, Alberta (November 14, 2024)** – Birchcliff Energy Ltd. (“**Birchcliff**” or the “**Corporation**”) (TSX: BIR) is pleased to announce its Q3 2024 financial and operational results and its preliminary guidance for 2025. Birchcliff is also pleased to announce that its board of directors (the “**Board**”) has declared a quarterly cash dividend of \$0.10 per common share for the quarter ending December 31, 2024.

“Birchcliff’s third quarter results highlight the continuing success of our operational execution and performance in 2024. Due to the strong performance of the wells brought on production this year, we were able to achieve solid quarterly average production of 75,403 boe/d in Q3 2024. Our strategic decision earlier in the year to defer the drilling of 11 wells and bring them on production in Q4 puts us in a strong position to benefit from the anticipated strengthening of natural gas prices for the remainder of 2024 and in 2025,” stated Chris Carlsen, President and Chief Executive Officer of Birchcliff.

“Our strategy for 2025 builds off of the operational momentum we have built in 2024, maintaining our strong focus on capital efficiency improvements and driving down costs. Birchcliff’s 2025 F&D capital expenditures will be strategically deployed throughout the year, with a program designed to remain flexible in response to commodity price volatility. Based on our preliminary budgeting process and current commodity price outlook, we are targeting annual F&D capital expenditures of \$260 million to \$300 million and annual average production of 76,000 to 79,000 boe/d in 2025. We remain focused on prioritizing our strong balance sheet and financial position, while balancing the continued profitable development of our world-class Montney asset base and shareholder returns. We are continuing to evolve our plans for 2025 and expect to announce the details of our formal 2025 capital budget on January 22, 2025.”

**Q3 2024 FINANCIAL AND OPERATIONAL HIGHLIGHTS**

- Achieved average production of 75,403 boe/d (83% natural gas, 9% NGLs, 5% condensate and 3% light oil).
- Generated adjusted funds flow<sup>(1)</sup> of \$45.2 million, or \$0.17 per basic common share<sup>(2)</sup>, and cash flow from operating activities of \$65.9 million.
- Reported a net loss to common shareholders of \$10.5 million, or \$0.04 per basic common share.
- Birchcliff’s market diversification initiatives contributed to an average realized natural gas sales price of \$1.50/Mcf<sup>(3)</sup>, which represented an 87% premium to the average benchmark AECO 7A Monthly Index price in Q3 2024.
- Drilled 12 (12.0 net) wells, with F&D capital expenditures of \$63.6 million.
- Total debt<sup>(4)</sup> at September 30, 2024 was \$513.6 million.
- Birchcliff entered into a long-term contract operating agreement (the “**COA**”) with AltaGas Ltd. (“**AltaGas**”), which became effective July 1, 2024. Pursuant to the COA, Birchcliff assumed operatorship of AltaGas’ Gordondale deep-cut gas processing facility (the “**Gordondale Facility**”). This arrangement will allow Birchcliff to leverage cost optimization opportunities, which are expected to drive lower operating costs, reduce downtime and optimize NGLs recoveries for Birchcliff.

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

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

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

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

Birchcliff's unaudited interim condensed financial statements for the three and nine months ended September 30, 2024 and related management's discussion and analysis will be available on its website at [www.birchcliffenergy.com](http://www.birchcliffenergy.com) and on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

#### **DECLARATION OF Q4 2024 QUARTERLY DIVIDEND**

- The Board has declared a quarterly cash dividend of \$0.10 per common share for the quarter ending December 31, 2024.
- The dividend will be payable on December 31, 2024 to shareholders of record at the close of business on December 13, 2024. The dividend has been designated as an eligible dividend for the purposes of the *Income Tax Act* (Canada).

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

### Q3 2024 UNAUDITED FINANCIAL AND OPERATIONAL SUMMARY

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
<b>OPERATING</b>				
Average production				
Light oil (bbls/d)	2,129	1,728	2,025	1,916
Condensate (bbls/d)	4,161	4,850	4,464	5,221
NGLs (bbls/d)	6,541	7,412	6,856	5,852
Natural gas (Mcf/d)	375,428	360,924	378,237	374,544
<b>Total (boe/d)</b>	<b>75,403</b>	<b>74,143</b>	<b>76,384</b>	<b>75,413</b>
Average realized sales prices (CDN\$) <sup>(1)</sup>				
Light oil (per bbl)	98.47	100.46	100.14	98.77
Condensate (per bbl)	95.66	107.67	100.92	103.75
NGLs (per bbl)	25.02	26.35	26.44	26.91
Natural gas (per Mcf)	1.50	2.86	1.97	3.07
<b>Total (per boe)</b>	<b>17.71</b>	<b>25.96</b>	<b>20.69</b>	<b>27.05</b>
<b>NETBACK AND COST (\$/boe)</b>				
Petroleum and natural gas revenue <sup>(1)</sup>	17.71	25.97	20.69	27.06
Royalty expense	(1.34)	(2.04)	(1.46)	(2.47)
Operating expense <sup>(2)</sup>	(2.78)	(3.93)	(3.35)	(3.84)
Transportation and other expense <sup>(3)</sup>	(5.24)	(6.37)	(5.23)	(5.74)
<b>Operating netback<sup>(3)</sup></b>	<b>8.35</b>	<b>13.63</b>	<b>10.65</b>	<b>15.01</b>
G&A expense, net	(1.25)	(1.36)	(1.26)	(1.43)
Interest expense	(1.43)	(0.86)	(1.28)	(0.66)
Lease interest expense <sup>(2)</sup>	(0.32)	-	(0.11)	-
Realized gain (loss) on financial instruments	1.17	(0.83)	(0.13)	(1.69)
Other cash income (expense)	-	0.01	0.01	(0.03)
<b>Adjusted funds flow<sup>(3)</sup></b>	<b>6.52</b>	<b>10.59</b>	<b>7.88</b>	<b>11.20</b>
Depletion and depreciation expense	(9.11)	(8.08)	(8.73)	(8.11)
Unrealized gain (loss) on financial instruments	1.14	1.20	2.68	(1.31)
Other expenses <sup>(4)</sup>	(0.41)	(0.69)	(0.44)	(0.64)
Deferred income tax recovery (expense)	0.35	(0.81)	(0.39)	(0.40)
<b>Net income (loss) to common shareholders</b>	<b>(1.51)</b>	<b>2.21</b>	<b>1.00</b>	<b>0.74</b>
<b>FINANCIAL</b>				
Petroleum and natural gas revenue (\$000s) <sup>(1)</sup>	122,835	177,126	433,115	557,064
Cash flow from operating activities (\$000s)	65,943	67,840	158,069	241,523
Adjusted funds flow (\$000s) <sup>(5)</sup>	45,211	72,225	164,956	230,612
Per basic common share (\$) <sup>(3)</sup>	0.17	0.27	0.61	0.87
Free funds flow (\$000s) <sup>(5)</sup>	(18,409)	5,548	(49,818)	(15,859)
Per basic common share (\$) <sup>(3)</sup>	(0.07)	0.02	(0.19)	(0.06)
Net income (loss) to common shareholders (\$000s)	(10,461)	15,108	20,884	15,313
Per basic common share (\$)	(0.04)	0.06	0.08	0.06
End of period basic common shares (000s)	269,569	266,640	269,569	266,640
Weighted average basic common shares (000s)	269,342	266,390	268,711	266,397
Dividends on common shares (\$000s)	26,943	53,321	80,707	159,954
F&D capital expenditures (\$000s) <sup>(6)</sup>	63,620	66,677	214,774	246,471
Total capital expenditures (\$000s) <sup>(5)</sup>	63,886	67,475	216,072	248,375
Revolving term credit facilities (\$000s)	489,413	318,711	489,413	318,711
Total debt (\$000s) <sup>(7)</sup>	513,553	327,655	513,553	327,655

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

(2) Includes the financial effects of the Gas Processing Lease (as defined herein) recorded in Q3 2024. For further details, see "Q3 2024 Financial and Operational Results – Adjusted Funds Flow and Cash Flow From Operating Activities".

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

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

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

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

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

## OUTLOOK AND GUIDANCE

### Updated 2024 Guidance

Birchcliff is updating its 2024 guidance to reflect its current commodity price forecast and other assumptions for 2024 and its financial and operational results year-to-date.

- Birchcliff is maintaining its annual average production guidance of 75,000 to 77,000 boe/d and its F&D capital expenditures guidance of \$250 million to \$270 million.
- Birchcliff is lowering its guidance for royalty expense per boe to reflect a lower commodity price forecast in 2024.
- The Corporation is lowering its guidance for operating expense by \$0.50/boe, of which approximately \$0.30/boe is attributable to the reclassification of certain amounts under IFRS Accounting Standards as a result of the Corporation entering into the COA (see “Q3 2024 Financial and Operational Results – Adjusted Funds Flow and Cash Flow From Operating Activities”) and approximately \$0.20/boe is attributable to Birchcliff anticipating lower power and fuel prices, lower well servicing costs and cost optimization opportunities resulting from Birchcliff assuming operatorship of the Gordondale Facility.
- The Corporation is lowering its guidance for adjusted funds flow, primarily to reflect a lower commodity price forecast in 2024. This lower anticipated adjusted funds flow is expected to result in lower free funds flow and higher total debt at year-end 2024 than previously forecast.

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

	Updated 2024 guidance and assumptions – November 14, 2024 <sup>(1)</sup>	Previous 2024 guidance and assumptions – August 14, 2024
<b>Production</b>		
Annual average production (boe/d)	75,000 – 77,000	75,000 – 77,000
% Light oil	3%	3%
% Condensate	6%	6%
% NGLs	10%	10%
% Natural gas	81%	81%
<b>Average Expenses (\$/boe)</b>		
Royalty	1.55 – 1.75	1.80 – 2.00
Operating	3.20 – 3.40	3.70 – 3.90
Transportation and other <sup>(2)</sup>	5.30 – 5.50	5.30 – 5.50
<b>Adjusted Funds Flow (millions)<sup>(3)</sup></b>	\$230	\$250
<b>F&amp;D Capital Expenditures (millions)</b>	\$250 – \$270	\$250 – \$270
<b>Free Funds Flow (millions)<sup>(3)</sup></b>	(\$20) – (\$40)	\$0 – (\$20)
<b>Annual Base Dividend (millions)</b>	\$108 <sup>(4)</sup>	\$108
<b>Total Debt at Year End (millions)<sup>(5)</sup></b>	\$515 – \$535	\$495 – \$515
<b>Natural Gas Market Exposure</b>		
AECO exposure as a % of total natural gas production	17% <sup>(6)</sup>	17%
Dawn exposure as a % of total natural gas production	44% <sup>(6)</sup>	44%
NYMEX HH exposure as a % of total natural gas production	37% <sup>(6)</sup>	37%
Alliance exposure as a % of total natural gas production	2% <sup>(6)</sup>	2%
<b>Commodity Prices</b>		
Average WTI price (US\$/bbl)	75.65 <sup>(7)</sup>	79.05
Average WTI-MSW differential (CDN\$/bbl)	6.00 <sup>(7)</sup>	6.95
Average AECO price (CDN\$/GJ)	1.45 <sup>(7)</sup>	1.75
Average Dawn price (US\$/MMBtu)	2.00 <sup>(7)</sup>	2.05
Average NYMEX HH price (US\$/MMBtu)	2.25 <sup>(7)</sup>	2.35
Exchange rate (CDN\$ to US\$1)	1.36 <sup>(7)</sup>	1.37

Forward two months' free funds flow sensitivity <sup>(7)(8)</sup>	Estimated change to 2024 free funds flow (millions)
Change in WTI US\$1.00/bbl	\$0.6
Change in NYMEX HH US\$0.10/MMBtu	\$0.6
Change in Dawn US\$0.10/MMBtu	\$1.3
Change in AEEO CDN\$0.10/GJ	\$0.6
Change in CDN/US exchange rate CDN\$0.01	\$0.7

- (1) Birchcliff's guidance for its production commodity mix, adjusted funds flow, free funds flow, total debt and natural gas market exposure in 2024 is based on an annual average production rate of 76,000 boe/d in 2024, which is the mid-point of Birchcliff's annual average production guidance range for 2024. For further information regarding the risks and assumptions relating to the Corporation's guidance, see "Advisories – Forward-Looking Statements".
- (2) Non-GAAP ratio. See "Non-GAAP and Other Financial Measures".
- (3) Non-GAAP financial measure. See "Non-GAAP and Other Financial Measures".
- (4) Assumes that no special dividends are paid. The declaration of future dividends is subject to the approval of the Board and is subject to change.
- (5) Capital management measure. See "Non-GAAP and Other Financial Measures".
- (6) Birchcliff's natural gas market exposure for 2024 takes into account its outstanding financial basis swap contracts.
- (7) Birchcliff's updated commodity price and exchange rate assumptions and free funds flow sensitivity for 2024 are based on anticipated full-year averages, which include settled benchmark commodity prices and the CDN/US exchange rate for the period from January 1, 2024 to October 31, 2024.
- (8) Illustrates the expected impact of changes in commodity prices and the CDN/US exchange rate on the Corporation's updated forecast of free funds flow for 2024, holding all other variables constant. The sensitivity is based on the updated commodity price and exchange rate assumptions set forth in the table above. The calculated impact on free funds flow is only applicable within the limited range of change indicated. Calculations are performed independently and may not be indicative of actual results. Actual results may vary materially when multiple variables change at the same time and/or when the magnitude of the change increases.

Changes in assumed commodity prices and variances in production forecasts can have an impact on the Corporation's forecasts of adjusted funds flow and free funds flow and the Corporation's other guidance, which impact could be material. In addition, any acquisitions or dispositions completed over the course of 2024 could have an impact on Birchcliff's 2024 guidance and assumptions set forth herein, which impact could be material. For further information, see "Advisories – Forward-Looking Statements".

### Preliminary 2025 Guidance

Based on its preliminary budgeting process for 2025 and current commodity price outlook, Birchcliff is targeting annual F&D capital expenditures of \$260 million to \$300 million and annual average production of 76,000 to 79,000 boe/d in 2025. The Corporation's 2025 F&D capital expenditures will be strategically deployed throughout the year, with a program designed to remain flexible in response to commodity price volatility. Birchcliff anticipates that the 2025 capital program will include approximately 25 to 30 wells being brought on production in the Pouce Coupe and Gordondale areas, as well as the completion of a large gas gathering infrastructure project and a planned facility turnaround in Pouce Coupe. Additionally, the 2025 capital program will include further investment in the Corporation's Elsworth area to protect, optimize and advance its long-term development strategy for this significant Montney asset.

The Corporation remains bullish on the long-term outlook for natural gas and anticipates structural improvement in natural gas prices going forward. Birchcliff expects prices to improve in 2025 as compared to 2024 due to the anticipated increase in demand from the start-up of various North American LNG projects and gas-fired power generation. In the current commodity price environment, Birchcliff remains focused on prioritizing its strong balance sheet and financial position, while balancing the continued profitable development of its world-class Montney asset base and shareholder returns. In alignment with its commitment to maintain a strong balance sheet, the Corporation is continuing to target a total debt to forward annual adjusted funds flow ratio of less than 1.0 times in the long-term.

Birchcliff continues to evolve its plans for 2025 and expects to announce the details of its formal 2025 capital budget and updated five-year outlook for 2025 to 2029 on January 22, 2025.

## Q3 2024 FINANCIAL AND OPERATIONAL RESULTS

### Production

- Birchcliff's production averaged 75,403 boe/d in Q3 2024, a 2% increase from Q3 2023. The increase was primarily due to the strong performance of the Corporation's capital program and the successful drilling of new Montney/Doig wells brought on production since Q3 2023, partially offset by natural production declines and high ambient temperatures during the summer that reduced throughput at Birchcliff's operated natural gas processing facilities in Pouce Coupe and Gordondale.
- Liquids accounted for 17% of Birchcliff's total production in Q3 2024 as compared to 19% in Q3 2023. The decrease was largely due to the Corporation continuing to target horizontal natural gas wells and natural production declines from light oil and liquids-rich natural gas wells producing since Q3 2023.

### Adjusted Funds Flow and Cash Flow From Operating Activities

- Birchcliff's adjusted funds flow was \$45.2 million in Q3 2024, or \$0.17 per basic common share, both of which decreased by 37% from Q3 2023.
- Birchcliff's cash flow from operating activities was \$65.9 million in Q3 2024, a 3% decrease from Q3 2023.
- The decreases were primarily due to lower natural gas revenue, which was largely impacted by a 48% decrease in the average realized sales price Birchcliff received for its natural gas production in Q3 2024 as compared to Q3 2023 and a higher interest expense as compared to Q3 2023. The decreases were partially offset by a realized gain on financial instruments in Q3 2024 as compared to a realized loss on financial instruments in Q3 2023 and decreases in royalty, operating and transportation and other expenses as compared to Q3 2023.
- As a result of Birchcliff assuming operatorship of the Gordondale Facility under the COA, the Corporation's take-or-pay commitment pursuant to the natural gas processing agreement between Birchcliff and AltaGas at the Gordondale Facility has been excluded from operating expense and classified as a lease (the "**Gas Processing Lease**") under IFRS 16 – *Leases* effective July 1, 2024. As a result, \$4.3 million was excluded from operating expense in Q3 2024. Of that \$4.3 million, approximately \$2.2 million was recorded as lease interest expense in profit or loss and was included as a deduction to adjusted funds flow and cash flow from operating activities. The remaining \$2.1 million reflects the lease financing payment, which reduces the lease obligation recorded on the balance sheet, and was excluded from adjusted funds flow and cash flow from operating activities.

### Net Loss to Common Shareholders

- Birchcliff reported a net loss to common shareholders of \$10.5 million in Q3 2024, or \$0.04 per basic common share, as compared to net income to common shareholders of \$15.1 million in Q3 2023, or \$0.06 per basic common share. The change to a net loss position was primarily due to lower adjusted funds flow and higher depletion and depreciation expense, partially offset by a deferred income tax recovery in Q3 2024 as compared to a deferred income tax expense in Q3 2023.

### Debt and Credit Facilities

- Total debt at September 30, 2024 was \$513.6 million, a 57% increase from September 30, 2023.
- At September 30, 2024, Birchcliff had a balance outstanding under its extendible revolving credit facilities (the "**Credit Facilities**") of \$493.7 million (September 30, 2023: \$318.7 million) from available Credit Facilities of \$850.0 million (September 30, 2023: \$850.0 million), leaving the Corporation with \$356.3 million (42%) of unutilized credit capacity after adjusting for outstanding letters of credit and unamortized deferred financing fees. This unutilized credit capacity provides Birchcliff with significant financial flexibility and available capital resources. The Credit Facilities have a maturity date of May 11, 2027 and do not contain any financial maintenance covenants.

### Natural Gas Market Diversification

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

The following table sets forth Birchcliff's effective sales, production and average realized sales price for natural gas and liquids for Q3 2024, after taking into account the Corporation's financial instruments:

Three months ended September 30, 2024						
	Effective sales <sup>(1)</sup> (CDN\$000s)	Percentage of total sales (%)	Effective production (per day)	Percentage of total natural gas production (%)	Percentage of total corporate production (%)	Effective average realized sales price <sup>(1)</sup> (CDN\$/)
<b>Market</b>						
AECO <sup>(1)(2)</sup>	5,869	4	78,754 Mcf	21	17	0.81/Mcf
Dawn <sup>(3)</sup>	36,103	24	161,045 Mcf	43	36	2.44/Mcf
NYMEX HH <sup>(1)(4)</sup>	38,704	25	135,629 Mcf	36	30	3.10/Mcf
<b>Total natural gas<sup>(1)</sup></b>	<b>80,676</b>	<b>53</b>	<b>375,428 Mcf</b>	<b>100</b>	<b>83</b>	<b>2.34/Mcf</b>
Light oil	19,289	13	2,129 bbls		3	98.47/bbl
Condensate	36,625	24	4,161 bbls		5	95.66/bbl
NGLs	15,055	10	6,541 bbls		9	25.02/bbl
<b>Total liquids</b>	<b>70,969</b>	<b>47</b>	<b>12,831 bbls</b>		<b>17</b>	<b>60.12/bbl</b>
<b>Total corporate<sup>(1)</sup></b>	<b>151,645</b>	<b>100</b>	<b>75,403 boe</b>		<b>100</b>	<b>21.86/boe</b>

- Effective sales and effective average realized sales price on a total natural gas and total corporate basis and for the AECO and NYMEX HH markets are non-GAAP financial measures and non-GAAP ratios, respectively. See "Non-GAAP and Other Financial Measures".
- Birchcliff has short-term physical sales agreements with third-party marketers to sell and deliver into the Alliance pipeline system. All of Birchcliff's short-term physical Alliance sales and production during Q3 2024 received AECO premium pricing and have therefore been included as effective sales and production in the AECO market.
- Birchcliff has agreements for the firm service transportation of an aggregate of 175,000 GJ/d of natural gas on TransCanada PipeLines' Canadian Mainline, whereby natural gas is transported to the Dawn trading hub in Southern Ontario.
- NYMEX HH effective sales and production include financial NYMEX HH/AECO 7A basis swap contracts for an aggregate of 147,500 MMBtu/d at an average contract price of NYMEX HH less US\$1.12/MMBtu during Q3 2024.  
Birchcliff's effective average realized sales price for NYMEX HH of CDN\$3.10/Mcf (US\$2.09/MMBtu) was determined on a gross basis before giving effect to the average NYMEX HH/AECO 7A fixed contract basis differential price of CDN\$1.66/Mcf (US\$1.12/MMBtu) and includes any realized gains and losses on financial NYMEX HH/AECO 7A basis swap contracts during Q3 2024.  
After giving effect to the NYMEX HH/AECO 7A fixed contract basis differential price and including any realized gains and losses on financial NYMEX HH/AECO 7A basis swap contracts during Q3 2024, Birchcliff's effective average realized net sales price for NYMEX HH was CDN\$1.44/Mcf (US\$0.97/MMBtu) in Q3 2024.

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

Three months ended September 30, 2024							
Natural gas market	Natural gas sales <sup>(1)</sup> (CDN\$000s)	Percentage of natural gas sales (%)	Natural gas production (Mcf/d)	Percentage of natural gas production (%)	Average realized natural gas sales price <sup>(1)</sup> (CDN\$/Mcf)	Natural gas transportation costs <sup>(2)</sup> (CDN\$/Mcf)	Natural gas sales netback <sup>(3)</sup> (CDN\$/Mcf)
AECO	14,835	28	202,070	54	0.81	0.40	0.41
Dawn	36,103	70	161,045	43	2.44	1.46	0.98
Alliance <sup>(4)</sup>	915	2	12,313	3	0.81	-	0.81
<b>Total</b>	<b>51,853</b>	<b>100</b>	<b>375,428</b>	<b>100</b>	<b>1.50</b>	<b>0.85</b>	<b>0.65</b>
Three months ended September 30, 2023							
Natural gas market	Natural gas sales <sup>(1)</sup> (CDN\$000s)	Percentage of natural gas sales (%)	Natural gas production (Mcf/d)	Percentage of natural gas production (%)	Average realized natural gas sales price <sup>(1)</sup> (CDN\$/Mcf)	Natural gas transportation costs <sup>(2)</sup> (CDN\$/Mcf)	Natural gas sales netback <sup>(3)</sup> (CDN\$/Mcf)
AECO	42,271	44	179,845	50	2.60	0.47	2.13
Dawn	48,234	51	164,023	45	3.20	1.50	1.70
Alliance <sup>(4)</sup>	4,604	5	17,056	5	2.93	-	2.93
<b>Total</b>	<b>95,109</b>	<b>100</b>	<b>360,924</b>	<b>100</b>	<b>2.86</b>	<b>0.92</b>	<b>1.96</b>

- Excludes the effects of financial instruments but includes the effects of any physical delivery contracts.
- Reflects costs to transport natural gas from the field receipt point to the delivery sales trading hub.
- Natural gas sales netback denotes the average realized natural gas sales price less natural gas transportation costs.
- Birchcliff has short-term physical sales agreements with third-party marketers to sell and deliver into the Alliance pipeline system. Alliance sales are recorded net of transportation tolls.

## Capital Activities and Investment

- In Q3 2024, Birchcliff drilled 12 wells, with 10 wells drilled in Pouce Coupe and two wells drilled in Elmworth. Birchcliff's F&D capital expenditures in Q3 2024 were \$63.6 million, which primarily included the drilling and completions of new wells in Pouce Coupe and Elmworth and gas gathering and infrastructure projects in Pouce Coupe and Gordondale.

## OPERATIONAL UPDATE

Birchcliff's optimized field development strategies, which incorporate enhanced completion intensities and tighter cluster spacing, have delivered strong production rates from the wells in the 2024 capital program, surpassing the Corporation's internal projections. These robust production results, along with ongoing improvements in operational execution, are forecast to substantially enhance capital efficiencies in 2024 as compared to 2023.

## Capital Program Overview

- As of the date of this press release, the Corporation has completed the drilling of 26 (26.0 net) wells and brought on production 27 (27.0 net) wells.
- In order to prepare for the efficient execution of its 2025 capital program, Birchcliff has commenced the drilling of a 5-well pad in Pouce Coupe (the 04-05 pad). These wells are planned to be drilled in the Lower Montney and brought on production in early Q1 2025. In addition, Birchcliff has allocated capital towards the drilling of various surface holes, pad-site construction and other activities to prepare for its 2025 capital program.

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

		Number of wells to be drilled in 2024 <sup>(1)</sup>	Number of wells drilled as at November 14, 2024	Number of wells to be brought on production in 2024	Number of wells on production as at November 14, 2024 <sup>(1)</sup>
<b>Pouce Coupe</b>					
04-30 (5-well pad)	Montney D1	0 <sup>(2)</sup>	0 <sup>(2)</sup>	5	5
16-17 (5-well pad)	BD/UM	1	1	1	1
	Montney D1	3	3	3	3
	Montney D4	1	1	1	1
16-15 (6-well pad)	Montney D1	6	6	6	6
10-22 (5-well pad)	Montney D1	5	5	5	5
04-05 (5-well pad)	Montney D1	5	2	0 <sup>(3)</sup>	N/A
<b>Gordondale</b>					
02-27 (2-well pad)	Montney D1	1	1	1	1
	Montney D2	1	1	1	1
01-10 (4-well pad)	Montney D1	4	4	4	4
<b>Elmworth</b>					
13-09 vertical	Montney	1	1	0 <sup>(4)</sup>	N/A
01-28 horizontal	Montney	1	1	0 <sup>(4)</sup>	N/A
<b>TOTAL</b>		<b>29</b>	<b>26</b>	<b>27</b>	<b>27</b>

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

(4) The Corporation does not intend to bring these wells on production in 2024.



## Pouce Coupe

- Birchcliff completed the drilling of its 6-well 16-15 pad in Pouce Coupe in August 2024 targeting liquids-rich natural gas in the Lower Montney. The wells from this pad were turned over to production through Birchcliff's permanent facilities in October 2024. The wells are exhibiting strong production rates and Birchcliff is looking forward to providing further details regarding their results on January 22, 2025.
- Birchcliff completed the drilling of its 5-well 10-22 pad in Pouce Coupe in August 2024 targeting high-rate natural gas in the Lower Montney. The wells from this pad were cleaned up through testers in October 2024 and have recently been turned over to production through Birchcliff's permanent facilities. The wells are exhibiting encouraging early results and Birchcliff is looking forward to providing further details regarding their results on January 22, 2025.

## Elmworth

- The Corporation completed the drilling of 1 (1.0 net) horizontal well and 1 (1.0 net) vertical well in Elmworth in September 2024. These wells will provide Birchcliff with the opportunity to continue a significant number of sections of Montney lands in Elmworth, as well as increase the Corporation's inventory and reservoir expertise in the area. The Corporation is currently considering completing and testing the horizontal well as part of its 2025 capital program.

## ABBREVIATIONS

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

## NON-GAAP AND OTHER FINANCIAL MEASURES

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

### Non-GAAP Financial Measures

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

### Adjusted Funds Flow and Free Funds Flow

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

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

The most directly comparable GAAP financial measure to adjusted funds flow and free funds flow is cash flow from operating activities. The following table provides a reconciliation of cash flow from operating activities to adjusted funds flow and free funds flow for the periods indicated:

	Three months ended September 30,		Nine months ended September 30,		Twelve months ended December 31,
	2024	2023	2024	2023	2023
(\$000s)					
<b>Cash flow from operating activities</b>	<b>65,943</b>	<b>67,840</b>	<b>158,069</b>	<b>241,523</b>	<b>320,529</b>
Change in non-cash operating working capital	(21,424)	3,601	(8,009)	(13,229)	(19,477)
Decommissioning expenditures	692	784	1,045	2,318	3,775
Retirement benefit payments	-	-	13,851	-	2,000
<b>Adjusted funds flow</b>	<b>45,211</b>	<b>72,225</b>	<b>164,956</b>	<b>230,612</b>	<b>306,827</b>
F&D capital expenditures	(63,620)	(66,677)	(214,774)	(246,471)	(304,637)
<b>Free funds flow</b>	<b>(18,409)</b>	<b>5,548</b>	<b>(49,818)</b>	<b>(15,859)</b>	<b>2,190</b>

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

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

### Transportation and Other Expense

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

(\$000s)	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
<b>Transportation expense</b>	<b>36,259</b>	<b>40,455</b>	<b>112,812</b>	<b>114,319</b>
Marketing purchases	14,530	8,618	36,591	25,844
Marketing revenue	(14,472)	(5,637)	(39,986)	(21,989)
<b>Transportation and other expense</b>	<b>36,317</b>	<b>43,436</b>	<b>109,417</b>	<b>118,174</b>

### Operating Netback

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

(\$000s)	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Petroleum and natural gas revenue	122,835	177,126	433,115	557,064
Royalty expense	(9,284)	(13,892)	(30,575)	(50,857)
Operating expense	(19,283)	(26,792)	(70,132)	(79,001)
Transportation and other expense	(36,317)	(43,436)	(109,417)	(118,174)
<b>Operating netback</b>	<b>57,951</b>	<b>93,006</b>	<b>222,991</b>	<b>309,032</b>

### Total Capital Expenditures

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

(\$000s)	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
<b>Exploration and development expenditures<sup>(1)</sup></b>	<b>63,620</b>	<b>66,677</b>	<b>214,774</b>	<b>246,471</b>
Acquisitions	93	188	93	188
Dispositions	(49)	-	(158)	(77)
Administrative assets	222	610	1,363	1,793
<b>Total capital expenditures</b>	<b>63,886</b>	<b>67,475</b>	<b>216,072</b>	<b>248,375</b>

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

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

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

	Three months ended	
	September 30,	
(\$000s)	2024	2023
<b>Natural gas sales</b>	<b>51,853</b>	<b>95,109</b>
Realized gain (loss) on financial instruments	8,112	(5,652)
Notional fixed basis costs <sup>(1)</sup>	20,711	20,305
<b>Effective total natural gas sales</b>	<b>80,676</b>	<b>109,762</b>
Light oil sales	19,289	15,969
Condensate sales	36,625	48,037
NGLs sales	15,055	17,967
<b>Effective total corporate sales</b>	<b>151,645</b>	<b>191,735</b>

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

### **Non-GAAP Ratios**

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

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

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

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

### **Free Funds Flow Per Basic Common Share**

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

### **Transportation and Other Expense Per Boe**

Birchcliff calculates “transportation and other expense per boe” as aggregate transportation and other expense in the period divided by the production (boe) in the period. Management believes that transportation and other expense per boe assists management and investors in assessing Birchcliff’s cost structure as it relates to its transportation and

marketing activities by isolating the impact of production volumes to better analyze its performance against prior periods on a comparable basis.

### **Operating Netback Per Boe**

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

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

Birchcliff calculates “effective average realized sales price” as effective sales, in each of total corporate, total natural gas, AECO market and NYMEX HH market, as the case may be, divided by the effective production in each of the markets during the period. Management believes that disclosing the effective average realized sales price for each natural gas market assists management and investors in comparing Birchcliff’s commodity price realizations in each natural gas market on a per unit basis.

### **Capital Management Measures**

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

### **Total Debt**

Birchcliff calculates “total debt” as the amount outstanding under the Credit Facilities plus working capital deficit (less working capital surplus) plus the fair value of the current asset portion of financial instruments less the fair value of the current liability portion of financial instruments and less the current portion of other liabilities discounted at the end of the period. The current portion of other liabilities has been excluded from total debt as these amounts have not been incurred and reflect future commitments in the normal course of operations. Management believes that total debt assists management and investors in assessing Birchcliff’s overall liquidity and financial position at the end of the period. The following table provides a reconciliation of the amount outstanding under the Credit Facilities, as determined in accordance with GAAP, to total debt for the periods indicated:

<b>As at, (\$000s)</b>	<b>September 30, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>
<b>Revolving term credit facilities</b>	<b>489,413</b>	<b>372,097</b>	<b>318,711</b>
Working capital (surplus) deficit <sup>(1)</sup>	(847)	13,084	20,017
Fair value of financial instruments – asset <sup>(2)</sup>	38,543	3,588	7,971
Fair value of financial instruments – liability <sup>(2)</sup>	-	(1,394)	(4,777)
Other liabilities <sup>(2)</sup>	(13,556)	(5,069)	(14,267)
<b>Total debt</b>	<b>513,553</b>	<b>382,306</b>	<b>327,655</b>

(1) Current liabilities less current assets.

(2) Reflects the current portion only.

### **ADVISORIES**

#### **Unaudited Information**

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

#### **Currency**

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

## Boe Conversions

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

## MMBtu Pricing Conversions

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

## Oil and Gas Metrics

This press release contains metrics commonly used in the oil and natural gas industry, including operating netback. These oil and gas metrics do not have any standardized meanings or standard methods of calculation and therefore may not be comparable to similar measures presented by other companies. As such, they should not be used to make comparisons. Management uses these oil and gas metrics for its own performance measurements and to provide investors with measures to compare Birchcliff's performance over time; however, such measures are not reliable indicators of Birchcliff's future performance, which may not compare to Birchcliff's performance in previous periods, and therefore should not be unduly relied upon. For additional information regarding operating netback and how such metric is calculated, see *"Non-GAAP and Other Financial Measures"*.

## Production

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

## F&D Capital Expenditures

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

## Forward-Looking Statements

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

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

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

- Birchcliff's plans and other aspects of its anticipated future financial performance, results, operations, focus, objectives, strategies, opportunities, priorities and goals, including: that Birchcliff's strategic decision earlier in the year to defer the drilling of 11 wells and bring them on production in Q4 puts it in a strong position to benefit from the anticipated strengthening of natural gas prices for the remainder of 2024 and in 2025; and that the unutilized credit capacity under the Credit Facilities provides Birchcliff with significant financial flexibility and available capital resources;
- statements relating to the COA, including that this arrangement will allow Birchcliff to leverage cost optimization opportunities, which are expected to drive lower operating costs, reduce downtime and optimize NGLs recoveries for Birchcliff;
- the information set forth under the heading "*Outlook and Guidance*" and elsewhere in this press release as it relates to Birchcliff's updated 2024 guidance, including: forecasts of annual average production, production commodity mix, average expenses, adjusted funds flow, F&D capital expenditures, free funds flow, annual base dividend, total debt at year end and natural gas market exposure in 2024; the expected impact of changes in commodity prices and the CDN/US exchange rate on Birchcliff's forecast of free funds flow for 2024; that approximately \$0.30/boe of the decrease in the Corporation's operating expense guidance for 2024 is attributable to the reclassification of certain amounts under IFRS Accounting Standards as a result of the Corporation entering into the COA and approximately \$0.20/boe is attributable to Birchcliff anticipating lower power and fuel prices, lower well servicing costs and cost optimization opportunities resulting from Birchcliff assuming operatorship of the Gordondale Facility; and that lower anticipated adjusted funds flow is expected to result in lower free funds flow and higher total debt at year-end 2024 than previously forecast;
- the information set forth under the heading "*Outlook and Guidance*" and elsewhere in this press release as it relates to Birchcliff's preliminary 2025 guidance, including: forecasts of annual average production and F&D capital expenditures in 2025; that the Corporation's strategy for 2025 builds off of the operational momentum it has built in 2024, maintaining its strong focus on capital efficiency improvements and driving down costs; that Birchcliff's 2025 F&D capital expenditures will be strategically deployed throughout the year, with a program designed to remain flexible in response to commodity price volatility; that, based on its preliminary budgeting process and current commodity price outlook, the Corporation is targeting annual F&D capital expenditures of \$260 million to \$300 million and annual average production of 76,000 to 79,000 boe/d in 2025; that Birchcliff anticipates that the 2025 capital program will include approximately 25 to 30 wells being brought on production in the Pouce Coupe and Gordondale areas, as well as the completion of a large gas gathering infrastructure project and a planned facility turnaround in Pouce Coupe; that the Corporation anticipates that the 2025 capital program will include further investment in the Corporation's Elsworth area to protect, optimize and advance its long-term development strategy for this significant Montney asset; that the Corporation remains bullish on the long-term outlook for natural gas and anticipates structural improvement in natural gas prices going forward; that Birchcliff expects prices to improve in 2025 as compared to 2024 due to the anticipated increase in demand from the start-up of various North American LNG projects and gas-fired power generation; that in the current commodity price environment the Corporation remains focused on prioritizing its strong balance sheet and financial position, while balancing the continued profitable development of its world-class Montney asset base and shareholder returns; that in alignment with its commitment to maintain a strong balance sheet, the Corporation is continuing to target a total debt to forward annual adjusted funds flow ratio of less than 1.0 times in the long-term; and that the Corporation is continuing to evolve its plans for 2025 and expects to announce the details of its formal 2025 capital budget and updated five-year outlook for 2025 to 2029 on January 22, 2025;
- the information set forth under the heading "*Operational Update*" and elsewhere in this press release as it relates to Birchcliff's capital programs and its exploration, production and development activities and the timing thereof,

including: estimates of F&D capital expenditures and statements regarding capital allocation; the anticipated number, types and timing of wells and pads to be drilled and brought on production and targeted product types; that Birchcliff's robust production results from wells in the 2024 capital program, along with ongoing improvements in operational execution, are forecast to substantially enhance capital efficiencies in 2024 as compared to 2023; that in order to prepare for the efficient execution of its 2025 capital program, Birchcliff has commenced the drilling of a 5-well pad in Pouce Coupe (the 04-05 pad) and that these wells are planned to be drilled in the Lower Montney and brought on production in early Q1 2025; that Birchcliff has allocated capital towards the drilling of various surface holes, pad-site construction and other activities to prepare for its 2025 capital program; that the drilling of 1 (1.0 net) horizontal well and 1 (1.0 net) vertical well in Elmworth will provide Birchcliff with the opportunity to continue a significant number of sections of Montney lands in Elmworth, as well as increase the Corporation's inventory and reservoir expertise in the Elmworth area; that the Corporation is currently considering completing and testing the horizontal well drilled in Elmworth as part of its 2025 capital program; and that Birchcliff is looking forward to providing further details regarding the results of its 16-15 pad and 10-22 pad on January 22, 2025;

- the performance and other characteristics of Birchcliff's oil and natural gas properties and expected results from its assets (including statements regarding the potential or prospectivity of Birchcliff's properties); and
- that Birchcliff anticipates the forward-looking non-GAAP financial measures for adjusted funds flow and free funds flow to be lower than their respective historical amounts primarily due to lower anticipated natural gas prices.

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

- With respect to Birchcliff's 2024 guidance (as updated on November 14, 2024), such guidance is based on the commodity price, exchange rate and other assumptions set forth under the heading "*Outlook and Guidance – Updated 2024 Guidance*". In addition:
  - Birchcliff's production guidance assumes that: the 2024 capital program will be carried out as currently contemplated; no unexpected outages occur in the infrastructure that Birchcliff relies on to produce its wells and that any transportation service curtailments or unplanned outages that occur will be short in duration or otherwise insignificant; the construction of new infrastructure meets timing and operational expectations; existing wells continue to meet production expectations; and future wells scheduled to come on production meet timing, production and capital expenditure expectations.
  - Birchcliff's forecast of F&D capital expenditures assumes that the 2024 capital program will be carried out as currently contemplated and excludes any potential acquisitions, dispositions and the capitalized portion of cash incentive payments that have not been approved by the Board. The amount and allocation of capital expenditures for exploration and development activities by area and the number and types of wells to be drilled and brought on production is dependent upon results achieved and is subject to review and modification by management on an ongoing basis throughout the year. Actual spending may vary due to a variety of factors,



including commodity prices, economic conditions, results of operations and costs of labour, services and materials.

- Birchcliff's forecasts of adjusted funds flow and free funds flow assume that: the 2024 capital program will be carried out as currently contemplated and the level of capital spending for 2024 set forth herein is met; and the forecasts of production, production commodity mix, expenses and natural gas market exposure and the commodity price and exchange rate assumptions set forth herein are met. Birchcliff's forecast of adjusted funds flow takes into account its financial basis swap contracts outstanding as at November 6, 2024 and excludes cash incentive payments that have not been approved by the Board.
- Birchcliff's forecast of year end total debt assumes that: (i) the forecasts of adjusted funds flow and free funds flow are achieved, with the level of capital spending for 2024 met and the payment of an annual base dividend of approximately \$108 million; (ii) any free funds flow remaining after the payment of dividends, asset retirement obligations and other amounts for administrative assets, financing fees and capital lease obligations is allocated towards debt reduction; (iii) there are no buybacks of common shares during 2024; (iv) there are no significant acquisitions or dispositions completed by the Corporation during 2024; (v) there are no equity issuances during 2024; and (vi) there are no further proceeds received from the exercise of stock options or performance warrants during 2024. The forecast of total debt excludes cash incentive payments that have not been approved by the Board.
- Birchcliff's forecast of its natural gas market exposure assumes: (i) 175,000 GJ/d being sold on a physical basis at the Dawn price; (ii) 147,500 MMBtu/d being contracted on a financial basis at an average fixed basis differential price between AECO 7A and NYMEX HH of approximately US\$1.12/MMBtu; and (iii) 8,014 GJ/d being sold at Alliance on a physical basis at the AECO 5A price plus a premium. Birchcliff's natural gas market exposure takes into account its financial basis swap contracts outstanding as at November 6, 2024.
- With respect to Birchcliff's preliminary 2025 guidance, such guidance is based on the following:
  - Birchcliff's production guidance assumes that: the 2025 capital program will be carried out as currently contemplated; no unexpected outages occur in the infrastructure that Birchcliff relies on to produce its wells and that any transportation service curtailments or unplanned outages that occur will be short in duration or otherwise insignificant; the construction of new infrastructure meets timing and operational expectations; existing wells continue to meet production expectations; and future wells scheduled to come on production meet timing, production and capital expenditure expectations.
  - Birchcliff's forecast of F&D capital expenditures assumes that the 2025 capital program will be carried out as currently contemplated and excludes any potential acquisitions, dispositions and the capitalized portion of cash incentive payments that have not been approved by the Board. The amount and allocation of capital expenditures for exploration and development activities by area and the number and types of wells to be drilled and brought on production is dependent upon results achieved and is subject to review and modification by management on an ongoing basis throughout the year. Actual spending may vary due to a variety of factors, including commodity prices, economic conditions, results of operations and costs of labour, services and materials.
- With respect to statements regarding future wells to be drilled or brought on production, such statements assume: the continuing validity of the geological and other technical interpretations performed by Birchcliff's technical staff, which indicate that commercially economic volumes can be recovered from Birchcliff's lands as a result of drilling future wells; and that commodity prices and general economic conditions will warrant proceeding with the drilling of such wells.

Birchcliff's actual results, performance or achievements could differ materially from those anticipated in the forward-looking statements as a result of both known and unknown risks and uncertainties including, but not limited to: general economic, market and business conditions which will, among other things, impact the demand for and market prices of Birchcliff's products and Birchcliff's access to capital; volatility of crude oil and natural gas prices; risks associated with increasing costs, whether due to high inflation rates, supply chain disruptions or other factors; fluctuations in exchange and interest rates; an inability of Birchcliff to generate sufficient cash flow from operations to meet its current and future obligations; an inability to access sufficient capital from internal and external sources on terms acceptable to the Corporation; risks associated with the Credit Facilities, including a failure to comply with covenants under the agreement

governing the Credit Facilities and the risk that the borrowing base limit may be redetermined; fluctuations in the costs of borrowing; operational risks and liabilities inherent in oil and natural gas operations; the risk that weather events such as wildfires, flooding, droughts or extreme hot or cold temperatures forces the Corporation to shut-in production or otherwise adversely affects the Corporation's operations; the occurrence of unexpected events such as fires, explosions, blow-outs, equipment failures, transportation incidents and other similar events; an inability to access sufficient water or other fluids needed for operations; risks associated with supply chain disruptions; uncertainty that development activities in connection with Birchcliff's assets will be economic; an inability to access or implement some or all of the technology necessary to operate its assets and achieve expected future results; the uncertainty of estimates and projections relating to production, revenue, costs, expenses and reserves; the accuracy of estimates of reserves, future net revenue and production levels; geological, technical, drilling, construction and processing problems; uncertainty of geological and technical data; horizontal drilling and completions techniques and the failure of drilling results to meet expectations for reserves or production; uncertainties related to Birchcliff's future potential drilling locations; delays or changes in plans with respect to exploration or development projects or capital expenditures; the accuracy of cost estimates and variances in Birchcliff's actual costs and economic returns from those anticipated; incorrect assessments of the value of acquisitions and exploration and development programs; the risks posed by pandemics, epidemics and global conflict (including the Russian invasion of Ukraine and the Israel-Hamas conflict) and their impacts on supply and demand and commodity prices; actions taken by OPEC and other major producers of crude oil and the impact such actions may have on supply and demand and commodity prices; stock market volatility; loss of market demand; changes to the regulatory framework in the locations where the Corporation operates, including changes to tax laws, Crown royalty rates, environmental laws, climate change laws, carbon tax regimes, incentive programs and other regulations that affect the oil and natural gas industry (including uncertainty with respect to the interpretation of Bill C-59 and the related amendments to the *Competition Act* (Canada)); political uncertainty and uncertainty associated with government policy changes; actions by government authorities; an inability of the Corporation to comply with existing and future laws and the cost of compliance with such laws; dependence on facilities, gathering lines and pipelines; uncertainties and risks associated with pipeline restrictions and outages to third-party infrastructure that could cause disruptions to production; the lack of available pipeline capacity and an inability to secure adequate and cost-effective processing and transportation for Birchcliff's products; an inability to satisfy obligations under Birchcliff's firm marketing and transportation arrangements; shortages in equipment and skilled personnel; the absence or loss of key employees; competition for, among other things, capital, acquisitions of reserves, undeveloped lands, equipment and skilled personnel; management of Birchcliff's growth; environmental and climate change risks, claims and liabilities; potential litigation; default under or breach of agreements by counterparties and potential enforceability issues in contracts; claims by Indigenous peoples; the reassessment by taxing or regulatory authorities of the Corporation's prior transactions and filings; unforeseen title defects; third-party claims regarding the Corporation's right to use technology and equipment; uncertainties associated with the outcome of litigation or other proceedings involving Birchcliff; uncertainties associated with counterparty credit risk; risks associated with Birchcliff's risk management and market diversification activities; risks associated with the declaration and payment of future dividends, including the discretion of the Board to declare dividends and change the Corporation's dividend policy and the risk that the amount of dividends may be less than currently forecast; the failure to obtain any required approvals in a timely manner or at all; the failure to realize the anticipated benefits of the COA; the failure to complete or realize the anticipated benefits of acquisitions and dispositions and the risk of unforeseen difficulties in integrating acquired assets into Birchcliff's operations; negative public perception of the oil and natural gas industry and fossil fuels; the Corporation's reliance on hydraulic fracturing; market competition, including from alternative energy sources; changing demand for petroleum products; the availability of insurance and the risk that certain losses may not be insured; breaches or failure of information systems and security (including risks associated with cyber-attacks); risks associated with the ownership of the Corporation's securities; the accuracy of the Corporation's accounting estimates and judgments; and the risk that any of the Corporation's material assumptions prove to be materially inaccurate (including the Corporation's commodity price and exchange rate assumptions).

The declaration and payment of any future dividends are subject to the discretion of the Board and may not be approved or may vary depending on a variety of factors and conditions existing from time to time, including commodity prices, free funds flow, current and forecast commodity prices, fluctuations in working capital, financial requirements of Birchcliff, applicable laws (including solvency tests under the *Business Corporations Act* (Alberta) for the declaration and payment of dividends) and other factors beyond Birchcliff's control. The payment of dividends to shareholders is not assured or guaranteed and dividends may be reduced or suspended entirely. In addition to the foregoing, the

Corporation's ability to pay dividends now or in the future may be limited by covenants contained in the agreements governing any indebtedness that the Corporation has incurred or may incur in the future, including the terms of the Credit Facilities. The agreement governing the Credit Facilities provides that Birchcliff is not permitted to make any distribution (which includes dividends) at any time when an event of default exists or would reasonably be expected to exist upon making such distribution, unless such event of default arose subsequent to the ordinary course declaration of the applicable distribution.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Additional information on these and other risk factors that could affect Birchcliff's results of operations, financial performance or financial results are included in Birchcliff's annual information form and annual management's discussion and analysis for the financial year ended December 31, 2023 under the heading "Risk Factors" and in other reports filed with Canadian securities regulatory authorities.

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

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

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

#### **ABOUT BIRCHCLIFF:**

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

#### **For further information, please contact:**

**Birchcliff Energy Ltd.**

Suite 1000, 600 – 3<sup>rd</sup> Avenue S.W.

Calgary, Alberta T2P 0G5

Telephone: (403) 261-6401

Email: [birinfo@birchcliffenergy.com](mailto:birinfo@birchcliffenergy.com)

[www.birchcliffenergy.com](http://www.birchcliffenergy.com)

**Chris Carlsen** – President and Chief Executive Officer

**Bruno Geremia** – Executive Vice President and Chief Financial Officer

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## GENERAL

This Management's Discussion and Analysis ("**MD&A**") for Birchcliff Energy Ltd. ("**Birchcliff**" or the "**Corporation**") dated November 14, 2024 is with respect to the three and nine months ended September 30, 2024 (the "**Reporting Periods**") as compared to the three and nine months ended September 30, 2023 (the "**Comparable Prior Periods**"). This MD&A has been prepared by management and approved by the Corporation's audit committee and board of directors (the "**Board**") and should be read in conjunction with the unaudited interim condensed financial statements and related notes for the Reporting Periods (the "**financial statements**") and the annual audited financial statements of the Corporation and related notes for the year ended December 31, 2023, which have been prepared in accordance with IFRS Accounting Standards. All dollar amounts are expressed in Canadian currency, unless otherwise stated.

This MD&A uses various "non-GAAP financial measures", "non-GAAP ratios" and "capital management measures" as such terms are defined in National Instrument 52-112 – *Non-GAAP and Other Financial Measures Disclosure* ("**NI 52-112**"). Non-GAAP financial measures and non-GAAP ratios are not standardized financial measures under GAAP and might not be comparable to similar financial measures disclosed by other issuers. For further information, including reconciliations to the most directly comparable GAAP financial measures where applicable, see "*Non-GAAP and Other Financial Measures*" in this MD&A.

This MD&A contains forward-looking statements and forward-looking information (collectively, "**forward-looking statements**") within the meaning of applicable Canadian securities laws. Such forward-looking statements are based upon certain expectations and assumptions and actual results may differ materially from those expressed or implied by such forward-looking statements. For further information regarding the forward-looking statements contained herein, see "*Advisories – Forward-Looking Statements*" in this MD&A. All boe amounts have been calculated by using the conversion ratio of 6 Mcf of natural gas to 1 bbl of oil. For further information, see "*Advisories – Boe Conversions*" in this MD&A.

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

## ABOUT BIRCHCLIFF

Birchcliff is a dividend-paying, intermediate oil and natural gas company based in Calgary, Alberta with operations focused on the Montney/Doig Resource Play in Alberta. Birchcliff's common shares are listed for trading on the Toronto Stock Exchange (the "**TSX**") under the symbol "BIR". Additional information relating to the Corporation, including its Annual Information Form for the financial year ended December 31, 2023 (the "**AIF**"), is available on the SEDAR+ website at [www.sedarplus.ca](http://www.sedarplus.ca) and on the Corporation's website at [www.birchcliffenergy.com](http://www.birchcliffenergy.com).

### Q3 2024 FINANCIAL AND OPERATIONAL HIGHLIGHTS

- Achieved average production of 75,403 boe/d (83% natural gas, 9% NGLs, 5% condensate and 3% light oil).
- Generated adjusted funds flow<sup>(1)</sup> of \$45.2 million, or \$0.17 per basic common share<sup>(2)</sup>, and cash flow from operating activities of \$65.9 million.
- Reported a net loss to common shareholders of \$10.5 million, or \$0.04 per basic common share.
- Birchcliff's market diversification initiatives contributed to an average realized natural gas sales price of \$1.50/Mcf<sup>(3)</sup>, which represented an 87% premium to the average benchmark AECO 7A Monthly Index price in the three month Reporting Period.
- Drilled 12 (12.0 net) wells, with F&D capital expenditures of \$63.6 million.
- Total debt<sup>(4)</sup> at September 30, 2024 was \$513.6 million.
- Birchcliff entered into a long-term contract operating agreement (the "COA") with AltaGas Ltd. ("AltaGas"), which became effective July 1, 2024. Pursuant to the COA, Birchcliff assumed operatorship of AltaGas' Gordondale deep-cut gas processing facility (the "Gordondale Facility"). This arrangement will allow Birchcliff to leverage cost optimization opportunities, which are expected to drive lower operating costs, reduce downtime and optimize NGLs recoveries for Birchcliff.

As a result of Birchcliff assuming operatorship of the Gordondale Facility under the COA, the take-or-pay commitment pursuant to the natural gas processing agreement between Birchcliff and AltaGas at the Gordondale Facility has been excluded from operating expense and classified as a lease (the "Gas Processing Lease") under IFRS 16 – *Leases* ("IFRS 16"). The Gas Processing Lease impacted a number of items in the Reporting Periods, including: (i) cash flow from operating activities and adjusted funds flow; (ii) operating expense; (iii) finance expense; and (iv) depreciation expense. These items are further discussed in detail in their respective sections below. See "Cash Flow From Operating Activities and Adjusted Funds Flow" and "Discussion of Operations" in this MD&A.

### UPDATED 2024 GUIDANCE

Birchcliff is updating its 2024 guidance to reflect its current commodity price forecast and other assumptions for 2024 and its financial and operational results year-to-date.

- Birchcliff is maintaining its annual average production guidance of 75,000 to 77,000 boe/d and its F&D capital expenditures guidance of \$250 million to \$270 million.
- Birchcliff is lowering its guidance for royalty expense per boe to reflect a lower commodity price forecast in 2024.
- The Corporation is lowering its guidance for operating expense by \$0.50/boe, of which approximately \$0.30/boe is attributable to the reclassification of certain amounts under IFRS Accounting Standards as a result of the Corporation entering into the COA (see "Q3 2024 Financial and Operational Highlights" in this MD&A) and approximately \$0.20/boe is attributable to Birchcliff anticipating lower power and fuel prices, lower well servicing costs and cost optimization opportunities resulting from Birchcliff assuming operatorship of the Gordondale Facility.
- The Corporation is lowering its guidance for adjusted funds flow, primarily to reflect a lower commodity price forecast in 2024. This lower anticipated adjusted funds flow is expected to result in lower free funds flow and higher total debt at year-end 2024 than previously forecast.

---

(1) Non-GAAP financial measure. See "Non-GAAP and Other Financial Measures" in this MD&A.

(2) Non-GAAP ratio. See "Non-GAAP and Other Financial Measures" in this MD&A.

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

(4) Capital management measure. See "Non-GAAP and Other Financial Measures" in this MD&A.

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

	Updated 2024 guidance and assumptions – November 14, 2024 <sup>(1)</sup>	Previous 2024 guidance and assumptions – August 14, 2024
<b>Production</b>		
Annual average production (boe/d)	75,000 – 77,000	75,000 – 77,000
% Light oil	3%	3%
% Condensate	6%	6%
% NGLs	10%	10%
% Natural gas	81%	81%
<b>Average Expenses (\$/boe)</b>		
Royalty	1.55 – 1.75	1.80 – 2.00
Operating	3.20 – 3.40	3.70 – 3.90
Transportation and other <sup>(2)</sup>	5.30 – 5.50	5.30 – 5.50
<b>Adjusted Funds Flow (millions)<sup>(3)</sup></b>	<b>\$230</b>	<b>\$250</b>
<b>F&amp;D Capital Expenditures (millions)</b>	<b>\$250 – \$270</b>	<b>\$250 – \$270</b>
<b>Free Funds Flow (millions)<sup>(3)</sup></b>	<b>(\$20) – (\$40)</b>	<b>\$0 – (\$20)</b>
<b>Annual Base Dividend (millions)</b>	<b>\$108<sup>(4)</sup></b>	<b>\$108</b>
<b>Total Debt at Year End (millions)<sup>(5)</sup></b>	<b>\$515 – \$535</b>	<b>\$495 – \$515</b>
<b>Natural Gas Market Exposure</b>		
AECO exposure as a % of total natural gas production	17% <sup>(6)</sup>	17%
Dawn exposure as a % of total natural gas production	44% <sup>(6)</sup>	44%
NYMEX HH exposure as a % of total natural gas production	37% <sup>(6)</sup>	37%
Alliance exposure as a % of total natural gas production	2% <sup>(6)</sup>	2%
<b>Commodity Prices</b>		
Average WTI price (US\$/bbl)	75.65 <sup>(7)</sup>	79.05
Average WTI-MSW differential (CDN\$/bbl)	6.00 <sup>(7)</sup>	6.95
Average AECO price (CDN\$/GJ)	1.45 <sup>(7)</sup>	1.75
Average Dawn price (US\$/MMBtu)	2.00 <sup>(7)</sup>	2.05
Average NYMEX HH price (US\$/MMBtu)	2.25 <sup>(7)</sup>	2.35
Exchange rate (CDN\$ to US\$1)	1.36 <sup>(7)</sup>	1.37

<b>Forward two months' free funds flow sensitivity<sup>(7)(8)</sup></b>	<b>Estimated change to 2024 free funds flow (millions)</b>
Change in WTI US\$1.00/bbl	\$0.6
Change in NYMEX HH US\$0.10/MMBtu	\$0.6
Change in Dawn US\$0.10/MMBtu	\$1.3
Change in AECO CDN\$0.10/GJ	\$0.6
Change in CDN/US exchange rate CDN\$0.01	\$0.7

- (1) Birchcliff's guidance for its production commodity mix, adjusted funds flow, free funds flow, total debt and natural gas market exposure in 2024 is based on an annual average production rate of 76,000 boe/d in 2024, which is the mid-point of Birchcliff's annual average production guidance range for 2024. For further information regarding the risks and assumptions relating to the Corporation's guidance, see "Advisories – Forward-Looking Statements" in this MD&A.
- (2) Non-GAAP ratio. See "Non-GAAP and Other Financial Measures" in this MD&A.
- (3) Non-GAAP financial measure. See "Non-GAAP and Other Financial Measures" in this MD&A.
- (4) Assumes that no special dividends are paid. The declaration of future dividends is subject to the approval of the Board and is subject to change.
- (5) Capital management measure. See "Non-GAAP and Other Financial Measures" in this MD&A.
- (6) Birchcliff's natural gas market exposure for 2024 takes into account its outstanding financial basis swap contracts.
- (7) Birchcliff's updated commodity price and exchange rate assumptions and free funds flow sensitivity for 2024 are based on anticipated full-year averages, which include settled benchmark commodity prices and the CDN/US exchange rate for the period from January 1, 2024 to October 31, 2024.
- (8) Illustrates the expected impact of changes in commodity prices and the CDN/US exchange rate on the Corporation's updated forecast of free funds flow for 2024, holding all other variables constant. The sensitivity is based on the updated commodity price and exchange rate assumptions set forth in the table above. The calculated impact on free funds flow is only applicable within the limited range of change indicated. Calculations are performed independently and may not be indicative of actual results. Actual results may vary materially when multiple variables change at the same time and/or when the magnitude of the change increases.

Changes in assumed commodity prices and variances in production forecasts can have an impact on the Corporation's forecasts of adjusted funds flow and free funds flow and the Corporation's other guidance, which impact could be material. In addition, any acquisitions or dispositions completed over the course of 2024 could have an impact on Birchcliff's 2024 guidance and assumptions set forth herein, which impact could be material. For further information, see "Advisories – Forward-Looking Statements" in this MD&A.

## CASH FLOW FROM OPERATING ACTIVITIES AND ADJUSTED FUNDS FLOW

The following table sets forth the Corporation's cash flow from operating activities and adjusted funds flow for the periods indicated:

	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	% Change	2024	2023	% Change
Cash flow from operating activities (\$000s)	65,943	67,840	(3)	158,069	241,523	(35)
Adjusted funds flow (\$000s) <sup>(1)</sup>	45,211	72,225	(37)	164,956	230,612	(28)
Per basic common share (\$) <sup>(2)</sup>	0.17	0.27	(37)	0.61	0.87	(30)
Per diluted common share (\$) <sup>(2)</sup>	0.17	0.27	(37)	0.61	0.85	(28)
Per boe (\$) <sup>(2)</sup>	6.52	10.59	(38)	7.88	11.20	(30)

(1) Non-GAAP financial measure. See "Non-GAAP and Other Financial Measures" in this MD&A.

(2) Non-GAAP ratio. See "Non-GAAP and Other Financial Measures" in this MD&A.

Cash flow from operating activities decreased by 3% and 35% from the three and nine month Comparable Prior Periods, respectively. Adjusted funds flow decreased by 37% and 28% from the three and nine month Comparable Prior Periods, respectively. The decreases were primarily due to lower natural gas revenue, which was largely impacted by a 48% and 36% decrease in the average realized sales price Birchcliff received for its natural gas production, and higher interest expenses in the three and nine month Reporting Periods, respectively.

The negative impact of lower natural gas revenue and higher interest expenses were partially offset by a realized gain on financial instruments in the three month Reporting Period as compared to a realized loss on financial instruments in the Comparable Prior Period and a lower realized loss on financial instruments in the nine month Reporting Period as compared to the Comparable Prior Period. Cash flow from operating activities and adjusted funds flow in the Reporting Periods were also positively impacted by decreases in royalty, operating and transportation and other expenses as compared to the Comparable Prior Periods.

Effective July 1, 2024, the take-or-pay commitment with respect to the Gas Processing Lease was excluded from operating expense and classified as a lease under IFRS 16. As a result, \$4.3 million was excluded from operating expense in the three month Reporting Period. Of that \$4.3 million, approximately \$2.2 million was recorded as lease interest expense in profit or loss and was included as a deduction to adjusted funds flow and cash flow from operating activities. The remaining \$2.1 million reflects the lease financing payment, which reduces the lease obligation recorded on the balance sheet, and was excluded from adjusted funds flow and cash flow from operating activities.

See "Discussion of Operations" in this MD&A for further information.

## NET INCOME (LOSS) TO COMMON SHAREHOLDERS

The following table sets forth the Corporation's net income (loss) to common shareholders for the periods indicated:

	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	% Change	2024	2023	% Change
Net income (loss) to common shareholders (\$000s)	(10,461)	15,108	(169)	20,884	15,313	36
Per basic common share (\$)	(0.04)	0.06	(167)	0.08	0.06	33
Per diluted common share (\$)	(0.04)	0.06	(167)	0.08	0.06	33
Per boe (\$)	(1.51)	2.21	(168)	1.00	0.74	35

Birchcliff reported a net loss to common shareholders of \$10.5 million in the three month Reporting Period as compared to net income to common shareholders of \$15.1 million in the Comparable Prior Period. The change to a net loss position was primarily due to lower adjusted funds flow and higher depletion and depreciation expense, partially offset by a deferred income tax recovery in the three month Reporting Period as compared to a deferred income tax expense in the Comparable Prior Period.

Net income to common shareholders increased by 36% from the nine month Comparable Prior Period primarily due to an unrealized gain on financial instruments of \$56.1 million in the nine month Reporting Period as compared to an unrealized loss on financial instruments of \$27.0 million in the Comparable Prior Period, partially offset by lower adjusted funds flow and higher depletion and depreciation expense.

See “Cash Flow From Operating Activities and Adjusted Funds Flow” and “Discussion of Operations” in this MD&A for further information.

## DISCUSSION OF OPERATIONS

### Petroleum and Natural Gas Revenue

The following table sets forth Birchcliff’s P&NG revenue by product category for the periods indicated:

(\$000s)	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	% Change	2024	2023	% Change
Light oil	19,289	15,969	21	55,554	51,668	8
Condensate	36,625	48,037	(24)	123,421	147,898	(17)
NGLs	15,055	17,967	(16)	49,660	42,992	16
Natural gas	51,853	95,109	(45)	204,420	314,378	(35)
P&NG sales <sup>(1)</sup>	122,822	177,082	(31)	433,055	556,936	(22)
Royalty income	13	44	(70)	60	128	(53)
<b>P&amp;NG revenue<sup>(1)</sup></b>	<b>122,835</b>	<b>177,126</b>	<b>(31)</b>	<b>433,115</b>	<b>557,064</b>	<b>(22)</b>

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

P&NG revenue decreased by 31% and 22% from the three and nine month Comparable Prior Periods, respectively. The decreases were primarily due to a 45% and 35% decrease in natural gas revenue in the three and nine month Reporting Periods, respectively, which largely resulted from a lower average realized sales price received for Birchcliff’s natural gas production in the Reporting Periods. P&NG revenue was also negatively impacted by a 24% and 17% decrease in condensate revenue in the three and nine month Reporting Periods, respectively, as a result of lower condensate production and a lower average realized sales price received for such production in the Reporting Periods as compared to the Comparable Prior Periods.

P&NG revenue was positively impacted by a 21% and 8% increase in light oil revenue in the three and nine month Reporting Periods, respectively, as a result of incremental light oil production from the 4-well 01-10 pad brought on production in Gordondale in May 2024.

### Production

The following table sets forth Birchcliff’s production by product category for the periods indicated:

	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	% Change	2024	2023	% Change
Light oil (bbls/d)	2,129	1,728	23	2,025	1,916	6
Condensate (bbls/d)	4,161	4,850	(14)	4,464	5,221	(14)
NGLs (bbls/d)	6,541	7,412	(12)	6,856	5,852	17
Natural gas (Mcf/d)	375,428	360,924	4	378,237	374,544	1
<b>Production (boe/d)</b>	<b>75,403</b>	<b>74,143</b>	<b>2</b>	<b>76,384</b>	<b>75,413</b>	<b>1</b>
<b>Liquids-to-gas ratio (bbls/MMcf)</b>	<b>34.2</b>	<b>38.8</b>	<b>(12)</b>	<b>35.3</b>	<b>34.7</b>	<b>2</b>

Birchcliff’s production increased by 2% and 1% from the three and nine month Comparable Prior Periods, respectively. The increases were primarily due to the strong performance of the Corporation’s capital program and the successful drilling of new Montney/Doig wells brought on production since the Comparable Prior Periods. Production was negatively impacted by: (i) natural production declines; (ii) high ambient temperatures during the summer that reduced throughput at Birchcliff’s operated natural gas processing facilities in Pouce Coupe and Gordondale in the three month Reporting Period; and (iii) maintenance and optimization projects completed in the nine month Reporting Period.

Production in the nine month Comparable Prior Period was negatively impacted by an unplanned system outage on Pembina’s Northern Pipeline system (the “**Pembina Outage**”), which reduced the Corporation’s NGLs sales volumes in that period.



The following table sets forth Birchcliff's production weighting by product category for the periods indicated:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
% Light oil production	3	2	3	2
% Condensate production	5	7	6	7
% NGLs production	9	10	9	8
% Natural gas production	83	81	82	83

Liquids accounted for 17% and 18% of Birchcliff's total production in the three and nine month Reporting Periods, respectively, as compared to 19% and 17% in the Comparable Prior Periods. Liquids production weighting decreased in the three month Reporting Period largely due to the Corporation continuing to target horizontal natural gas wells and natural production declines from light oil and liquids-rich natural gas wells producing since the Comparable Prior Periods. Liquids production was positively impacted in both Reporting Periods by incremental light oil production from the 4-well 0-10 pad brought on production in Gordondale in May 2024. Birchcliff's liquids production weighting in the nine month Comparable Prior Period was negatively affected by the Pembina Outage, which reduced the Corporation's NGLs sales volumes in that period.

#### *Benchmark Commodity Prices*

Benchmark commodity prices directly impact the average realized sales prices that the Corporation receives for its liquids and natural gas production.

The following table sets forth the average benchmark commodity prices and exchange rate for the periods indicated:

	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	% Change	2024	2023	% Change
Light oil – WTI Cushing (US\$/bbl)	75.09	82.26	(9)	77.54	77.58	-
Light oil – MSW (Mixed Sweet) (CDN\$/bbl)	97.89	107.71	(9)	98.40	100.97	(3)
Natural gas – NYMEX HH (US\$/MMBtu)	2.16	2.55	(15)	2.10	2.69	(22)
Natural gas – AECO 5A Daily (CDN\$/GJ)	0.65	2.46	(74)	1.38	2.61	(47)
Natural gas – AECO 7A Month Ahead (US\$/MMBtu)	0.59	1.78	(67)	1.06	2.24	(53)
Natural gas – Dawn Day Ahead (US\$/MMBtu)	1.70	2.27	(25)	1.87	2.35	(20)
Natural gas – ATP Day Ahead (CDN\$/GJ)	0.77	2.32	(67)	1.50	2.30	(35)
Exchange rate (CDN\$ to US\$1)	1.3627	1.3383	2	1.3594	1.3463	1
Exchange rate (US\$ to CDN\$1)	0.7338	0.7472	(2)	0.7356	0.7428	(1)

Birchcliff physically sells substantially all of its natural gas production based on the AECO and Dawn benchmark prices. Birchcliff has agreements for the firm service transportation of an aggregate of 175,000 GJ/d of natural gas on TCPL's Canadian Mainline, whereby natural gas is transported to the Dawn trading hub in Southern Ontario, with the first tranche of this service (120,000 GJ/d) expiring on October 31, 2027, the second tranche of this service (30,000 GJ/d) expiring on October 31, 2028 and the third tranche of this service (25,000 GJ/d) expiring on October 31, 2029. In addition, the Corporation has diversified a portion of its AECO production to NYMEX HH-based pricing, on a financial basis, with various terms ending no later than December 31, 2027. Birchcliff had financial NYMEX HH/AECO 7A basis swap contracts for 147,500 MMBtu/d at an average contract price of NYMEX HH less US\$1.120/MMBtu during the Reporting Periods and US\$1.227/MMBtu during the Comparable Prior Periods. Natural gas benchmark prices deteriorated significantly in the Reporting Periods as compared to the Comparable Prior Periods largely due to higher-than-average natural gas storage inventories as a result of a mild winter, coupled with strong supply in North America.

Birchcliff physically sells substantially all of its liquids production based on the MSW benchmark oil price, which generally trades at a discount to the WTI benchmark oil price. The MSW benchmark oil price was positively impacted in the Reporting Periods by a risk premium on crude oil, which resulted from supply concerns arising from geopolitical conflicts worldwide, and negatively impacted by: (i) ongoing global economic slowdown concerns attributed to inflation and interest rate uncertainty; and (ii) increased oil supply from U.S. producers and some members of OPEC who began easing output restrictions.

#### *Average Realized Sales Prices*

The average realized sales prices that the Corporation receives for its liquids and natural gas production directly impacts the Corporation's P&NG revenue, adjusted funds flow, net income or loss to common shareholders and financial

position. Such prices depend on a number of factors, including, but not limited to, the benchmark prices for crude oil and natural gas, the U.S. to Canadian dollar exchange rate, transportation costs, product quality differentials and the heat premium on the Corporation's natural gas production.

The following table sets forth Birchcliff's average realized light oil, condensate, NGLs and natural gas sales prices for the periods indicated:

	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	% Change	2024	2023	% Change
Light oil (\$/bbl)	98.47	100.46	(2)	100.14	98.77	1
Condensate (\$/bbl)	95.66	107.67	(11)	100.92	103.75	(3)
NGLs (\$/bbl)	25.02	26.35	(5)	26.44	26.91	(2)
Natural gas (\$/Mcf)	1.50	2.86	(48)	1.97	3.07	(36)
<b>Average realized sales price (\$/boe)<sup>(1)</sup></b>	<b>17.71</b>	<b>25.96</b>	<b>(32)</b>	<b>20.69</b>	<b>27.05</b>	<b>(24)</b>

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

The Corporation's average realized sales price decreased by 32% and 24% from the three and nine month Comparable Prior Periods, respectively, primarily due to lower benchmark natural gas prices, which negatively impacted Birchcliff's natural gas revenue in the Reporting Periods. Birchcliff is fully exposed to increases and decreases in commodity prices as it has no fixed price commodity hedges in place.

#### Natural Gas Sales, Production and Average Realized Sales Price by Market

The average realized sales price that the Corporation receives from each natural gas market depends on regional supply and demand fundamentals, which can be impacted by a number of factors, including, but not limited to, production levels, weather-related demand in each natural gas consuming market, economic activity, local storage inventory levels and access to storage and pipeline supply takeaway capacity.

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

Natural gas market	Three months ended September 30, 2024			Three months ended September 30, 2023		
	Natural gas sales (\$000s) <sup>(1)</sup>	Natural gas production (Mcf/d)	Average realized sales price (\$/Mcf) <sup>(1)</sup>	Natural gas sales (\$000s) <sup>(1)</sup>	Natural gas production (Mcf/d)	Average realized sales price (\$/Mcf) <sup>(1)</sup>
AECO	14,835	202,070	0.81	42,271	179,845	2.60
Dawn	36,103	161,045	2.44	48,234	164,023	3.20
Alliance <sup>(2)</sup>	915	12,313	0.81	4,604	17,056	2.93
<b>Total</b>	<b>51,853</b>	<b>375,428</b>	<b>1.50</b>	<b>95,109</b>	<b>360,924</b>	<b>2.86</b>

  

Natural gas market	Nine months ended September 30, 2024			Nine months ended September 30, 2023		
	Natural gas sales (\$000s) <sup>(1)</sup>	Natural gas production (Mcf/d)	Average realized sales price (\$/Mcf) <sup>(1)</sup>	Natural gas sales (\$000s) <sup>(1)</sup>	Natural gas production (Mcf/d)	Average realized sales price (\$/Mcf) <sup>(1)</sup>
AECO	81,719	206,848	1.47	154,957	199,532	2.87
Dawn	117,126	161,315	2.65	146,015	161,266	3.32
Alliance <sup>(2)</sup>	5,575	10,074	2.02	13,406	13,746	3.57
<b>Total</b>	<b>204,420</b>	<b>378,237</b>	<b>1.97</b>	<b>314,378</b>	<b>374,544</b>	<b>3.07</b>

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

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

## Market Diversification and Risk Management

Birchcliff engages in market diversification and risk management activities to diversify its sales points or fix commodity prices and market interest rates. The Board has approved the Corporation to execute a risk management strategy whereby Birchcliff is authorized, subject to compliance with the agreement governing the Corporation's extendible revolving term credit facilities (the "**Credit Facilities**"), 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, interest rates and/or foreign exchange rates.

Birchcliff has not designated its financial derivative contracts as effective accounting hedges, even though the Corporation considers all of its financial instruments to be effective economic hedges. As a result, all such financial instruments are recorded on the statements of financial position on a mark-to-market fair value basis at the end of the reporting period, with the changes in the net fair value being recognized as a non-cash unrealized gain or loss in profit or loss and realized upon settlement. These contracts are not entered into for trading or speculative purposes.

### Commodity Price Risk

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. Significant changes in commodity prices can materially impact the Corporation's financial performance, operating results and financial position.

At September 30, 2024, the Corporation had the following financial derivative contracts in place to manage commodity price risk:

Product	Type of Contract	Average Notional Quantity	Period <sup>(1)</sup>	Average Contract Price
Natural gas	AECO 7A basis swap <sup>(2)</sup>	147,500 MMBtu/d	Oct. 1, 2024 – Dec. 31, 2024	NYMEX HH less US\$1.120/MMBtu
Natural gas	AECO 7A basis swap <sup>(2)</sup>	147,500 MMBtu/d	Jan. 1, 2025 – Dec. 31, 2025	NYMEX HH less US\$1.088/MMBtu
Natural gas	AECO 7A basis swap <sup>(2)</sup>	70,000 MMBtu/d	Jan. 1, 2026 – Dec. 31, 2026	NYMEX HH less US\$0.961/MMBtu
Natural gas	AECO 7A basis swap <sup>(2)</sup>	25,000 MMBtu/d	Jan. 1, 2027 – Dec. 31, 2027	NYMEX HH less US\$0.788/MMBtu

(1) Transactions with a common term have been aggregated and presented at the weighted average price.

(2) Birchcliff sold AECO basis swap.

There were no financial derivative contracts entered into subsequent to September 30, 2024 to manage commodity price risk.

### Realized Gains and Losses on Financial Instruments

The following table provides a summary of Birchcliff's realized gains and losses on financial instruments for the periods indicated:

	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	% Change	2024	2023	% Change
Realized gain (loss) (\$000s)	8,112	(5,652)	244	(2,686)	(34,702)	(92)
Realized gain (loss) (\$/boe)	1.17	(0.83)	241	(0.13)	(1.69)	(92)

Birchcliff recorded a realized gain on financial instruments of \$8.1 million in the three month Reporting Period and a realized loss on financial instruments of \$2.7 million in the nine month Reporting Period. In the three and nine month Comparable Prior Periods, Birchcliff recorded realized losses on financial instruments of \$5.7 million and \$34.7 million, respectively.

Birchcliff's realized gains and losses on financial instruments are primarily impacted by the settlement of its NYMEX HH/AECO 7A basis swap contracts in the period. The Corporation records a realized gain on its NYMEX HH/AECO 7A basis swap contracts when the average realized settlement price (the average spread between NYMEX HH and AECO 7A) of the contracted volumes is higher than the average contract price in the period. Conversely, the Corporation records a realized loss on its NYMEX HH/AECO 7A basis swap contracts when the average realized settlement price of the contracted volumes is lower than the average contract price in the period.

The average contract volume and price for Birchcliff's NYMEX HH/AECO 7A basis swap contracts were 147,500 MMBtu/d and US\$1.120/MMBtu during the Reporting Periods and 147,500 MMBtu/d and US\$1.227/MMBtu during the Comparable Prior Periods. The average realized settlement price of the Corporation's financial NYMEX HH/AECO 7A

basis swap contracts during the three and nine month Reporting Periods was US\$1.56/MMBtu and US\$1.04/MMBtu, respectively, as compared to US\$0.77/MMBtu and US\$0.45/MMBtu during the Comparable Prior Periods.

#### Unrealized Gains and Losses on Financial Instruments

The following table provides a summary of Birchcliff's unrealized gains and losses on financial instruments for the periods indicated:

	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	% Change	2024	2023	% Change
Unrealized gain (loss) (\$000s)	7,909	8,156	(3)	56,132	(27,036)	308
Unrealized gain (loss) (\$/boe)	1.14	1.20	(5)	2.68	(1.31)	305

Birchcliff recorded unrealized gains on financial instruments of \$7.9 million and \$56.1 million in the three and nine month Reporting Periods, respectively. Birchcliff recorded an unrealized gain on financial instruments of \$8.2 million in the three month Comparable Prior Period and an unrealized loss on financial instruments of \$27.0 million in the nine month Comparable Prior Period.

Birchcliff's unrealized gains and losses on financial instruments are impacted by changes in the net fair value of its financial contracts at the end of the current reporting period as compared to the previous reporting period. The Corporation records an unrealized gain on its financial instruments when the net fair value of its financial contracts has increased at the end of the current reporting period when compared to the end of the previous reporting period. Conversely, the Corporation records an unrealized loss on its financial instruments when the net fair value of its financial contracts has decreased at the end of the current reporting period when compared to the end of the previous reporting period. The Corporation's unrealized gains and losses on financial instruments can fluctuate materially from period to period due to movement in the underlying forward strip commodity prices and interest rates and may have a significant impact on its net income or loss in a period. Unrealized gains and losses on financial instruments do not impact the Corporation's adjusted funds flow and may differ materially from the actual gains or losses realized on the eventual cash settlement of financial contracts in a period.

The unrealized gain on financial instruments of \$7.9 million in the three month Reporting Period resulted from a change to the fair value net asset position of \$65.2 million at September 30, 2024 from the fair value net asset position of \$57.3 million at June 30, 2024. The change in the fair value of the Corporation's financial instruments was primarily due to the: (i) increase (or widening) in the forward basis spread between the Corporation's financial NYMEX HH/AECO 7A basis swap contracts outstanding at September 30, 2024 as compared to the fair value previously assessed at June 30, 2024; and (ii) settlement of the Corporation's financial NYMEX HH/AECO 7A basis swap contracts during the three month Reporting Period.

The unrealized gain on financial instruments of \$56.1 million in the nine month Reporting Period resulted from a change to the fair value net asset position of \$65.2 million at September 30, 2024 from the fair value net asset position of \$9.1 million at December 31, 2023. The change in the fair value of the Corporation's financial instruments was primarily due to the: (i) increase (or widening) in the forward basis spread between the Corporation's financial NYMEX HH/AECO 7A basis swap contracts outstanding at September 30, 2024 as compared to the fair value previously assessed at December 31, 2023; and (ii) settlement of the Corporation's financial NYMEX HH/AECO 7A basis swap contracts during the nine month Reporting Period.

#### Royalties

The following table sets forth Birchcliff's royalty expense for the periods indicated:

	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	% Change	2024	2023	% Change
Royalty expense (\$000s) <sup>(1)</sup>	9,284	13,892	(33)	30,575	50,857	(40)
Royalty expense (\$/boe)	1.34	2.04	(34)	1.46	2.47	(41)
Effective royalty rate (%) <sup>(2)</sup>	8	8	-	7	9	(22)

(1) Royalties are paid primarily to the Government of Alberta.

(2) The effective royalty rate is calculated by dividing the aggregate royalties by P&NG sales for the period.

Royalty expense per boe decreased by 34% and 41% from the three and nine month Comparable Prior Periods, respectively, primarily due to a lower average realized sales price received for Birchcliff's natural gas production in the Reporting Periods.

### Operating Expense

The following table sets forth a breakdown of Birchcliff's operating expense for the periods indicated:

(\$000s)	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	% Change	2024	2023	% Change
Field operating expense	20,345	27,604	(26)	73,408	82,184	(11)
Recoveries	(1,062)	(812)	31	(3,276)	(3,183)	3
<b>Operating expense</b>	<b>19,283</b>	<b>26,792</b>	<b>(28)</b>	<b>70,132</b>	<b>79,001</b>	<b>(11)</b>
<b>Operating expense (\$/boe)</b>	<b>2.78</b>	<b>3.93</b>	<b>(29)</b>	<b>3.35</b>	<b>3.84</b>	<b>(13)</b>

Operating expense per boe decreased by 29% and 13% from the three and nine month Comparable Prior Periods, respectively. The decreases were primarily due to a \$4.3 million reclassification of the take-or-pay commitment with respect to the Gas Processing Lease in the three month Reporting Period. Effective July 1, 2024, the take-or-pay commitment with respect to the Gas Processing Lease was excluded from operating expense and classified as a lease under IFRS 16.

Operating expense per boe was also positively impacted by lower power and fuel prices, which decreased by 44% and 41% on a per boe basis in the three and nine month Reporting Periods, respectively, and lower well servicing costs, partially offset by higher property taxes and regulatory fees as compared to the Comparable Prior Periods.

### Transportation and Other

The following table sets forth Birchcliff's transportation and other expense for the periods indicated:

(\$000s)	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	% Change	2024	2023	% Change
Natural gas transportation	28,258	30,197	(6)	86,422	90,529	(5)
Liquids transportation	6,502	8,073	(19)	21,608	18,846	15
Fractionation	1,499	2,185	(31)	4,782	4,941	(3)
Other fees	-	-	-	-	3	(100)
Transportation expense	36,259	40,455	(10)	112,812	114,319	(1)
Transportation expense (\$/boe)	5.23	5.93	(12)	5.39	5.55	(3)
Marketing purchases <sup>(1)</sup>	14,530	8,618	69	36,591	25,844	42
Marketing revenue <sup>(1)</sup>	(14,472)	(5,637)	157	(39,986)	(21,989)	82
Marketing loss (gain) <sup>(2)</sup>	58	2,981	(98)	(3,395)	3,855	188
Marketing loss (gain) (\$/boe) <sup>(3)</sup>	0.01	0.44	(98)	(0.16)	0.19	184
<b>Transportation and other expense<sup>(2)</sup></b>	<b>36,317</b>	<b>43,436</b>	<b>(16)</b>	<b>109,417</b>	<b>118,174</b>	<b>(7)</b>
<b>Transportation and other expense (\$/boe)<sup>(3)</sup></b>	<b>5.24</b>	<b>6.37</b>	<b>(18)</b>	<b>5.23</b>	<b>5.74</b>	<b>(9)</b>

(1) Marketing purchases and marketing revenue primarily represent the purchase and sale of commodities with third parties. Birchcliff enters into certain commodity purchase and sale arrangements to reduce its take-or-pay fractionation fees associated with third-party commitments. The value of commodities purchased or sold during the period is primarily driven by prevailing commodity prices, the availability of sellers and buyers for fractionated products and the fractionation capacity available in the market. The value of commodities purchased and sold to third parties are recorded on a gross basis for financial statement presentation purposes. Marketing revenue also includes a propane supply arrangement with a third-party polypropylene producer, which is recorded net of processing costs and other charges.

(2) Non-GAAP financial measure. See "Non-GAAP and Other Financial Measures" in this MD&A.

(3) Non-GAAP ratio. See "Non-GAAP and Other Financial Measures" in this MD&A.

Transportation and other expense per boe decreased by 18% and 9% from the three and nine month Comparable Prior Periods, respectively.

The decrease from the three month Comparable Prior Period was primarily due to: (i) lower natural gas firm service costs as a result of the Corporation proactively mitigating its excess AECO firm service through temporary assignments in the three month Reporting Period; and (ii) lower liquids transportation costs resulting from an 8% decrease in liquids production in the three month Reporting Period. During the three month Comparable Prior Period, the Corporation also recorded a marketing loss on a propane supply arrangement with a third-party polypropylene producer.

The decrease from the nine month Comparable Prior Period was primarily due to: (i) lower natural gas firm service costs as a result of the Corporation proactively mitigating its excess AECO firm service through temporary assignments in the nine month Reporting Period; and (ii) various marketing gains relating to buy-and-sell arrangements recorded in the nine month Reporting Period, partially offset by higher liquids transportation costs due to a 3% increase in liquids production in the nine month Reporting Period. During the nine month Comparable Prior Period, liquids transportation costs were also lower due to the Pembina Outage.

### Operating Netback

The following table sets forth Birchcliff's average production and operating netback for the Pouce Coupe operating assets geologically situated in the dry natural gas and liquids-rich natural gas trends of the Montney/Doig Resource Play (the "**Pouce Coupe assets**") and the Gordondale operating assets geologically situated in the light oil and liquids-rich trends of the Montney/Doig Resource Play (the "**Gordondale assets**") and operating netback on a corporate basis for the periods indicated:

(\$/boe)	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	% Change	2024	2023	% Change
<b>Pouce Coupe assets</b>						
<i>Average production</i>						
Light oil (bbls/d)	41	55	(25)	46	50	(8)
Condensate (bbls/d)	2,792	3,505	(20)	2,991	3,902	(23)
NGLs (bbls/d)	1,526	2,162	(29)	1,771	1,574	13
Natural gas (Mcf/d)	290,953	277,730	5	294,192	282,743	4
<b>Production (boe/d)</b>	<b>52,851</b>	<b>52,011</b>	<b>2</b>	<b>53,840</b>	<b>52,650</b>	<b>2</b>
<b>Liquids-to-gas ratio (bbls/MMcf)</b>	<b>15.0</b>	<b>20.6</b>	<b>(27)</b>	<b>16.3</b>	<b>19.6</b>	<b>(17)</b>
<b>% of corporate production</b>	<b>70%</b>	<b>70%</b>	<b>-</b>	<b>70%</b>	<b>70%</b>	<b>-</b>
<i>Netback and cost (\$/boe)</i>						
P&NG revenue <sup>(1)</sup>	14.47	24.08	(40)	17.68	25.34	(30)
Royalty expense	(0.75)	(1.51)	(50)	(0.85)	(1.93)	(56)
Operating expense	(2.65)	(3.21)	(17)	(2.69)	(3.04)	(12)
Transportation and other expense <sup>(2)</sup>	(5.34)	(6.66)	(20)	(5.30)	(5.84)	(9)
<b>Operating netback<sup>(2)</sup></b>	<b>5.73</b>	<b>12.70</b>	<b>(55)</b>	<b>8.84</b>	<b>14.52</b>	<b>(39)</b>
<b>Gordondale assets</b>						
<i>Average production</i>						
Light oil (bbls/d)	2,088	1,672	25	1,978	1,863	6
Condensate (bbls/d)	1,364	1,337	2	1,467	1,314	12
NGLs (bbls/d)	5,013	5,244	(4)	5,082	4,274	19
Natural gas (Mcf/d)	84,095	82,738	2	83,653	91,363	(8)
<b>Production (boe/d)</b>	<b>22,480</b>	<b>22,042</b>	<b>2</b>	<b>22,469</b>	<b>22,679</b>	<b>(1)</b>
<b>Liquids-to-gas ratio (bbls/MMcf)</b>	<b>100.7</b>	<b>99.8</b>	<b>1</b>	<b>101.9</b>	<b>81.6</b>	<b>25</b>
<b>% of corporate production</b>	<b>30%</b>	<b>30%</b>	<b>-</b>	<b>29%</b>	<b>30%</b>	<b>-</b>
<i>Netback and cost (\$/boe)</i>						
P&NG revenue <sup>(1)</sup>	25.31	30.42	(17)	27.91	31.04	(10)
Royalty expense	(2.71)	(3.27)	(17)	(2.93)	(3.72)	(21)
Operating expense <sup>(3)</sup>	(3.04)	(5.59)	(46)	(4.87)	(5.62)	(13)
Transportation and other expense <sup>(2)</sup>	(4.99)	(5.68)	(12)	(5.05)	(5.51)	(8)
<b>Operating netback<sup>(2)</sup></b>	<b>14.57</b>	<b>15.88</b>	<b>(8)</b>	<b>15.06</b>	<b>16.20</b>	<b>(7)</b>
<b>Corporate<sup>(4)</sup></b>						
<i>Netback and cost (\$/boe)</i>						
P&NG revenue <sup>(1)</sup>	17.71	25.97	(32)	20.69	27.06	(24)
Royalty expense	(1.34)	(2.04)	(34)	(1.46)	(2.47)	(41)
Operating expense <sup>(3)</sup>	(2.78)	(3.93)	(29)	(3.35)	(3.84)	(13)
Transportation and other expense <sup>(2)</sup>	(5.24)	(6.37)	(18)	(5.23)	(5.74)	(9)
<b>Operating netback<sup>(2)</sup></b>	<b>8.35</b>	<b>13.63</b>	<b>(39)</b>	<b>10.65</b>	<b>15.01</b>	<b>(29)</b>

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

(2) Non-GAAP ratio. See "Non-GAAP and Other Financial Measures" in this MD&A.

(3) Includes the financial effects of the Gas Processing Lease recorded in the three month Reporting Period. For further details, see "Q3 2024 Financial and Operational Highlights", "Cash Flow From Operating Activities and Adjusted Funds Flow" and "Discussion of Operations" in this MD&A.

(4) Includes other minor oil and natural gas properties, which were not individually significant during the respective periods.

### *Pouce Coupe Assets*

Birchcliff's production from the Pouce Coupe assets increased by 2% from both the three and nine month Comparable Prior Periods primarily due to incremental production volumes from the new Montney/Doig wells brought on production since the Comparable Prior Periods, including Birchcliff's 5-well 4-30 pad and 5-well 16-17 pad, partially offset by high ambient temperatures in the summer that reduced throughput at Birchcliff's natural gas processing plant in Pouce Coupe and natural production declines in the Reporting Periods.

The liquids-to-gas ratio for the Pouce Coupe assets decreased by 27% and 17% from the three and nine month Comparable Prior Periods, respectively. The decreases were primarily due to the Corporation continuing to target horizontal natural gas wells in the Pouce Coupe area since the Comparable Prior Periods and natural production declines from liquids-rich natural gas wells producing in Pouce Coupe since the Comparable Prior Periods.

Birchcliff's operating netback for the Pouce Coupe assets decreased by 55% and 39% from the three and nine month Comparable Prior Periods, respectively, primarily due to lower per boe P&NG revenue, partially offset by a lower per boe royalty expense in the Reporting Periods, both of which were largely impacted by a lower average realized sales price received for Birchcliff's natural gas production in the Reporting Periods. Birchcliff's operating netback for the Pouce Coupe assets was also positively impacted by a decrease in operating and transportation and other expenses per boe in the Reporting Periods.

### *Gordondale Assets*

Birchcliff's production from the Gordondale assets increased by 2% from the three month Comparable Prior Period and decreased by 1% from the nine month Comparable Prior Period. The increase in the three month Reporting Period was primarily due to incremental production volumes from the new Montney/Doig wells brought on production since the Comparable Prior Period, including Birchcliff's 4-well 01-10 pad and 2-well 02-27 pad, partially offset by high ambient temperatures in the summer that reduced throughput at the Gordondale Facility and natural production declines in the three month Reporting Period. The decrease in the nine month Reporting Period was primarily due to natural production declines and high ambient temperatures in the summer that reduced throughput at the Gordondale Facility, partially offset by the new Montney/Doig wells brought on production since the Comparable Prior Period. The Corporation's NGLs sales volumes were negatively impacted by the Pembina Outage in the nine month Comparable Prior Period.

The liquids-to-gas ratio for the Gordondale assets increased by 1% and 25% from the three and nine month Comparable Prior Periods, respectively, primarily due to significant incremental light oil and condensate production from the new wells brought on production in Gordondale since the Comparable Prior Periods, partially offset by natural production declines. As discussed above, the Corporation's NGLs sales volumes were negatively impacted by the Pembina Outage in the nine month Comparable Prior Period.

Birchcliff's operating netback for the Gordondale assets decreased by 8% and 7% from the three and nine month Comparable Prior Periods, respectively, primarily due to lower per boe P&NG revenue, partially offset by a lower per boe royalty expense in the Reporting Periods, both of which were largely impacted by a lower average realized sales price received for Birchcliff's production in the Reporting Periods. Birchcliff's operating netback for the Pouce Coupe assets was also positively impacted by a decrease in operating and transportation and other expenses per boe in the Reporting Periods. The decrease in operating expense was primarily due to the reclassification of the take-or-pay commitment with respect to the Gas Processing Lease in the three month Reporting Period.

## Administrative Expense

The following table sets forth the components of Birchcliff's net administrative expense for the periods indicated:

(\$000s)	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	% Change	2024	2023	% Change
<i>Cash:</i>						
Salaries and benefits <sup>(1)</sup>	7,739	8,673	(11)	22,752	25,180	(10)
Other <sup>(2)</sup>	4,789	5,091	(6)	14,348	16,681	(14)
G&A expense, gross	12,528	13,764	(9)	37,100	41,861	(11)
Operating overhead recoveries	(28)	(24)	17	(88)	(97)	(9)
Capitalized overhead <sup>(3)</sup>	(3,802)	(4,449)	(15)	(10,646)	(12,366)	(14)
G&A expense, net	8,698	9,291	(6)	26,366	29,398	(10)
G&A expense, net (\$/boe)	1.25	1.36	(8)	1.26	1.43	(12)
<i>Non-cash:</i>						
Other compensation	2,757	5,453	(49)	8,125	15,338	(47)
Capitalized compensation <sup>(3)</sup>	(1,170)	(2,943)	(60)	(3,670)	(8,013)	(54)
Other compensation, net	1,587	2,510	(37)	4,455	7,325	(39)
Other compensation, net (\$/boe)	0.23	0.37	(38)	0.21	0.36	(42)
<b>Administrative expense, net</b>	<b>10,285</b>	<b>11,801</b>	<b>(13)</b>	<b>30,821</b>	<b>36,723</b>	<b>(16)</b>
<b>Administrative expense, net (\$/boe)</b>	<b>1.48</b>	<b>1.73</b>	<b>(14)</b>	<b>1.47</b>	<b>1.79</b>	<b>(18)</b>

(1) Includes salaries and benefits paid to employees of the Corporation and fees and benefits paid to directors of the Corporation.

(2) Includes costs such as corporate travel, rent, legal fees, taxes, insurance, computer hardware and software and other general business expenses incurred by the Corporation.

(3) Includes a portion of gross G&A and other compensation expense directly attributable to the exploration and development activities of the Corporation, which have been capitalized.

On an aggregate basis, net administrative expense decreased by 13% and 16% from the three and nine month Comparable Prior Periods, respectively, due to lower net G&A expense and other compensation expense.

Net G&A expense decreased by 6% and 10% from the three and nine month Comparable Prior Periods, respectively, primarily due to lower incentive payments made to the Corporation's employees, lower compliance and regulatory costs and a decrease in general business costs, including travel and insurance.

Net other compensation expense decreased by 37% and 39% from the three and nine month Comparable Prior Periods, respectively, primarily due to a lower average Black-Scholes fair value expense associated with Birchcliff's annual stock option grants during the Reporting Periods.

## Depletion and Depreciation Expense

Depletion and depreciation ("D&D") expense is a function of the estimated proved and probable reserves at the end of the period, the F&D costs attributable to those reserves, the associated future development costs ("FDC") required to recover those reserves and the actual production in the relevant period. The Corporation determines its D&D expense on a field-area basis. The following table sets forth Birchcliff's D&D expense for the periods indicated:

	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	% Change	2024	2023	% Change
Depletion and depreciation expense (\$000s)	63,178	55,128	15	182,690	167,052	9
Depletion and depreciation expense (\$/boe)	9.11	8.08	13	8.73	8.11	8

D&D expense per boe increased by 13% and 8% from the three and nine month Comparable Prior Periods, respectively. The increases were primarily due to a higher depletion rate on the Corporation's developed and producing assets, primarily driven by an increase in the FDC required to develop the Corporation's proved plus probable reserves. FDC for proved plus probable reserves increased to \$4.90 billion at September 30, 2024 from \$4.45 billion at September 30, 2023. D&D expense also increased as a result of a \$3.1 million depreciation charge on the lease asset recorded with respect to the Gas Processing Lease as required by IFRS 16.



## Finance Expense

The following table sets forth the components of the Corporation's finance expense for the periods indicated:

(\$000s)	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	% Change	2024	2023	% Change
<i>Cash:</i>						
Interest expense <sup>(1)</sup>	9,932	5,877	69	26,856	13,588	98
Interest expense (\$/boe) <sup>(1)</sup>	1.43	0.86	66	1.28	0.66	94
Lease interest expense <sup>(2)</sup>	2,238	-	-	2,238	-	-
Lease interest expense (\$/boe) <sup>(2)</sup>	0.32	-	-	0.11	-	-
<i>Non-cash:</i>						
Accretion <sup>(2)</sup>	1,114	1,096	2	3,234	3,312	(2)
Amortization of deferred financing fees	319	425	(25)	1,098	1,276	(14)
Other finance expenses	1,433	1,521	(6)	4,332	4,588	(6)
Other finance expenses (\$/boe)	0.21	0.22	(5)	0.20	0.22	(9)
<b>Finance expense</b>	<b>13,603</b>	<b>7,398</b>	<b>84</b>	<b>33,426</b>	<b>18,176</b>	<b>84</b>
<b>Finance expense (\$/boe)</b>	<b>1.96</b>	<b>1.08</b>	<b>81</b>	<b>1.59</b>	<b>0.88</b>	<b>81</b>

(1) Birchcliff's interest expense consists of interest incurred on amounts drawn under the Corporation's Credit Facilities and standby charges. Standby charges reflect fees paid by Birchcliff on the undrawn portion of its Credit Facilities. For a description of the Credit Facilities, see "Capital Resources and Liquidity" in this MD&A.

(2) Reflects the lease interest cost with respect to the Gas Processing Lease incurred in the three month Reporting Period.

(3) Includes accretion on decommissioning obligations, post-employment benefit obligations and certain lease obligations.

On an aggregate basis, finance expense increased by 84% from both the three and nine month Comparable Prior Periods primarily due to an increase in interest expense associated with the Corporation's borrowings under its Credit Facilities and a lease interest expense recorded in the three month Reporting Period. Birchcliff's aggregate interest expense increased from the Comparable Prior Periods primarily due to a higher average effective interest rate and outstanding balance under its Syndicated Credit Facility (as defined herein). Finance expense also increased as a result of the \$2.2 million lease interest expense recorded in the three month Reporting Period with respect to the Gas Processing Lease as required by IFRS 16.

The following table sets forth the Corporation's average effective interest rates under its Working Capital Facility (as defined herein) and Syndicated Credit Facility for the periods indicated:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Working Capital Facility (%) <sup>(1)</sup>	7.7	8.2	8.0	7.9
Syndicated Credit Facility (%) <sup>(2)</sup>	7.6	7.0	7.4	6.6

(1) The average effective interest rate under the Working Capital Facility is determined primarily based on the policy interest rate set by the Bank of Canada, which in turn affects the banks' prime lending rates.

(2) The average effective interest rate under the Syndicated Credit Facility is determined primarily based on: (i) the market interest rate applicable to SOFR loans, which is determined primarily based on the policy interest rate set by the Bank of Canada, which in turn affects the banks' prime lending rates; and (ii) the stamping pricing margin. Birchcliff's stamping pricing margin will change as a result of the ratio of outstanding indebtedness to the trailing four quarter EBITDA as calculated in accordance with the Corporation's agreement governing the Credit Facilities. "EBITDA" is defined as earnings before interest and non-cash items, including (if any) deferred income taxes, other compensation, gains and losses on sale of assets, unrealized gains and losses on financial instruments, gains and losses on investments, depletion, depreciation, accretion and amortization and impairment charges. The effective interest rate disclosed in the table excludes the impact of standby charges.

The average outstanding balance under the Syndicated Credit Facility was approximately \$484.9 million and \$437.9 million in the three and nine month Reporting Periods, respectively, as compared to \$280.5 million and \$201.2 million in the Comparable Prior Periods, calculated as the simple average of the month-end amounts.

## Income Taxes

The following table sets forth the components of the Corporation's deferred income tax recovery (expense) for the periods indicated:

(\$000s)	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	% Change	2024	2023	% Change
Deferred income tax recovery (expense) (\$000s)	2,435	(5,556)	144	(8,258)	(8,217)	-
Deferred income tax recovery (expense) (\$/boe)	0.35	(0.81)	143	(0.39)	(0.40)	(3)

Birchcliff reported a deferred income tax recovery of \$2.4 million in the three month Reporting Period as compared to a deferred income tax expense of \$5.6 million in the Comparable Prior Period, primarily due to a net loss in the three month Reporting Period as compared to a net income in the Comparable Prior Period. Birchcliff's deferred income tax expense in the nine month Reporting Period was generally consistent with the Comparable Prior Period.

The Corporation's estimated income tax pools were \$1.4 billion at September 30, 2024. Management expects that future taxable income will be available to utilize the accumulated tax pools. The components of the Corporation's estimated income tax pools are set forth in the table below:

As at, (\$000s)	September 30, 2024
Canadian oil and gas property expense	259,143
Canadian development expense	353,654
Canadian exploration expense <sup>(1)</sup>	297,501
Undepreciated capital costs	188,673
Non-capital losses <sup>(1)</sup>	256,301
Scientific research and experimental development expenditures <sup>(1)</sup>	24,022
Investment tax credits <sup>(2)</sup>	3,540
Financing costs and other	3,971
<b>Estimated income tax pools</b>	<b>1,386,805</b>

(1) Immediately available in full to reduce any taxable income in future periods.

(2) Immediately available in full to reduce any cash taxes owing in future periods.

## CAPITAL EXPENDITURES

The following table sets forth a summary of the Corporation's capital expenditures for the periods indicated:

(\$000s)	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	% Change	2024	2023	% Change
Land	222	1,895	(88)	8,695	8,793	(1)
Seismic	132	47	181	221	805	(73)
Workovers	983	1,568	(37)	3,361	6,609	(49)
Drilling and completions	52,357	53,101	(1)	173,418	182,065	(5)
Well equipment and facilities	9,926	10,066	(1)	29,079	48,199	(40)
F&D capital expenditures <sup>(1)</sup>	63,620	66,677	(5)	214,774	246,471	(13)
Acquisitions	93	188	(51)	93	188	(51)
Dispositions	(49)	-	-	(158)	(77)	105
FD&A capital expenditures <sup>(2)</sup>	63,664	66,865	(5)	214,709	246,582	(13)
Administrative assets	222	610	(64)	1,363	1,793	(24)
<b>Total capital expenditures<sup>(2)</sup></b>	<b>63,886</b>	<b>67,475</b>	<b>(5)</b>	<b>216,072</b>	<b>248,375</b>	<b>(13)</b>

(1) See "Advisories – F&D Capital Expenditures" in this MD&A.

(2) Non-GAAP financial measure. See "Non-GAAP and Other Financial Measures" in this MD&A.

During the three month Reporting Period, Birchcliff had F&D capital expenditures of \$63.6 million, which primarily included \$45.3 million (71%) for the drilling and completions of new wells in Pouce Coupe, \$5.2 million (8%) for the drilling of new wells in Elmworth and \$9.9 million (16%) on gas gathering and infrastructure projects in Pouce Coupe and Gordondale. During the three month Reporting Period, Birchcliff drilled 12 (12.0 net) wells.

During the nine month Reporting Period, Birchcliff had F&D capital expenditures of \$214.8 million, which primarily included \$128.9 million (60%) for the drilling and completions of new wells in Pouce Coupe, \$39.1 million (18%) for the drilling and completions of new wells in Gordondale and \$29.1 million (14%) on gas gathering and infrastructure projects in Pouce Coupe and Gordondale. During the nine month Reporting Period, Birchcliff drilled 24 (24.0 net) wells and brought 16 (16.0 net) wells on production.

The remaining capital during the Reporting Periods was primarily spent on land, seismic, workovers, well equipment and facilities, including minor gas gathering and optimization projects in the Montney/Doig Resource Play.

## CAPITAL RESOURCES AND LIQUIDITY

The capital-intensive nature of Birchcliff's operations requires it to maintain adequate sources of liquidity to fund its short-term and long-term financial obligations. Birchcliff's capital resources primarily consist of its adjusted funds flow and available Credit Facilities, which are described in further detail below. The Corporation believes that its anticipated adjusted funds flow in 2024 and available Credit Facilities will be sufficient to fund its ongoing capital requirements for

the remainder of 2024, which include its working capital, F&D capital expenditures and dividend payments approved by the Board. Should commodity prices deteriorate significantly, Birchcliff may adjust its capital requirements, seek additional debt/equity financing and/or consider the potential sale of non-core assets. See “*Advisories – Forward-Looking Statements*” in this MD&A.

### **Credit Facilities and Debt**

At September 30, 2024, the Corporation’s Credit Facilities were comprised of an extendible revolving syndicated term credit facility (the “**Syndicated Credit Facility**”) of \$750.0 million and an extendible revolving working capital facility (the “**Working Capital Facility**”) of \$100.0 million. The Credit Facilities have a borrowing base limit of \$850.0 million with a maturity date of May 11, 2027. The Credit Facilities do not contain any financial maintenance covenants.

At September 30, 2024, Birchcliff had a balance outstanding under its Credit Facilities of \$493.7 million from available Credit Facilities of \$850.0 million, leaving the Corporation with \$356.3 million (42%) of unutilized credit capacity after adjusting for outstanding letters of credit and unamortized deferred financing fees. This unutilized credit capacity provides Birchcliff with significant financial flexibility and available capital resources.

Total debt at September 30, 2024 was \$513.6 million, an increase of 34% from \$382.3 million at December 31, 2023. The increase was primarily due to F&D capital expenditures and dividends paid to common shareholders exceeding the Corporation’s adjusted funds flow in the nine month Reporting Period. During the nine month Reporting Period, Birchcliff incurred \$214.8 million in F&D capital expenditures, paid \$80.7 million in common share dividends and generated \$165.0 million in adjusted funds flow.

### **Working Capital**

Adjusted working capital consists of items from day-to-day operations, which includes cash, accounts receivables, prepaid expenses and deposits, accounts payables and accrued liabilities and the current portion of other liabilities which are due and payable and excludes the current portion of financial instruments and other liabilities discounted at the end of the period. The Corporation’s adjusted working capital varies from quarter to quarter primarily due to the timing and size of items included from its normal operations and total capital expenditures, as well as volatility in commodity prices and changes in revenue, among other things. Birchcliff manages its adjusted working capital using adjusted funds flow and advances under its Credit Facilities. The Corporation’s adjusted working capital position does not impact the borrowing base available under Birchcliff’s Credit Facilities.

The Corporation’s adjusted working capital deficit<sup>(5)</sup> was \$24.1 million at September 30, 2024 as compared to \$10.2 million at December 31, 2023. The increase was primarily due to an increase in accounts payable and accrued liabilities arising from the timing of expenditures and payments in the period and a decrease in accounts receivable arising from lower P&NG revenue in the nine month Reporting Period, partially offset by a decrease in the current portion of other liabilities resulting from the settlement of post-employment benefit obligations.

At September 30, 2024, the largest component of Birchcliff’s current assets was cash to be received from its commodity marketers in respect of September 2024 production (36%), which was subsequently received in October 2024. Birchcliff continues to monitor the financial strength of its marketers. At this time, Birchcliff expects that such counterparties will be able to meet their financial obligations. Birchcliff’s current liabilities at September 30, 2024 primarily consisted of accounts payables and accrued liabilities for capital and operating expenses incurred in the nine month Reporting Period.

---

(5) Capital management measure. See “*Non-GAAP and Other Financial Measures*” in this MD&A.

## CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The Corporation enters into various contractual obligations and commitments in the normal course of operations. The following table lists Birchcliff's estimated material contractual obligations and commitments undiscounted at September 30, 2024:

(\$000s)	2024	2025	2026-2028	Thereafter
Accounts payable and accrued liabilities	102,643	-	-	-
Drawn revolving term credit facilities	-	-	493,557	-
Firm transportation and fractionation <sup>(1)</sup>	140,156	171,407	366,083	147,618
Natural gas processing <sup>(2)</sup>	4,871	19,327	53,500	68,667
Capital commitments <sup>(3)</sup>	2,049	5,518	5,400	-
Other lease commitments <sup>(4)</sup>	778	3,414	7,792	120
Operating commitments <sup>(5)</sup>	519	2,078	4,329	-
<b>Estimated contractual obligations and commitments<sup>(6)</sup></b>	<b>251,016</b>	<b>201,744</b>	<b>930,661</b>	<b>216,405</b>

- (1) Includes firm transportation service arrangements and fractionation commitments with third parties.
- (2) Comprised of natural gas processing commitments at third-party facilities, which includes the undiscounted take-or-pay commitment at the Gordondale Facility. Effective July 1, 2024, the take-or-pay commitment at the Gordondale Facility has been classified as a lease (also referred to as the Gas Processing Lease in this MD&A), which is presented on a discounted basis on the balance sheet for the period ended September 30, 2024.
- (3) Includes drilling commitments.
- (4) Includes the Corporation's head office lease and other minor lease arrangements.
- (5) Includes variable operating components associated with Birchcliff's head office premises.
- (6) Contractual obligations and commitments that are not material to Birchcliff are excluded from the above table. The Corporation's decommissioning obligations are excluded from the table as these obligations arose from a regulatory requirement rather than from a contractual arrangement. Birchcliff estimates the total undiscounted cash flow to settle its decommissioning obligations on its wells and facilities at September 30, 2024 to be approximately \$255.5 million and are estimated to be incurred as follows: 2024 – \$1.6 million, 2025 – \$2.9 million and \$251.0 million thereafter. The estimate for determining the undiscounted decommissioning obligations requires significant assumptions on both the abandonment cost and timing of the decommissioning and therefore the actual obligation may differ materially.

## OFF-BALANCE SHEET TRANSACTIONS

The Corporation does not believe it has any material off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the Corporation's financial position, operational results, liquidity or capital expenditures.

## SHARE INFORMATION

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 November 13, 2024, there were 269,799,514 common shares and no preferred shares outstanding.

The following table sets forth the common shares issued by the Corporation for the periods indicated:

	Common Shares
Balance at December 31, 2023	267,155,675
Issuance of common shares <sup>(1)</sup>	2,413,537
<b>Balance at September 30, 2024</b>	<b>269,569,212</b>
Issuance of common shares <sup>(1)</sup>	230,302
<b>Balance at November 13, 2024</b>	<b>269,799,514</b>

- (1) Represents common shares that have been issued pursuant to the Corporation's stock option plan.

At November 13, 2024, the Corporation also had the following securities outstanding: (i) 19,518,561 stock options to purchase an equivalent number of common shares; and (ii) 404,967 performance warrants to purchase an equivalent number of common shares.

## Normal Course Issuer Bid

On November 20, 2023, Birchcliff announced that the TSX had accepted the Corporation's notice of intention to make a normal course issuer bid (the "NCIB"). Pursuant to the NCIB, Birchcliff may purchase up to 13,328,267 of its outstanding common shares over a period of twelve months commencing on November 27, 2023 and terminating no later than November 26, 2024. Under the NCIB, common shares may be purchased in open market transactions on the TSX and/or alternative Canadian trading systems at the prevailing market price at the time of such transaction. Subject to exceptions for block purchases, the total number of common shares that Birchcliff is permitted to purchase on the TSX during a trading day is subject to a daily purchase limit of 275,590 common shares. All common shares purchased

under the NCIB will be cancelled. During the nine month Reporting Period, Birchcliff did not purchase any common shares pursuant to the NCIB.

## DIVIDENDS

The following table sets forth the common share dividend distributions by the Corporation for the periods indicated:

	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	% Change	2024	2023	% Change
Common share dividend (\$000s)	26,943	53,321	(49)	80,707	159,954	(50)
Per common share (\$)	0.10	0.20	(50)	0.30	0.60	(50)

On January 17, 2024, the Board declared a quarterly cash dividend of \$0.10 per common share for the quarter ended March 31, 2024. The dividend was paid on March 28, 2024 to shareholders of record at the close of business on March 15, 2024.

On May 15, 2024, the Board declared a quarterly cash dividend of \$0.10 per common share for the quarter ending June 30, 2024. The dividend was paid on June 28, 2024 to shareholders of record at the close of business on June 14, 2024.

On August 14, 2024, the Board declared a quarterly cash dividend of \$0.10 per common share for the quarter ending September 30, 2024. The dividend was paid on September 27, 2024 to shareholders of record at the close of business on September 13, 2024.

On November 14, 2024, the Board declared a quarterly cash dividend of \$0.10 per common share for the quarter ending December 31, 2024. The dividend will be payable on December 31, 2024 to shareholders of record at the close of business on December 13, 2024.

All dividends have been designated as “eligible dividends” for the purposes of the *Income Tax Act* (Canada).

## SUMMARY OF QUARTERLY RESULTS

The following table sets forth a summary of the Corporation's quarterly results for the eight most recently completed quarters:

Quarter ending,	Sep. 30, 2024	Jun. 30, 2024	Mar. 31, 2024	Dec. 31, 2023	Sep. 30, 2023	Jun. 30, 2023	Mar. 31, 2023	Dec. 31, 2022
Average light oil production (bbls/d)	2,129	2,419	1,525	1,649	1,728	1,936	2,088	2,413
Average condensate production (bbls/d)	4,161	4,467	4,765	5,145	4,850	5,462	5,358	4,822
Average NGLs production (bbls/d)	6,541	6,634	7,397	7,653	7,412	6,811	3,288	7,963
Average natural gas production (Mcf/d)	375,428	389,026	370,288	372,594	360,924	379,807	383,145	387,604
Average production (boe/d)	75,403	78,358	75,402	76,546	74,143	77,510	74,592	79,799
Average realized light oil sales price (\$/bbl) <sup>(1)</sup>	98.47	104.70	95.24	100.07	100.46	89.89	105.69	115.24
Average realized condensate sales price (\$/bbl) <sup>(1)</sup>	95.66	106.56	100.26	103.80	107.67	98.18	105.88	114.32
Average realized NGLs sales price (\$/bbl) <sup>(1)</sup>	25.02	26.56	27.59	26.95	26.35	22.86	36.69	35.80
Average realized natural gas sales price (\$/Mcf) <sup>(1)</sup>	1.50	1.82	2.61	2.92	2.86	2.67	3.68	6.11
Average realized sales price (\$/boe) <sup>(1)</sup>	17.71	20.61	23.80	26.02	25.96	24.28	31.07	43.63
P&NG revenue (\$000s) <sup>(1)</sup>	122,835	146,976	163,304	183,295	177,126	171,291	208,647	320,358
F&D capital expenditures (\$000s) <sup>(2)</sup>	63,620	48,381	102,773	58,166	66,677	64,755	115,039	106,762
Total capital expenditures (\$000s) <sup>(3)</sup>	63,886	48,702	103,484	59,541	67,475	65,241	115,659	107,471
Cash flow from operating activities (\$000s)	65,943	26,871	65,255	79,006	67,840	62,353	111,330	224,447
Adjusted funds flow (\$000s) <sup>(3)</sup>	45,211	53,664	66,081	76,215	72,225	69,650	88,737	217,099
Per basic common share (\$) <sup>(4)</sup>	0.17	0.20	0.25	0.29	0.27	0.26	0.33	0.82
Per diluted common share (\$) <sup>(4)</sup>	0.17	0.20	0.25	0.29	0.27	0.26	0.33	0.79
Free funds flow (\$000s) <sup>(3)</sup>	(18,409)	5,283	(36,692)	18,049	5,548	4,895	(26,302)	110,337
Per basic common share (\$) <sup>(4)</sup>	(0.07)	0.02	(0.14)	0.07	0.02	0.02	(0.10)	0.41
Net income (loss) to common shareholders	(10,461)	46,380	(15,035)	(5,533)	15,108	42,753	(42,548)	69,453
Per basic common share (\$)	(0.04)	0.17	(0.06)	(0.02)	0.06	0.16	(0.16)	0.26
Per diluted common share (\$)	(0.04)	0.17	(0.06)	(0.02)	0.06	0.16	(0.16)	0.25
Total assets (\$ millions)	3,350	3,244	3,206	3,177	3,175	3,165	3,141	3,169
Total liabilities (\$ millions)	1,170	1,030	1,016	951	897	856	817	757
Revolving term credit facilities (\$000s)	489,413	481,163	428,566	372,097	318,711	281,354	191,426	131,981
Total debt (\$000s) <sup>(5)</sup>	513,553	465,195	443,380	382,306	327,655	278,521	217,927	138,549
Dividends on common shares (\$000s)	26,943	26,907	26,857	53,390	53,321	53,241	53,392	58,503
Weighted average common shares outstanding								
Basic (000s)	269,342	268,878	267,905	266,667	266,390	266,354	266,447	265,922
Diluted (000s)	269,342	272,224	267,905	266,667	272,447	272,365	266,447	275,567

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

(2) See "Advisories – F&D Capital Expenditures" in this MD&A.

(3) Non-GAAP financial measure. See "Non-GAAP and Other Financial Measures" in this MD&A.

(4) Non-GAAP ratio. See "Non-GAAP and Other Financial Measures" in this MD&A.

(5) Capital management measure. See "Non-GAAP and Other Financial Measures" in this MD&A.

Production in the last eight quarters was primarily impacted by Birchcliff's successful drilling of new horizontal natural gas and light oil wells in Pouce Coupe and Gordondale and the timing thereof, as well as natural production declines during those periods. Production in the third quarter of 2024 was negatively impacted by high ambient temperatures during the summer that reduced throughput at Birchcliff's operated natural gas processing facilities. Light oil production in the second and third quarters of 2024 increased significantly from the prior four quarters primarily due to incremental light oil production from the Corporation's 4-well 01-10 pad in Gordondale. NGLs production in the second and third quarters of 2024 was negatively impacted by maintenance and optimization projects and natural production declines from liquids-rich natural gas wells. NGLs production in the first and second quarters of 2023 was negatively impacted by the Pembina Outage.

P&NG revenue, adjusted funds flow and cash flow from operating activities in the last eight quarters were largely impacted by the average realized sales price received for Birchcliff's production. Birchcliff's average realized sales price has experienced significant volatility over the last eight quarters, deteriorating over the seven most recent quarters primarily due to declining benchmark natural gas commodity prices.

Birchcliff's net income and loss in the last eight quarters were largely impacted by fluctuations in adjusted funds flow and unrealized gains and losses on financial instruments, which resulted from changes in the fair value of the

Corporation's NYMEX HH/AECO 7A basis swap contracts and certain other adjustments, including D&D expense and deferred income tax expense and recoveries.

The Corporation's F&D capital expenditures fluctuate from quarter to quarter based on the Corporation's outlook for commodity prices and market conditions, the level of drilling and completions operations and other capital projects and the timing and cost thereof.

The Corporation's free funds flow is impacted by the amount and timing of F&D capital expenditures and fluctuations in adjusted funds flow quarter to quarter.

The amount outstanding under the Credit Facilities and the Corporation's total debt in the last seven quarters have trended higher primarily due to the aggregate of F&D capital expenditures and dividends paid to common shareholders exceeding adjusted funds flow in each of those quarters.

The Corporation pays dividends on its common shares when declared and approved by the Board. The dividend payments for the first three quarters of 2024 were lower as compared to the previous five quarters as a result of a lower quarterly base dividend of \$0.10 per common share in 2024 as compared to a quarterly base dividend of \$0.20 per common share that was paid in each quarter of 2023 and a special dividend of \$0.20 per common share that was paid in the fourth quarter of 2022.

### **POTENTIAL TRANSACTIONS**

Within its focus area, the Corporation is continually reviewing potential asset acquisitions and dispositions and corporate mergers and acquisitions for the purpose of determining whether any such potential transaction is of interest to the Corporation, as well as the terms on which such a potential transaction would be available. As a result, the Corporation may from time to time be involved in discussions or negotiations with other parties or their agents in respect of potential asset acquisitions and dispositions and corporate merger and acquisition opportunities.

### **INTERNAL CONTROL OVER FINANCIAL REPORTING**

There were no changes in the Corporation's internal controls over financial reporting ("ICFR") that occurred during the period beginning on July 1, 2024 and ended on September 30, 2024 that have materially affected, or are reasonably likely to materially affect, the Corporation's ICFR.

### **CRITICAL ACCOUNTING ESTIMATES**

The timely preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities and income and expenses. Accordingly, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The Corporation's use of judgement, estimates and assumptions in preparing the interim condensed financial statements are discussed in Note 3 of the annual audited financial statements for the year ended December 31, 2023.

### **OPERATING ENVIRONMENT**

Benchmark oil and natural gas prices remained volatile during the Reporting Periods primarily driven by a confluence of factors, including (but not limited to) ongoing global economic slowdown concerns attributed to inflation and interest rate uncertainty, geopolitical tensions arising from the Russian invasion of Ukraine and ongoing conflict in the Middle East, global commodity supply surplus resulting from increased U.S. production and easing output restrictions by some members of OPEC. These factors remain evolving situations that have had, and may continue to have, a significant impact on Birchcliff's business, results of operations, financial position and the environment in which it operates. Management cannot reasonably estimate the length or severity of these events and economic conditions, or the extent to which they will impact the Corporation's go-forward financial position, profit or loss and cash flows. The potential direct and indirect impacts of the above-noted factors have been considered in management's estimates and assumptions at September 30, 2024 and have been reflected in the Corporation's financial results.

## CHANGES IN ACCOUNTING POLICY

Effective January 1, 2024, Birchcliff adopted the amendments to IAS 1, *Presentation of Financial Statements*, whereby the classification of certain non-current liabilities may need to be reclassified as current. Under the previous IAS 1 requirements, companies classified a liability as current when they did not have an unconditional right to defer settlement for at least 12 months after the reporting date. The IASB removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. This amendment is retrospective and requires reclassification for the periods ended December 31, 2023 and January 1, 2023.

Due to the change in policy, there is a retrospective impact on the comparative statements of financial position at December 31, 2023 and January 1, 2023, as Birchcliff had executives who were eligible for, and entitled to, retirement benefit payments upon retirement. In the case of these executives retiring, their executive retirement benefit obligation would become payable and Birchcliff would not have the right to defer the settlement of the liability for at least 12 months. As such, the liability is impacted by the revised policy. Birchcliff reclassified approximately \$2.6 million and \$11.2 million from non-current other liabilities to current other liabilities for the periods ended December 31, 2023 and January 1, 2023, respectively. The related liability is now classified as current for the period ended September 30, 2024. See Note 10 of the financial statements for further details.

## REGULATORY UPDATE

Regulations relating to climate change and climate-related matters continue to evolve and may result in additional disclosure requirements in the future. On June 26, 2023, the International Sustainability Standards Board (“ISSB”) issued its first two IFRS Sustainability Disclosure Standards: IFRS S1 – *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 – *Climate-related Disclosures* (collectively, the “ISSB Standards”). The ISSB Standards aim to develop sustainability disclosure standards that are globally consistent, comparable and reliable. Mandatory application of the ISSB Standards depends on each jurisdiction’s endorsement or regulatory processes. In the case of the Corporation, the Canadian Securities Administrators (“CSA”) is responsible for developing climate-related disclosure requirements for reporting issuers in Canada. The Canadian Sustainability Standards Board (“CSSB”) has been established to review the ISSB Standards for their suitability for adoption in Canada. In March 2024, the CSSB published two exposure drafts: CSDS 1 – *General Requirements for Disclosure of Sustainability-related Financial Information* and CSDS 2 – *Climate-related Disclosures*, for public comment. Until such time as the CSA makes a final decision on the sustainability reporting standards for Canada, there is no requirement for public companies in Canada to adopt sustainability standards. The public comment period for CSDS 1 and 2 closed in June 2024. The Corporation is awaiting further guidance from the CSA on their final rules. The cost to comply with these standards, and others that may be developed or evolve over time, has not yet been quantified. Birchcliff continues to monitor the evolving climate change regulations and its potential impact on the Corporation.

## RISK FACTORS

Birchcliff’s financial and operational performance is potentially affected by a number of factors, including, but not limited to, financial risks, risks relating to economic conditions, business and operational risks, environmental and regulatory risks and other risks. A detailed discussion of the risk factors affecting the Corporation is presented under the heading “*Risk Factors*” in the AIF and MD&A for the year ended December 31, 2023.



## ABBREVIATIONS

AECO	benchmark price for natural gas determined at the AECO 'C' hub in southeast Alberta
ATP	Alliance Trading Pool
bbl	barrel
bbls	barrels
bbls/d	barrels per day
boe	barrel of oil equivalent
boe/d	barrel of oil equivalent per day
condensate	pentanes plus (C5+)
F&D	finding and development
FD&A	finding, development and acquisition
G&A	general and administrative
GAAP	generally accepted accounting principles for Canadian public companies, which are currently IFRS Accounting Standards
GJ	gigajoule
GJ/d	gigajoules per day
HH	Henry Hub
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards as issued by the IASB
Mcf	thousand cubic feet
Mcf/d	thousand cubic feet per day
MMBtu	million British thermal units
MMBtu/d	million British thermal units per day
MMcf	million cubic feet
MSW	price for mixed sweet crude oil at Edmonton, Alberta
NGLs	natural gas liquids consisting of ethane (C2), propane (C3) and butane (C4) and specifically excluding condensate
NYMEX	New York Mercantile Exchange
OPEC	Organization of the Petroleum Exporting Countries
P&NG	petroleum and natural gas
Q	quarter
SOFR	Secured Overnight Financing Rate
TCPL	TransCanada PipeLines Limited
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma, for crude oil of standard grade
000s	thousands
\$000s	thousands of dollars

## NON-GAAP AND OTHER FINANCIAL MEASURES

This MD&A uses various “non-GAAP financial measures”, “non-GAAP ratios” and “capital management measures” (as such terms are defined in NI 52-112), which are described in further detail below.

### Non-GAAP Financial Measures

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

#### *Adjusted Funds Flow and Free Funds Flow*

Birchcliff defines “adjusted funds flow” as cash flow from operating activities before the effects of decommissioning expenditures, retirement benefit payments and changes in non-cash operating working capital. Birchcliff eliminates settlements of decommissioning expenditures from cash flow from operating activities as the amounts can be discretionary and may vary from period to period depending on its capital programs and the maturity of its operating areas. The settlement of decommissioning expenditures is managed with Birchcliff's capital budgeting process which

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

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

The most directly comparable GAAP financial measure to adjusted funds flow and free funds flow is cash flow from operating activities. The following table provides a reconciliation of cash flow from operating activities to adjusted funds flow and free funds flow for the periods indicated:

	Three months ended September 30,		Nine months ended September 30,		Twelve months ended December 31,
	2024	2023	2024	2023	2023
(\$000s)					
<b>Cash flow from operating activities</b>	<b>65,943</b>	<b>67,840</b>	<b>158,069</b>	<b>241,523</b>	<b>320,529</b>
Change in non-cash operating working capital	(21,424)	3,601	(8,009)	(13,229)	(19,477)
Decommissioning expenditures	692	784	1,045	2,318	3,775
Retirement benefit payments	-	-	13,851	-	2,000
<b>Adjusted funds flow</b>	<b>45,211</b>	<b>72,225</b>	<b>164,956</b>	<b>230,612</b>	<b>306,827</b>
F&D capital expenditures	(63,620)	(66,677)	(214,774)	(246,471)	(304,637)
<b>Free funds flow</b>	<b>(18,409)</b>	<b>5,548</b>	<b>(49,818)</b>	<b>(15,859)</b>	<b>2,190</b>

Birchcliff has disclosed in this MD&A forecasts of adjusted funds flow and free funds flow for 2024, which are forward-looking non-GAAP financial measures (see "Updated 2024 Guidance" in this MD&A). The equivalent historical non-GAAP financial measures are adjusted funds flow and free funds flow for the twelve months ended December 31, 2023. Birchcliff anticipates the forward-looking non-GAAP financial measures for adjusted funds flow and free funds flow to be lower than their respective historical amounts primarily due to lower anticipated natural gas prices. The commodity price assumptions on which the Corporation's guidance is based are set forth under the heading "Updated 2024 Guidance" in this MD&A.

#### *FD&A and Total Capital Expenditures*

Birchcliff defines "FD&A capital expenditures" as exploration and development expenditures, less dispositions, plus acquisitions (if any). Birchcliff defines "total capital expenditures" as FD&A capital expenditures plus administrative assets. Management believes that FD&A capital expenditures and total capital expenditures assist management and investors in assessing Birchcliff's overall capital cost structure associated with its P&NG activities. The most directly comparable GAAP financial measure to FD&A capital expenditures and total capital expenditures is exploration and development expenditures.

The following table provides a reconciliation of exploration and development expenditures to FD&A capital expenditures and total capital expenditures for the periods indicated:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
(\$000s)				
<b>Exploration and development expenditures<sup>(1)</sup></b>	<b>63,620</b>	<b>66,677</b>	<b>214,774</b>	<b>246,471</b>
Acquisitions	93	188	93	188
Dispositions	(49)	-	(158)	(77)
<b>FD&amp;A capital expenditures</b>	<b>63,664</b>	<b>66,865</b>	<b>214,709</b>	<b>246,582</b>
Administrative assets	222	610	1,363	1,793
<b>Total capital expenditures</b>	<b>63,886</b>	<b>67,475</b>	<b>216,072</b>	<b>248,375</b>

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

#### *Transportation and Other Expense and Marketing Gains and Losses*

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

	Three months ended September 30,		Nine months ended September 30,		Twelve months ended December 31,
	2024	2023	2024	2023	2023
(\$000s)					
<b>Transportation expense</b>	<b>36,259</b>	<b>40,455</b>	<b>112,812</b>	<b>114,319</b>	<b>152,828</b>
Marketing purchases	14,530	8,618	36,591	25,844	34,772
Marketing revenue	(14,472)	(5,637)	(39,986)	(21,989)	(30,521)
<b>Marketing (gain) loss</b>	<b>58</b>	<b>2,981</b>	<b>(3,395)</b>	<b>3,855</b>	<b>4,251</b>
<b>Transportation and other expense</b>	<b>36,317</b>	<b>43,436</b>	<b>109,417</b>	<b>118,174</b>	<b>157,079</b>

#### *Operating Netback*

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

The following table provides a breakdown of Birchcliff's operating netback for its Pouce Coupe assets, Gordondale assets and on a corporate basis for the periods indicated:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
<i>(\$000s)</i>				
P&NG revenue	70,367	115,208	260,835	364,168
Royalty expense	(3,662)	(7,233)	(12,541)	(27,777)
Operating expense	(12,873)	(15,337)	(39,734)	(43,749)
Transportation and other expense	(25,966)	(31,867)	(78,188)	(83,931)
<b>Operating netback – Pouce Coupe assets</b>	<b>27,866</b>	<b>60,771</b>	<b>130,372</b>	<b>208,711</b>
P&NG revenue	52,348	61,691	171,830	192,198
Royalty expense	(5,614)	(6,638)	(18,009)	(23,013)
Operating expense	(6,298)	(11,337)	(29,983)	(34,765)
Transportation and other expense	(10,303)	(11,514)	(31,100)	(34,094)
<b>Operating netback – Gordondale assets</b>	<b>30,133</b>	<b>32,202</b>	<b>92,738</b>	<b>100,326</b>
P&NG revenue	122,835	177,126	433,115	557,064
Royalty expense	(9,284)	(13,892)	(30,575)	(50,857)
Operating expense	(19,283)	(26,792)	(70,132)	(79,001)
Transportation and other expense	(36,317)	(43,436)	(109,417)	(118,174)
<b>Operating netback – Corporate</b>	<b>57,951</b>	<b>93,006</b>	<b>222,991</b>	<b>309,032</b>

### Non-GAAP Ratios

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

#### *Adjusted Funds Flow Per Boe and Adjusted Funds Flow Per Basic and Diluted Common Share*

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

Birchcliff calculates “adjusted funds flow per basic common share” and “adjusted funds flow per diluted common share” as aggregate adjusted funds flow in the period divided by the weighted average basic or diluted common shares outstanding, as the case may be, at the end of the period. Management believes that adjusted funds flow per basic and diluted common share assist management and investors in assessing Birchcliff's financial strength on a per common share basis.

#### *Free Funds Flow Per Basic Common Share*

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

#### *Transportation and Other Expense Per Boe*

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

### Marketing Gains and Losses Per Boe

Birchcliff calculates “marketing gain per boe” and “marketing loss per boe” as aggregate marketing gain or loss (as the case may be) in the period divided by the production (boe) in the period. Management believes that marketing gains and losses per boe assists management and investors in assessing the success of Birchcliff’s marketing arrangements by isolating the impact of production volumes to better analyze its performance against prior periods on a comparable basis.

### Operating Netback Per Boe

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

### Capital Management Measures

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

### Total Debt and Adjusted Working Capital

Birchcliff calculates “total debt” as the amount outstanding under the Corporation’s Credit Facilities plus adjusted working capital deficit (less adjusted working capital surplus) at the end of the period. “Adjusted working capital deficit (surplus)” is calculated as working capital deficit (surplus) plus the fair value of the current asset portion of financial instruments less the fair value of the current liability portion of financial instruments and less the current portion of other liabilities discounted at the end of the period. The current portion of other liabilities has been excluded from adjusted working capital and total debt as these amounts have not been incurred and reflect future commitments in the normal course of operations. Management believes that total debt assists management and investors in assessing Birchcliff’s overall liquidity and financial position at the end of the period. Management believes that adjusted working capital deficit (surplus) assists management and investors in assessing Birchcliff’s short-term liquidity. The following table provides a reconciliation of the amount outstanding under the Credit Facilities and working capital deficit (surplus), as determined in accordance with GAAP, to total debt and adjusted working capital deficit (surplus), respectively, for the periods indicated:

As at, (\$000s)	September 30, 2024	December 31, 2023	September 30, 2023
<b>Revolving term credit facilities</b>	<b>489,413</b>	<b>372,097</b>	<b>318,711</b>
Working capital (surplus) deficit <sup>(1)</sup>	(847)	13,084	20,017
Fair value of financial instruments – asset <sup>(2)</sup>	38,543	3,588	7,971
Fair value of financial instruments – liability <sup>(2)</sup>	-	(1,394)	(4,777)
Other liabilities <sup>(2)</sup>	(13,556)	(5,069)	(14,267)
<b>Adjusted working capital deficit</b>	<b>24,140</b>	<b>10,209</b>	<b>8,944</b>
<b>Total debt</b>	<b>513,553</b>	<b>382,306</b>	<b>327,655</b>

(1) Current liabilities less current assets.

(2) Reflects the current portion only.

## ADVISORIES

### Unaudited Information

All financial and operational information contained in this MD&A for the Reporting Periods and Comparable Prior Periods is unaudited.

### Currency

All references to “\$” and “CDN\$” are to Canadian dollars and all references to “US\$” are to United States dollars.

### Boe Conversions

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

### MMBtu Pricing Conversions

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

### Oil and Gas Metrics

This MD&A contains metrics commonly used in the oil and natural gas industry, including operating netback. These oil and gas metrics do not have any standardized meanings or standard methods of calculation and therefore may not be comparable to similar measures presented by other companies. As such, they should not be used to make comparisons. Management uses these oil and gas metrics for its own performance measurements and to provide investors with measures to compare Birchcliff’s performance over time; however, such measures are not reliable indicators of Birchcliff’s future performance, which may not compare to Birchcliff’s performance in previous periods, and therefore should not be unduly relied upon. For additional information regarding operating netback and how such metric is calculated, see *“Non-GAAP and Other Financial Measures”* in this MD&A.

### F&D Capital Expenditures

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

### Forward-Looking Statements

Certain statements contained in this MD&A constitute forward-looking statements within the meaning of applicable Canadian securities laws. The forward-looking statements contained in this MD&A 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 MD&A 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;
- statements relating to the COA, including that this arrangement will allow Birchcliff to leverage cost optimization opportunities, which are expected to drive lower operating costs, reduce downtime and optimize NGLs recoveries for Birchcliff;
- the information set forth under the heading "*Updated 2024 Guidance*" as it relates to Birchcliff's outlook and guidance, including: forecasts of annual average production, production commodity mix, average expenses, adjusted funds flow, F&D capital expenditures, free funds flow, annual base dividend, total debt at year end and natural gas market exposure in 2024; the expected impact of changes in commodity prices and the CDN/US exchange rate on Birchcliff's forecast of free funds flow for 2024; that approximately \$0.30/boe of the decrease in the Corporation's operating expense guidance for 2024 is attributable to the reclassification of certain amounts under IFRS Accounting Standards as a result of the Corporation entering into the COA and approximately \$0.20/boe is attributable to Birchcliff anticipating lower power and fuel prices, lower well servicing costs and cost optimization opportunities resulting from Birchcliff assuming operatorship of the Gordondale Facility; and that lower anticipated adjusted funds flow is expected to result in lower free funds flow and higher total debt at year-end 2024 than previously forecast;
- Birchcliff's market diversification and risk management activities and any anticipated benefits to be derived therefrom;
- estimates of future development costs;
- the Corporation's estimated income tax pools and management's expectation that future taxable income will be available to utilize the accumulated tax pools;
- the information set forth under the heading "*Capital Resources and Liquidity*" and elsewhere in this MD&A as it relates to the Corporation's liquidity and capital resources, including: that the capital-intensive nature of Birchcliff's operations requires it to maintain adequate sources of liquidity to fund its short-term and long-term financial obligations; that the Corporation believes that its anticipated adjusted funds flow in 2024 and available Credit Facilities will be sufficient to fund its ongoing capital requirements for the remainder of 2024, which include its working capital, F&D capital expenditures and dividend payments approved by the Board; that should commodity prices deteriorate significantly, Birchcliff may adjust its capital requirements, seek additional debt/equity financing and/or consider the potential sale of non-core assets; that the unutilized credit capacity under the Credit Facilities provides Birchcliff with significant financial flexibility and available capital resources; and the Corporation's expectation that counterparties will be able to meet their financial obligations;
- estimates of Birchcliff's material contractual obligations and commitments and decommissioning obligations;
- the Corporation's belief that it does not have any material off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the Corporation's financial position, operational results, liquidity or capital expenditures;
- statements relating to the NCIB, including potential purchases under the NCIB and the cancellation of common shares under the NCIB;
- statements regarding potential transactions;
- statements regarding regulations relating to climate change and climate-related matters; and
- that Birchcliff anticipates the forward-looking non-GAAP financial measures for adjusted funds flow and free funds flow to be lower than their respective historical amounts primarily due to lower anticipated natural gas prices.

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.

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

- With respect to Birchcliff's 2024 guidance (as updated on November 14, 2024), such guidance is based on the commodity price, exchange rate and other assumptions set forth under the heading "*Updated 2024 Guidance*". In addition:
  - Birchcliff's production guidance assumes that: the 2024 capital program will be carried out as currently contemplated; no unexpected outages occur in the infrastructure that Birchcliff relies on to produce its wells and that any transportation service curtailments or unplanned outages that occur will be short in duration or otherwise insignificant; the construction of new infrastructure meets timing and operational expectations; existing wells continue to meet production expectations; and future wells scheduled to come on production meet timing, production and capital expenditure expectations.
  - Birchcliff's forecast of F&D capital expenditures assumes that the 2024 capital program will be carried out as currently contemplated and excludes any potential acquisitions, dispositions and the capitalized portion of cash incentive payments that have not been approved by the Board. The amount and allocation of capital expenditures for exploration and development activities by area and the number and types of wells to be drilled and brought on production is dependent upon results achieved and is subject to review and modification by management on an ongoing basis throughout the year. Actual spending may vary due to a variety of factors, including commodity prices, economic conditions, results of operations and costs of labour, services and materials.
  - Birchcliff's forecasts of adjusted funds flow and free funds flow assume that: the 2024 capital program will be carried out as currently contemplated and the level of capital spending for 2024 set forth herein is met; and the forecasts of production, production commodity mix, expenses and natural gas market exposure and the commodity price and exchange rate assumptions set forth herein are met. Birchcliff's forecast of adjusted funds flow takes into account its financial basis swap contracts outstanding as at November 6, 2024, and excludes cash incentive payments that have not been approved by the Board.
  - Birchcliff's forecast of year end total debt assumes that: (i) the forecasts of adjusted funds flow and free funds flow are achieved, with the level of capital spending for 2024 met and the payment of an annual base dividend of approximately \$108 million; (ii) any free funds flow remaining after the payment of dividends, asset retirement obligations and other amounts for administrative assets, financing fees and capital lease obligations is allocated towards debt reduction; (iii) there are no buybacks of common shares during 2024; (iv) there are no significant acquisitions or dispositions completed by the Corporation during 2024; (v) there are no equity issuances during 2024; and (vi) there are no further proceeds received from the exercise of stock options or performance warrants during 2024. The forecast of total debt excludes cash incentive payments that have not been approved by the Board.



- Birchcliff's forecast of its natural gas market exposure assumes: (i) 175,000 GJ/d being sold on a physical basis at the Dawn price; (ii) 147,500 MMBtu/d being contracted on a financial basis at an average fixed basis differential price between AECO 7A and NYMEX HH of approximately US\$1.12/MMBtu; and (iii) 8,014 GJ/d being sold at Alliance on a physical basis at the AECO 5A price plus a premium. Birchcliff's natural gas market exposure takes into account its financial basis swap contracts outstanding as at November 6, 2024.
- With respect to statements regarding future wells to be drilled or brought on production, such statements assume: the continuing validity of the geological and other technical interpretations performed by Birchcliff's technical staff, which indicate that commercially economic volumes can be recovered from Birchcliff's lands as a result of drilling future wells; and that commodity prices and general economic conditions will warrant proceeding with the drilling of such wells.

Birchcliff's actual results, performance or achievements could differ materially from those anticipated in the forward-looking statements as a result of both known and unknown risks and uncertainties including, but not limited to: general economic, market and business conditions which will, among other things, impact the demand for and market prices of Birchcliff's products and Birchcliff's access to capital; volatility of crude oil and natural gas prices; risks associated with increasing costs, whether due to high inflation rates, supply chain disruptions or other factors; fluctuations in exchange and interest rates; an inability of Birchcliff to generate sufficient cash flow from operations to meet its current and future obligations; an inability to access sufficient capital from internal and external sources on terms acceptable to the Corporation; risks associated with the Credit Facilities, including a failure to comply with covenants under the agreement governing the Credit Facilities and the risk that the borrowing base limit may be redetermined; fluctuations in the costs of borrowing; operational risks and liabilities inherent in oil and natural gas operations; the risk that weather events such as wildfires, flooding, droughts or extreme hot or cold temperatures forces the Corporation to shut-in production or otherwise adversely affects the Corporation's operations; the occurrence of unexpected events such as fires, explosions, blow-outs, equipment failures, transportation incidents and other similar events; an inability to access sufficient water or other fluids needed for operations; risks associated with supply chain disruptions; uncertainty that development activities in connection with Birchcliff's assets will be economic; an inability to access or implement some or all of the technology necessary to operate its assets and achieve expected future results; the uncertainty of estimates and projections relating to production, revenue, costs, expenses and reserves; the accuracy of estimates of reserves, future net revenue and production levels; geological, technical, drilling, construction and processing problems; uncertainty of geological and technical data; horizontal drilling and completions techniques and the failure of drilling results to meet expectations for reserves or production; uncertainties related to Birchcliff's future potential drilling locations; delays or changes in plans with respect to exploration or development projects or capital expenditures; the accuracy of cost estimates and variances in Birchcliff's actual costs and economic returns from those anticipated; incorrect assessments of the value of acquisitions and exploration and development programs; the risks posed by pandemics, epidemics and global conflict (including the Russian invasion of Ukraine and the Israel-Hamas conflict) and their impacts on supply and demand and commodity prices; actions taken by OPEC and other major producers of crude oil and the impact such actions may have on supply and demand and commodity prices; stock market volatility; loss of market demand; changes to the regulatory framework in the locations where the Corporation operates, including changes to tax laws, Crown royalty rates, environmental laws, climate change laws, carbon tax regimes, incentive programs and other regulations that affect the oil and natural gas industry (including uncertainty with respect to the interpretation of Bill C-59 and the related amendments to the *Competition Act* (Canada)); political uncertainty and uncertainty associated with government policy changes; actions by government authorities; an inability of the Corporation to comply with existing and future laws and the cost of compliance with such laws; dependence on facilities, gathering lines and pipelines; uncertainties and risks associated with pipeline restrictions and outages to third-party infrastructure that could cause disruptions to production; the lack of available pipeline capacity and an inability to secure adequate and cost-effective processing and transportation for Birchcliff's products; an inability to satisfy obligations under Birchcliff's firm marketing and transportation arrangements; shortages in equipment and skilled personnel; the absence or loss of key employees; competition for, among other things, capital, acquisitions of reserves, undeveloped lands, equipment and skilled personnel; management of Birchcliff's growth; environmental and climate change risks, claims and liabilities; potential litigation; default under or breach of agreements by counterparties and potential enforceability issues in contracts; claims by Indigenous peoples; the reassessment by taxing or regulatory authorities of the Corporation's prior transactions and filings; unforeseen title defects; third-party claims regarding the Corporation's right to use technology and equipment; uncertainties associated with the outcome of litigation or other proceedings involving Birchcliff; uncertainties associated with counterparty credit risk; risks associated with Birchcliff's risk management and market diversification activities; risks associated with the declaration and payment of future

dividends, including the discretion of the Board to declare dividends and change the Corporation's dividend policy and the risk that the amount of dividends may be less than currently forecast; the failure to obtain any required approvals in a timely manner or at all; the failure to realize the anticipated benefits of the COA; the failure to complete or realize the anticipated benefits of acquisitions and dispositions and the risk of unforeseen difficulties in integrating acquired assets into Birchcliff's operations; negative public perception of the oil and natural gas industry and fossil fuels; the Corporation's reliance on hydraulic fracturing; market competition, including from alternative energy sources; changing demand for petroleum products; the availability of insurance and the risk that certain losses may not be insured; breaches or failure of information systems and security (including risks associated with cyber-attacks); risks associated with the ownership of the Corporation's securities; the accuracy of the Corporation's accounting estimates and judgments; and the risk that any of the Corporation's material assumptions prove to be materially inaccurate (including the Corporation's commodity price and exchange rate assumptions).

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

Readers are cautioned that the foregoing lists of factors are not exhaustive. Additional information on these and other risk factors that could affect Birchcliff's results of operations, financial performance or financial results are included in the AIF and MD&A for the financial year ended December 31, 2023 under the heading "Risk Factors" and in other reports filed with Canadian securities regulatory authorities.

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

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

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

# BIRCHCLIFF ENERGY LTD.

## CONDENSED STATEMENTS OF FINANCIAL POSITION

Unaudited (Expressed in thousands of Canadian dollars)

As at,	September 30, 2024	December 31, 2023	January 1, 2023
<b>ASSETS</b>			
(Note 3)			
Current assets:			
Cash	82	55	74
Accounts receivable	55,820	75,105	125,005
Prepaid expenses and deposits	22,601	23,304	12,140
Financial instruments (Note 14)	38,543	3,588	17,729
	117,046	102,052	154,948
Non-current assets:			
Investments (Note 15)	10,315	10,567	10,961
Property, plant and equipment (Note 4)	3,195,888	3,055,958	2,972,592
Financial instruments (Note 14)	26,653	8,333	30,864
	3,232,856	3,074,858	3,014,417
<b>Total assets</b>	<b>3,349,902</b>	<b>3,176,910</b>	<b>3,169,365</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	102,643	94,822	143,787
Other liabilities (Note 10)	13,556	18,920	13,084
Financial instruments (Note 14)	-	1,394	1,345
	116,199	115,136	158,216
Non-current liabilities:			
Revolving term credit facilities (Note 5)	489,413	372,097	131,981
Decommissioning obligations (Note 6)	92,047	91,324	99,720
Deferred income taxes	369,544	361,285	355,115
Other liabilities (Note 10)	102,407	10,160	11,680
Financial instruments (Note 14)	-	1,463	-
	1,053,411	836,329	598,496
<b>Total liabilities</b>	<b>1,169,610</b>	<b>951,465</b>	<b>756,712</b>
<b>SHAREHOLDERS' EQUITY</b>			
Common share capital (Note 7)	1,438,391	1,429,198	1,430,944
Contributed surplus	110,139	104,662	86,560
Retained earnings	631,762	691,585	895,149
<b>Total shareholders' equity</b>	<b>2,180,292</b>	<b>2,225,445</b>	<b>2,412,653</b>
<b>Total shareholders' equity and liabilities</b>	<b>3,349,902</b>	<b>3,176,910</b>	<b>3,169,365</b>

The accompanying notes are an integral part of these interim condensed financial statements.

# BIRCHCLIFF ENERGY LTD.

## CONDENSED STATEMENTS OF NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

Unaudited (Expressed in thousands of Canadian dollars, except per share information)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
<b>REVENUE</b>				
Petroleum and natural gas revenue (Note 9)	122,835	177,126	433,115	557,064
Marketing revenue (Note 9)	14,472	5,637	39,986	21,989
Royalties	(9,284)	(13,892)	(30,575)	(50,857)
Realized gain (loss) on financial instruments (Note 14)	8,112	(5,652)	(2,686)	(34,702)
Unrealized gain (loss) on financial instruments (Note 14)	7,909	8,156	56,132	(27,036)
Other income (expense)	16	39	111	(732)
	144,060	171,414	496,083	465,726
<b>EXPENSES</b>				
Operating	19,283	26,792	70,132	79,001
Transportation	36,259	40,455	112,812	114,319
Marketing purchases (Note 9)	14,530	8,618	36,591	25,844
Administrative, net	10,285	11,801	30,821	36,723
Depletion and depreciation (Note 4)	63,178	55,128	182,690	167,052
Finance (Note 11)	13,603	7,398	33,426	18,176
Other (gains) losses (Note 15)	(182)	558	469	1,081
	156,956	150,750	466,941	442,196
Net income (loss) before taxes	(12,896)	20,664	29,142	23,530
Deferred income tax recovery (expense)	2,435	(5,556)	(8,258)	(8,217)
<b>NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)</b>	<b>(10,461)</b>	<b>15,108</b>	<b>20,884</b>	<b>15,313</b>
Net income (loss) per common share (Note 8)				
<b>Basic</b>	<b>(\$0.04)</b>	<b>\$0.06</b>	<b>\$0.08</b>	<b>\$0.06</b>
<b>Diluted</b>	<b>(\$0.04)</b>	<b>\$0.06</b>	<b>\$0.08</b>	<b>\$0.06</b>

The accompanying notes are an integral part of these interim condensed financial statements.

## BIRCHCLIFF ENERGY LTD.

### CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

*Unaudited (Expressed in thousands of Canadian dollars)*

	Common Share Capital	Contributed Surplus	Retained Earnings	Total
As at December 31, 2022	1,430,944	86,560	895,149	2,412,653
Issuance of common shares	7,419	(1,941)	-	5,478
Repurchase of common shares	(10,261)	-	-	(10,261)
Dividends on common shares	-	-	(159,954)	(159,954)
Stock-based compensation	-	14,901	-	14,901
Net income and comprehensive income	-	-	15,313	15,313
<b>As at September 30, 2023</b>	<b>1,428,102</b>	<b>99,520</b>	<b>750,508</b>	<b>2,278,130</b>
As at December 31, 2023	1,429,198	104,662	691,585	2,225,445
Issuance of common shares (Notes 7 & 12)	9,193	(2,346)	-	6,847
Dividends on common shares (Note 7)	-	-	(80,707)	(80,707)
Stock-based compensation (Note 12)	-	7,823	-	7,823
Net income and comprehensive income	-	-	20,884	20,884
<b>As at September 30, 2024</b>	<b>1,438,391</b>	<b>110,139</b>	<b>631,762</b>	<b>2,180,292</b>

*The accompanying notes are an integral part of these interim condensed financial statements.*

# BIRCHCLIFF ENERGY LTD.

## CONDENSED STATEMENTS OF CASH FLOWS

Unaudited (Expressed in thousands of Canadian dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Cash provided by (used in):				
<b>OPERATING</b>				
Net income (loss)	(10,461)	15,108	20,884	15,313
Adjustments for items not affecting operating cash:				
Unrealized (gain) loss on financial instruments (Note 14)	(7,909)	(8,156)	(56,132)	27,036
Depletion and depreciation (Note 4)	63,178	55,128	182,690	167,052
Other compensation	1,587	2,510	4,455	7,325
Accretion (Note 11)	1,114	1,096	3,234	3,312
Amortization of deferred financing fees (Note 11)	319	425	1,098	1,276
Other (gain) loss	(182)	558	469	1,081
Deferred income tax expense (recovery)	(2,435)	5,556	8,258	8,217
Retirement benefit payments (Note 10)	-	-	(13,851)	-
Decommissioning expenditures (Note 6)	(692)	(784)	(1,045)	(2,318)
Changes in non-cash working capital	21,424	(3,601)	8,009	13,229
	65,943	67,840	158,069	241,523
<b>FINANCING</b>				
Issuance of common shares (Note 7)	936	1,262	6,847	5,478
Repurchase of common shares (Note 7)	-	-	-	(10,261)
Financing fees paid	-	-	(3,400)	-
Payment on lease liabilities (Note 10)	(2,683)	(614)	(3,912)	(1,843)
Dividends on common shares (Note 7)	(26,943)	(53,321)	(80,707)	(159,954)
Net change in revolving term credit facilities (Note 5)	7,931	36,932	119,618	185,455
	(20,759)	(15,741)	38,446	18,875
<b>INVESTING</b>				
Exploration and development (Note 4)	(63,620)	(66,677)	(214,774)	(246,471)
Acquisitions (Note 4)	(93)	(188)	(93)	(188)
Dispositions (Note 4)	49	-	158	77
Administrative assets (Note 4)	(222)	(610)	(1,363)	(1,793)
Investments	18	-	(216)	(1,170)
Changes in non-cash working capital	18,654	15,352	19,800	(10,874)
	(45,214)	(52,123)	(196,488)	(260,419)
Net change in cash	(30)	(24)	27	(21)
Cash, beginning of period	112	77	55	74
<b>CASH, END OF PERIOD</b>	<b>82</b>	<b>53</b>	<b>82</b>	<b>53</b>

The accompanying notes are an integral part of these interim condensed financial statements.

# BIRCHCLIFF ENERGY LTD.

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2024, AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024

*Unaudited (Expressed in Canadian dollars, unless otherwise stated)*

### 1. NATURE OF OPERATIONS

Birchcliff Energy Ltd. ("**Birchcliff**" or the "**Corporation**") is domiciled and incorporated in Alberta, Canada. Birchcliff is engaged in the exploration for and the development, production and acquisition of oil and gas reserves in Western Canada. The Corporation's financial year end is December 31. The address of the Corporation's registered office is Suite 1000, 600 – 3<sup>rd</sup> Avenue S.W., Calgary, Alberta, Canada T2P 0G5. Birchcliff's common shares are listed for trading on the Toronto Stock Exchange (the "**TSX**") under the symbol "BIR".

These unaudited interim condensed financial statements were approved and authorized for issuance by Birchcliff's board of directors (the "**Board**") on November 14, 2024.

### 2. BASIS OF PREPARATION

These unaudited interim condensed financial statements present Birchcliff's financial results of operations and financial position under IFRS Accounting Standards ("**IFRS**") as at September 30, 2024, and for the three and nine months ended September 30, 2024, including the 2023 comparative periods. The financial statements have been prepared in accordance with International Accounting Standard ("**IAS**") 34: *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("**IASB**").

These unaudited interim condensed financial statements have been prepared following the same IFRS accounting policies and methods of computation as disclosed in the annual audited financial statements for the year ended December 31, 2023. Certain information and disclosures normally required to be included in the notes to the annual audited financial statements have been condensed, omitted or have been disclosed on an annual basis only. Accordingly, these unaudited interim condensed financial statements should be read in conjunction with the annual audited financial statements and the notes thereto for the year ended December 31, 2023.

Birchcliff's unaudited interim condensed financial statements are prepared on a historical cost basis, except for certain financial and non-financial assets and liabilities which have been measured at fair value. The Corporation's unaudited interim condensed financial statements include the accounts of Birchcliff only and are expressed in Canadian dollars, unless otherwise stated. All references to "US\$" are to United States dollars. Birchcliff does not have any subsidiaries.

### 3. CHANGES IN ACCOUNTING POLICY

Effective January 1, 2024, Birchcliff adopted the amendments to IAS 1, *Presentation of Financial Statements*, whereby the classification of certain non-current liabilities may need to be reclassified as current. Under the previous IAS 1 requirements, companies classified a liability as current when they did not have an unconditional right to defer settlement for at least 12 months after the reporting date. The IASB removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. This amendment is retrospective and requires reclassification for the periods ended December 31, 2023 and January 1, 2023.

Due to the change in policy, there is a retrospective impact on the comparative statements of financial position at December 31, 2023 and January 1, 2023, as Birchcliff had executives who were eligible for, and entitled to, retirement benefit payments upon retirement. In the case of these executives retiring, their executive retirement benefit obligation would become payable and Birchcliff would not have the right to defer the settlement of the liability for at least 12 months. As such, the liability is impacted by the revised policy. Birchcliff reclassified approximately \$2.6 million and \$11.2 million from non-current other liabilities to current other liabilities for the periods ended December 31, 2023 and January 1, 2023, respectively. The related liability is now classified as current for the period ended September 30, 2024. See Note 10 for further details.

#### 4. PROPERTY, PLANT AND EQUIPMENT

The continuity for property, plant and equipment (“PP&E”) is as follows:

(\$000s)	Exploration & Evaluation Assets	Developed & Producing Assets	Lease Assets	Corporate Assets	Total
<i>Cost:</i>					
As at December 31, 2022	406	4,710,080	20,078	25,224	4,755,788
Additions	-	311,436	951	3,176	315,563
Acquisitions	-	620	-	-	620
Dispositions	-	(6,303)	-	-	(6,303)
As at December 31, 2023	406	5,015,833	21,029	28,400	5,065,668
Additions	-	217,388	103,952	1,345	322,685
Acquisitions	-	93	-	-	93
Dispositions	-	(158)	-	-	(158)
As at September 30, 2024 <sup>(1)</sup>	406	5,233,156	124,981	29,745	5,388,288
<i>Accumulated depletion and depreciation:</i>					
As at December 31, 2022	-	(1,753,992)	(8,016)	(21,188)	(1,783,196)
Depletion and depreciation expense <sup>(2)</sup>	-	(222,938)	(2,035)	(1,541)	(226,514)
As at December 31, 2023	-	(1,976,930)	(10,051)	(22,729)	(2,009,710)
Depletion and depreciation expense <sup>(2)</sup>	-	(176,770)	(4,584)	(1,336)	(182,690)
As at September 30, 2024	-	(2,153,700)	(14,635)	(24,065)	(2,192,400)
<i>Net book value:</i>					
<b>As at December 31, 2023</b>	<b>406</b>	<b>3,038,903</b>	<b>10,978</b>	<b>5,671</b>	<b>3,055,958</b>
<b>As at September 30, 2024</b>	<b>406</b>	<b>3,079,456</b>	<b>110,346</b>	<b>5,680</b>	<b>3,195,888</b>

- (1) The Corporation’s PP&E is pledged as security for its revolving term credit facilities. Although the Corporation believes that it has title to its PP&E, it cannot control or completely protect itself against the risk of title disputes and challenges.
- (2) Future development costs required to develop and produce proved and probable oil and gas reserves totalled approximately \$4.9 billion at September 30, 2024 (December 31, 2023 – \$5.0 billion) and are included in the depletion expense calculation.

#### Impairment Assessment

In accordance with IFRS, an asset impairment test is performed if Birchcliff identifies indicators of impairment at the end of a reporting period. As at September 30, 2024 and December 31, 2023, Birchcliff determined that there were no asset impairment indicators present and therefore an impairment test was not required.

#### 5. REVOLVING TERM CREDIT FACILITIES

The components of the Corporation’s revolving term credit facilities include:

As at, (\$000s)	September 30, 2024	December 31, 2023
Syndicated credit facility	482,661	358,722
Working capital facility	10,896	15,217
Drawn revolving term credit facilities	493,557	373,939
Unamortized deferred financing fees	(4,144)	(1,842)
<b>Revolving term credit facilities</b>	<b>489,413</b>	<b>372,097</b>

As at September 30, 2024, the aggregate principal amount of the Corporation’s revolving term credit facilities was \$850.0 million which were comprised of: (i) an extendible revolving syndicated term credit facility (the “**Syndicated Credit Facility**”) of \$750.0 million; and (ii) an extendible revolving working capital facility (the “**Working Capital Facility**”) of \$100.0 million (collectively, the “**Credit Facilities**”).

Effective 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 confirmed the borrowing base limit at \$850.0 million. The maturity date of the Credit Facilities may, at the request of the Corporation and with consent of the lenders, be extended on an annual basis, 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 do not contain any financial maintenance covenants.



## 6. DECOMMISSIONING OBLIGATIONS

The Corporation estimates the total undiscounted (inflated) amount of cash flow required to settle its decommissioning obligations to be approximately \$255.5 million at September 30, 2024 (December 31, 2023 – \$250.8 million). A reconciliation of the decommissioning obligations is set forth below:

As at, (\$000s)	September 30, 2024	December 31, 2023
Balance, beginning	91,324	99,720
Obligations incurred	1,722	2,778
Obligations acquired	1	430
Obligations divested	-	(764)
Changes in estimated future cash flows <sup>(1)</sup>	(2,797)	(8,631)
Accretion	2,842	3,700
Decommissioning expenditures	(1,045)	(5,909) <sup>(2)</sup>
<b>Balance, ending</b>	<b>92,047</b>	<b>91,324</b>

- (1) Primarily relates to changes in the inflation rate and discount nominal risk-free rate used to calculate the present value of the decommissioning obligations. Birchcliff applied an inflation rate of 1.64% and a discount nominal risk-free rate of 3.13% to calculate the present value of the decommissioning obligations at September 30, 2024 and an inflation rate of 1.62% and a discount nominal risk-free rate of 3.02% at December 31, 2023.
- (2) Includes \$2.1 million of funding from the Alberta Site Rehabilitation Program that was recorded to income as “other gain” in the 2023 period.

## 7. CAPITAL STOCK

### Share Capital

#### Authorized

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.

#### Number of Common Shares Issued and Outstanding

The following table sets forth the number of common shares issued and outstanding:

As at, (000s)	September 30, 2024	December 31, 2023
Outstanding at beginning of period	267,156	266,047
Issuance of common shares <sup>(1)</sup>	2,413	2,537
Repurchase of common shares <sup>(2)</sup>	-	(1,428)
<b>Outstanding at end of period</b>	<b>269,569</b>	<b>267,156</b>

- (1) Relates to the exercise of stock options and performance warrants during the period (if any).
- (2) On November 20, 2023, Birchcliff announced that the TSX had accepted the Corporation’s notice of intention to make a normal course issuer bid (the “NCIB”). Pursuant to the NCIB, Birchcliff may purchase up to 13,328,267 of its outstanding common shares over a period of twelve months commencing on November 27, 2023 and terminating no later than November 26, 2024. Under the NCIB, common shares may be purchased in open market transactions on the TSX and/or alternative Canadian trading systems at the prevailing market price at the time of such transaction. Pursuant to the rules of the TSX, the total number of common shares that Birchcliff is permitted to purchase is subject to a daily purchase limit of 275,590 common shares. However, Birchcliff may make one block purchase per calendar week which exceeds the daily purchase restriction. All common shares purchased under the NCIB will be cancelled. During the nine months ended September 30, 2024, the Corporation did not purchase any common shares pursuant to the NCIB.

### Dividends

The following table sets forth the common share dividend distributions by the Corporation:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Dividends on common shares (\$000s)	26,943	53,321	80,707	159,954
Per common share (\$)	0.10	0.20	0.30	0.60

On August 14, 2024, the Board declared a quarterly cash dividend of \$0.10 per common share for the quarter ending September 30, 2024. The dividend was paid on September 27, 2024 to shareholders of record at the close of business on September 13, 2024. The dividend has been designated as an eligible dividend for the purposes of the *Income Tax Act* (Canada).

## 8. EARNINGS (LOSS) PER SHARE

The following table sets forth the computation of net income (loss) per common share:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
<b>Net income (loss) to common shareholders (\$000s)</b>	<b>(10,461)</b>	<b>15,108</b>	<b>20,884</b>	<b>15,313</b>
Weighted average basic common shares outstanding (000s)	269,342	266,390	268,711	266,397
Dilutive securities (000s)	-	6,057	3,365	6,325
Weighted average diluted common shares outstanding (000s) <sup>(1)</sup>	269,342	272,447	272,076	272,722
<b>Per basic common share</b>	<b>(\$0.04)</b>	<b>\$0.06</b>	<b>\$0.08</b>	<b>\$0.06</b>
<b>Per diluted common share</b>	<b>(\$0.04)</b>	<b>\$0.06</b>	<b>\$0.08</b>	<b>\$0.06</b>

- (1) As the Corporation reported a net loss for the three months ended September 30, 2024, all dilutive securities were considered anti-dilutive and therefore basic and diluted weighted average common shares were the same at the end of the period. For the three months ended September 30, 2023, the weighted average diluted common shares outstanding excludes 5,912,134 stock options that were considered anti-dilutive. The weighted average diluted common shares outstanding excludes 15,609,884 stock options that were anti-dilutive for the nine months ended September 30, 2024 (September 30, 2023 – 5,923,134).

## 9. REVENUE

The following table sets forth Birchcliff's petroleum and natural gas ("P&NG") sales and revenue by source:

(\$000s)	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Light oil sales	19,289	15,969	55,554	51,668
Condensate <sup>(1)</sup>	36,625	48,037	123,421	147,898
NGLs sales <sup>(2)</sup>	15,055	17,967	49,660	42,992
Natural gas sales	51,853	95,109	204,420	314,378
P&NG sales <sup>(3)(4)</sup>	122,822	177,082	433,055	556,936
Royalty income	13	44	60	128
P&NG revenue <sup>(3)</sup>	122,835	177,126	433,115	557,064
Marketing revenue <sup>(5)</sup>	14,472	5,637	39,986	21,989
<b>Revenue from contracts with customers</b>	<b>137,307</b>	<b>182,763</b>	<b>473,101</b>	<b>579,053</b>

- (1) Consists of pentanes plus.
- (2) Consists of ethane, propane and butane.
- (3) Excludes the effects of financial instruments but includes the effects of any physical delivery contracts outstanding during the period.
- (4) Included in accounts receivable at September 30, 2024, was \$41.6 million (September 30, 2023 – \$64.2 million) in P&NG sales to be received from its marketers in respect of September 2024 production, which was subsequently received in October 2024.
- (5) Marketing revenue primarily represents the sale of commodities purchased from third parties less applicable fees. Birchcliff enters into certain commodity purchase and sales arrangements to reduce its take-or-pay fractionation fees associated with third-party commitments. The value of commodities purchased and sold during the period is primarily driven by prevailing commodity prices, the availability of sellers and buyers for fractionated production and fractionation capacity available in the market. The value of commodities purchased and sold to third parties are recorded on a gross basis for financial statement presentation purposes. Marketing revenue also includes a propane supply arrangement with a third-party polypropylene producer, which is recorded net of processing costs and other charges. For the three and nine months ended September 30, 2024, the Corporation had marketing purchases from third parties of \$14.5 million and \$36.6 million, respectively (September 30, 2023 – \$8.6 million and \$25.8 million).

## 10. OTHER LIABILITIES

### Post-Employment Benefit Obligations

The Corporation estimates the total undiscounted (inflated) amount of cash flow required to settle its obligations for all participants meeting the eligibility requirements under the post-employment benefit plan was approximately \$9.3 million as at September 30, 2024 (December 31, 2023 – \$23.2 million).

A reconciliation of the discounted post-employment benefit obligations is set forth below:

As at, (\$000s)	September 30, 2024	December 31, 2023
Balance, beginning	16,465	11,170
Obligations incurred <sup>(1)</sup>	302	5,637
Accretion	56	171
Loss on settlement	-	1,487
Retirement benefit payments	(13,851)	(2,000)
<b>Balance, ending<sup>(2)</sup></b>	<b>2,972</b>	<b>16,465</b>
Current portion	2,630	16,413 <sup>(3)</sup>
Long-term portion	342	52 <sup>(3)</sup>

(1) Represents the past and current service costs associated with post-employment benefits.

(2) Birchcliff applied a discount rate of 2.8% and an inflation rate of 3.0% to calculate the present value of the post-employment benefit obligations at September 30, 2024 and December 31, 2023.

(3) As a result of the IAS 1 amendment, approximately \$2.6 million and \$11.2 million in post-employment benefit obligations were reclassified on a retrospective basis from long-term portion to current portion for the periods ended December 31, 2023 and January 1, 2023. See Note 3 for further details.

## Lease Obligations

Birchcliff has future commitments associated with its lease obligation primarily relating to office leases and gas processing commitments. The Corporation's total undiscounted (inflated) amount of cash flow required to settle its lease obligations was approximately \$158.3 million at September 30, 2024 (December 31, 2023 – \$13.9 million) and is expected to be settled no later than 2032.

A reconciliation of the discounted lease obligations is set forth below:

As at, (\$000s)	September 30, 2024	December 31, 2023
Balance, beginning	12,615	13,594
Additions <sup>(1)</sup>	103,952	-
Lease interest expense	2,238	-
Lease payments	(6,150)	(2,458)
Change in estimate	-	951
Accretion	336	528
<b>Balance, ending</b>	<b>112,991</b>	<b>12,615</b>
Current portion	10,926	2,507
Long-term portion	102,065	10,108

(1) Effective July 1, 2024, Birchcliff assumed operatorship of a third-party natural gas processing facility that resulted in the take-or-pay commitment associated with the underlying processing arrangement (the "Gas Processing Lease") to be classified as a lease obligation under IFRS Accounting Standards. The variable lease payments (if any) related to the Gas Processing Lease are recognized as operating expenses in profit or loss.

## 11. FINANCE EXPENSE

The components of the finance expenses are set forth below:

(\$000s)	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
<i>Cash:</i>				
Interest on Credit Facilities	9,932	5,877	26,856	13,588
Lease interest expense	2,238	-	2,238	-
<i>Non-cash:</i>				
Accretion <sup>(1)</sup>	1,114	1,096	3,234	3,312
Amortization of deferred financing fees	319	425	1,098	1,276
<b>Finance Expense</b>	<b>13,603</b>	<b>7,398</b>	<b>33,426</b>	<b>18,176</b>

(1) Includes accretion on decommissioning obligations, post-employment benefit obligations and lease obligations.

## 12. SHARE-BASED PAYMENT

### Stock Options

At September 30, 2024, the Corporation's stock option plan (the "Option Plan") permitted the grant of options in respect of a maximum of 26,956,921 (September 30, 2023 – 26,664,029) common shares. At September 30, 2024, there remained 7,140,458 (September 30, 2023 – 8,295,426) stock options available for issuance. For the stock options exercised during the nine months ended September 30, 2024, the weighted average common share trading price on the TSX was \$5.65 (September 30, 2023 – \$7.99) per common share.

A summary of the outstanding stock options is set forth below:

	Three months ended September 30,				Nine months ended September 30,			
	2024		2023		2024		2023	
	Number	Price (\$) <sup>(1)</sup>	Number	Price (\$) <sup>(1)</sup>	Number	Price (\$) <sup>(1)</sup>	Number	Price (\$) <sup>(1)</sup>
Outstanding, beginning	20,411,381	6.18	18,849,175	5.72	22,779,950	5.95	20,322,784	5.53
Granted <sup>(2)</sup>	239,550	5.96	4,200	8.16	514,750	5.82	77,200	7.82
Exercised	(437,768)	(2.14)	(418,705)	(3.01)	(2,413,537)	(2.84)	(1,858,747)	(2.95)
Forfeited	(185,400)	(7.26)	(55,734)	(7.75)	(609,167)	(7.26)	(162,301)	(8.43)
Expired	(211,300)	(7.48)	(10,333)	(11.41)	(455,533)	(7.78)	(10,333)	(11.41)
<b>Outstanding, ending</b>	<b>19,816,463</b>	<b>6.24</b>	<b>18,368,603</b>	<b>5.77</b>	<b>19,816,463</b>	<b>6.24</b>	<b>18,368,603</b>	<b>5.77</b>

(1) Calculated on a weighted average basis.

(2) Each stock option granted entitles the holder to purchase one common share at the exercise price.

The weighted average fair value per option granted during the three months ended September 30, 2024 was \$1.51 (September 30, 2023 – \$1.95). In determining the stock-based compensation expense for options issued during the three months ended September 30, 2024, the Corporation applied a weighted average estimated forfeiture rate of 7.0% (September 30, 2023 – 7.1%).

The weighted average assumptions used in calculating the Black-Scholes fair values are set forth below:

Three months ended,	September 30, 2024	September, 2023
Risk-free interest rate	3.4%	4.2%
Expected life (years)	4.0	4.0
Expected volatility	49.1%	55.7%
Dividend yield	6.8%	9.9%

A summary of the stock options outstanding and exercisable under the Option Plan at September 30, 2024 is set forth below:

Grant Price (\$)		Awards Outstanding			Awards Exercisable		
Low	High	Quantity	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price (\$)	Quantity	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price (\$)
0.78	3.00	4,100,245	0.82	2.00	4,100,245	0.82	2.00
3.01	6.00	394,934	3.89	5.37	106,334	1.75	4.43
6.01	9.00	10,043,884	3.22	6.36	3,488,922	2.19	6.58
9.01	11.65	5,277,400	3.17	9.37	2,127,344	3.17	9.38
		<b>19,816,463</b>	<b>2.73</b>	<b>6.24</b>	<b>9,822,845</b>	<b>1.83</b>	<b>5.25</b>

### Performance Warrants

At September 30, 2024, there remained 404,967 performance warrants (December 31, 2023 – 404,967) outstanding with an expiry date of January 31, 2025.

## 13. CAPITAL MANAGEMENT

The Corporation's general policy is to maintain a sufficient capital base to manage its business in the most effective manner with the goal of increasing the value of its assets and thus its underlying share value. The Corporation's objectives when managing capital are to maintain financial flexibility to preserve its ability to meet financial obligations, to maintain a capital structure that allows Birchcliff to finance its business strategy using primarily internally-generated cash flow and its available Credit Facilities and to optimize the use of its capital to provide an appropriate investment

return to its shareholders. There were no changes in the Corporation's approach to capital management during the nine months ended September 30, 2024.

The following table sets forth the Corporation's total available credit:

As at, (\$000s)	September 30, 2024	December 31, 2023
<i>Maximum borrowing base limit<sup>(1)</sup>:</i>		
Revolving term credit facilities	850,000	850,000
<i>Principal amount utilized:</i>		
Revolving term credit facilities	(489,413)	(372,097)
Unamortized deferred financing fees	(4,144)	(1,842)
Outstanding letters of credit	(185)	(185)
	<b>(493,742)</b>	<b>(374,124)</b>
<b>Unused credit</b>	<b>356,258</b>	<b>475,876</b>

(1) The Credit Facilities are subject to a semi-annual review of the borrowing base limit, which is directly impacted by the value of Birchcliff's oil and gas reserves. See Note 5.

The capital structure of the Corporation is as follows:

As at, (\$000s)	September 30, 2024	December 31, 2023	% Change
<b>Total shareholders' equity</b>	<b>2,180,292</b>	<b>2,225,445</b>	<b>(2)</b>
Total shareholders' equity as a % of total capital	81%	85%	
Revolving term credit facilities	489,413	372,097	
Working capital (surplus) deficit <sup>(1)</sup>	(847)	13,084	
Fair value of financial instruments - asset <sup>(2)</sup>	38,543	3,588	
Fair value of financial instruments - liability <sup>(2)</sup>	-	(1,394)	
Other liabilities <sup>(3)</sup>	(13,556)	(5,069)	
Adjusted working capital deficit <sup>(4)</sup>	24,140	10,209	
<b>Total debt</b>	<b>513,553</b>	<b>382,306</b>	<b>34</b>
Total debt as a % of total capital	19%	15%	
<b>Total capital</b>	<b>2,693,845</b>	<b>2,607,751</b>	<b>3</b>

(1) Current liabilities less current assets.

(2) Reflects the current portion only.

(3) Reflects the current portion of other liabilities discounted at the end of the period.

(4) Represents items related to the day-to-day operations of Birchcliff and excludes the current portion of financial instruments and other liabilities discounted at the end of the period where the benefit or obligation has not been realized by the Corporation.

## 14. RISK MANAGEMENT

Birchcliff is exposed to credit risk, liquidity risk and market risk as part of its normal course of business. The Board has overall responsibility for the establishment and oversight of the Corporation's financial risk management framework and periodically reviews the results of all risk management activities and all outstanding positions.

### Commodity Price Risk

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. Significant changes in commodity prices can materially impact the Corporation's financial performance, operating results and financial position. Commodity prices for P&NG are not only influenced by Canadian and the United States supply and demand, but also by world events that dictate the levels of supply and demand globally.

#### Financial Derivative Contracts

At September 30, 2024, Birchcliff had certain financial derivative contracts outstanding in order to manage commodity price risk. These instruments are not used for trading or speculative purposes. Birchcliff has not designated its financial instruments as effective accounting hedges, even though the Corporation considers all commodity contracts to be effective economic hedges. As a result, all such financial instruments are recorded on the statements of financial position at fair value, with the changes in fair value being recognized as an unrealized gain or loss in profit or loss and realized upon settlement.

At September 30, 2024, Birchcliff had the following financial derivative contracts in place to manage commodity price risk:

Product	Type of Contract	Notional Quantity	Remaining Term <sup>(1)</sup>	Contract Price	Asset (\$000s)
Natural gas	AECO 7A basis swap <sup>(2)</sup>	15,000 MMBtu/d	Oct. 1, 2024 – Dec. 31, 2024	NYMEX HH less US\$1.185/MMBtu	1,093
Natural gas	AECO 7A basis swap <sup>(2)</sup>	5,000 MMBtu/d	Oct. 1, 2024 – Dec. 31, 2024	NYMEX HH less US\$1.200/MMBtu	358
Natural gas	AECO 7A basis swap <sup>(2)</sup>	5,000 MMBtu/d	Oct. 1, 2024 – Dec. 31, 2024	NYMEX HH less US\$1.200/MMBtu	357
Natural gas	AECO 7A basis swap <sup>(2)</sup>	12,500 MMBtu/d	Oct. 1, 2024 – Dec. 31, 2025	NYMEX HH less US\$1.108/MMBtu	3,793
Natural gas	AECO 7A basis swap <sup>(2)</sup>	10,000 MMBtu/d	Oct. 1, 2024 – Dec. 31, 2025	NYMEX HH less US\$1.115/MMBtu	2,967
Natural gas	AECO 7A basis swap <sup>(2)</sup>	10,000 MMBtu/d	Oct. 1, 2024 – Dec. 31, 2025	NYMEX HH less US\$1.050/MMBtu	2,755
Natural gas	AECO 7A basis swap <sup>(2)</sup>	5,000 MMBtu/d	Oct. 1, 2024 – Dec. 31, 2025	NYMEX HH less US\$1.178/MMBtu	1,105
Natural gas	AECO 7A basis swap <sup>(2)</sup>	10,000 MMBtu/d	Oct. 1, 2024 – Dec. 31, 2025	NYMEX HH less US\$1.175/MMBtu	2,632
Natural gas	AECO 7A basis swap <sup>(2)</sup>	5,000 MMBtu/d	Oct. 1, 2024 – Dec. 31, 2025	NYMEX HH less US\$1.190/MMBtu	1,257
Natural gas	AECO 7A basis swap <sup>(2)</sup>	30,000 MMBtu/d	Oct. 1, 2024 – Dec. 31, 2025	NYMEX HH less US\$1.114/MMBtu	8,916
Natural gas	AECO 7A basis swap <sup>(2)</sup>	35,000 MMBtu/d	Oct. 1, 2024 – Dec. 31, 2025	NYMEX HH less US\$1.081/MMBtu	11,195
Natural gas	AECO 7A basis swap <sup>(2)</sup>	5,000 MMBtu/d	Oct. 1, 2024 – Dec. 31, 2025	NYMEX HH less US\$1.013/MMBtu	1,789
Natural gas	AECO 7A basis swap <sup>(2)</sup>	20,000 MMBtu/d	Jan. 1, 2025 – Dec. 31, 2025	NYMEX HH less US\$1.005/MMBtu	5,351
Natural gas	AECO 7A basis swap <sup>(2)</sup>	5,000 MMBtu/d	Jan. 1, 2025 – Dec. 31, 2025	NYMEX HH less US\$0.990/MMBtu	1,384
Natural gas	AECO 7A basis swap <sup>(2)</sup>	10,000 MMBtu/d	Jan. 1, 2026 – Dec. 31, 2026	NYMEX HH less US\$0.895/MMBtu	2,338
Natural gas	AECO 7A basis swap <sup>(2)</sup>	40,000 MMBtu/d	Jan. 1, 2026 – Dec. 31, 2026	NYMEX HH less US\$0.979/MMBtu	7,616
Natural gas	AECO 7A basis swap <sup>(2)</sup>	20,000 MMBtu/d	Jan. 1, 2026 – Dec. 31, 2026	NYMEX HH less US\$0.960/MMBtu	4,012
Natural gas	AECO 7A basis swap <sup>(2)</sup>	25,000 MMBtu/d	Jan. 1, 2027 – Dec. 31, 2027	NYMEX HH less US\$0.788/MMBtu	6,278
<b>Fair value</b>					<b>65,196</b>

(1) Transactions with common terms and the same counterparty have been aggregated and presented at the weighted average price.

(2) Birchcliff sold AECO basis swap.

At September 30, 2024, if the future NYMEX HH/AECO 7A basis changed by US\$0.10/MMBtu, with all other variables held constant, after-tax net income in the nine months ended September 30, 2024 would have changed by approximately \$10.0 million.

There were no financial derivative contracts entered into subsequent to September 30, 2024 to manage commodity price risk.

### Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Corporation's Credit Facilities are exposed to interest rate risk. The remainder of Birchcliff's financial assets and liabilities are not directly exposed to interest rate risk. The Corporation had no financial derivative contracts in place to manage interest rate risk as at September 30, 2024.

### Foreign Currency Risk

Foreign currency risk is the risk that future cash flows will fluctuate as a result of changes in foreign currency exchange rates. The exchange rate effect cannot be quantified but generally an increase in the value of the CDN dollar as compared to the US dollar will reduce the CDN dollar prices received by Birchcliff for its P&NG sales. The Corporation had no long-term forward exchange rate contracts in place as at or during the period ended September 30, 2024.

## 15. INVESTMENTS

On August 31, 2017, Birchcliff acquired securities consisting of 4,500,000 Common A LP Units (the "Common A Units") in a limited partnership and 10,000,000 Preferred Trust Units (the "Preferred Trust Units") in a trust (collectively, the "Securities") at a combined value of \$10.0 million. The Securities are not publicly listed and do not constitute a significant investment.

As at September 30, 2024, the Corporation determined the Securities had a fair value of approximately \$7.4 million (December 31, 2023 – \$8.1 million). Birchcliff recorded a loss on investment of approximately \$0.5 million during the nine months ended September 30, 2024 compared to a loss on investment of approximately \$2.8 million during the nine months ended September 30, 2023.

During the nine months ended September 30, 2024, Birchcliff redeemed 182,740 Preferred Trust Units (September 30, 2023 – 138,669) for aggregate proceeds of approximately \$0.2 million (September 30, 2023 – \$0.1 million).

## CORPORATE INFORMATION

### EXECUTIVE OFFICERS

**Chris Carlsen**  
President and Chief Executive Officer

**Bruno Geremia**  
Executive Vice President and  
Chief Financial Officer

**Theo van der Werken**  
Chief Operating Officer

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

**Duane Thompson**  
Vice President, Operations

**Hue Tran**  
Vice President, Business Development and  
Marketing

### DIRECTORS

**Jeff Tonken**  
Chairman of the Board  
Calgary, Alberta

**Dennis Dawson**  
Independent Lead Director  
Calgary, Alberta

**Debra Gerlach**  
Independent Director  
Calgary, Alberta

**Stacey McDonald**  
Independent Director  
Calgary, Alberta

**Cameron Proctor**  
Independent Director  
Calgary, Alberta

**James Surbey**  
Non-Independent Director  
Calgary, Alberta

### MANAGEMENT

**Gates Aurigemma**  
Manager, General Accounting

**Jordon Cheung**  
Drilling Manager

**Jesse Doenz**  
Controller and Investor Relations Manager

**Andrew Fulford**  
Surface Land Manager

**Lee Grant**  
Manager of Engineering

**Dan Lundstrom**  
Health and Safety Manager

**Kevin Matiasz**  
Completions Manager

**Paul Messer**  
Manager of Information Technology

**Tyler Murray**  
Mineral Land, Acquisitions and Dispositions  
Manager

**Tam Nguyen**  
Manager of Marketing

**Landon Poffenroth**  
Montney Asset Manager

**Michelle Rodgerson**  
Manager, Human Resources and  
Corporate Services

**Jeff Rogers**  
Facilities Manager

**Victor Sandhawalia**  
Manager of Finance

**Daniel Sharp**  
Manager of Geology

**Greg Vreim**  
Manager of Production

### BANKERS

The Bank of Nova Scotia

Royal Bank of Canada

National Bank of Canada

Canadian Imperial Bank of Commerce

Bank of Montreal

ATB Financial

Business Development Bank of Canada

Wells Fargo Bank, N.A., Canadian Branch

United Overseas Bank Limited

ICICI Bank Canada

### AUDITORS

KPMG LLP, Chartered Professional  
Accountants  
Calgary, Alberta

### RESERVES EVALUATOR

Deloitte LLP  
Calgary, Alberta

### HEAD OFFICE

Suite 1000, 600 – 3<sup>rd</sup> Avenue S.W.  
Calgary, Alberta T2P 0G5  
Phone: 403-261-6401

### SPIRIT RIVER OFFICE

5604 – 49<sup>th</sup> Avenue  
Spirit River, Alberta T0H 3G0  
Phone: 780-864-4624

Email: [birinfo@birchcliffenergy.com](mailto:birinfo@birchcliffenergy.com)

### TRANSFER AGENT

Computershare Trust Company of Canada  
Calgary, Alberta and Toronto, Ontario

### TSX: BIR

[WWW.BIRCHCLIFFENERGY.COM](http://WWW.BIRCHCLIFFENERGY.COM)