BIRCHCLIFF ENERGY

Quarterly Report | Q3 2026

BIRCHCLIFF ENERGY LTD. ANNOUNCES STRONG Q3 2026 RESULTS AND PRELIMINARY 2027 GUIDANCE
BIRCHCLIFF INCREASES Q4 2026 PRODUCTION GUIDANCE

Calgary, Alberta (November 12, 2026) – Birchcliff Energy Ltd. ("Birchcliff" or the "Corporation") (TSX: BIR) is pleased to announce its Q3 2026 financial and operational results and preliminary 2027 guidance. Birchcliff is also pleased to announce that its board of directors (the "Board") has declared a quarterly cash dividend of $0.03 per common share for the quarter ending December 31, 2026.

HIGHLIGHTS

- Average production of 86,073 boe/d (85% natural gas and 15% liquids) in Q3 2026.
- Adjusted funds flow[(1)] of $103.6 million ($0.38 per basic common share[(2)]) in Q3 2026.
- Cash flow from operating activities of $91.6 million in Q3 2026.
- Free funds flow[(1)] of $16.2 million ($0.06 per basic common share[(2)]) in Q3 2026.
- Net income to common shareholders of $10.4 million ($0.04 per basic common share) in Q3 2026.
- Birchcliff's effective average realized natural gas sales price[(2)] in Q3 2026 was $2.88/Mcf, which represents a 70% premium to the average AECO 5A benchmark price, adjusted for Birchcliff's heat premium.
- Drilled 9 (9.0 net) wells and brought 12 (12.0 net) wells on production in Q3 2026, with F&D capital expenditures totalling $87.4 million.
- Birchcliff has increased its Q4 2026 average production guidance to 90,000 boe/d (previously 88,500 boe/d) and its annual average production guidance to 84,000 boe/d (previously 83,000 to 84,000 boe/d).
- Birchcliff is targeting annual average production of 87,000 to 90,000 boe/d in 2027, with a preliminary F&D capital budget of $280 million to $310 million for its Greater Pouce area. Subject to a positive final investment decision ("FID"), Birchcliff is targeting a capital investment of $150 million to $170 million in Elmworth in 2027.
- Birchcliff has increased its non-AECO natural gas price exposure in 2027 to 55% of forecasted natural gas production (36% Dawn, 12% NYMEX HH and 7% Malin) through additional NYMEX HH/AECO 7A basis swap contracts.

MESSAGE TO SHAREHOLDERS

Birchcliff's third quarter results demonstrate the strength and consistency of our assets and our team's disciplined execution. During the quarter, we achieved our goal of fully utilizing the existing natural gas processing infrastructure in our Greater Pouce area, which positions us to benefit from a lower per-unit cost structure, stronger operating margins and enhanced free funds flow generation moving forward. As a result of our strong asset and operational performance, we have increased our Q4 2026 average production guidance to 90,000 boe/d and our 2026 annual average production guidance to 84,000 boe/d. We expect to generate significant free funds flow during the fourth quarter of 2026, which will be primarily used to further strengthen our balance sheet and pay our quarterly base dividend. Based on our current commodity price assumptions, we expect to generate $105 million of free funds flow in 2026 and reduce our total debt[(3)] by 12% from year-end 2025.

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

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

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

Looking forward to 2027, we are currently targeting a capital budget for our Greater Pouce area of $280 million to $310 million, which would keep our existing infrastructure in the area fully utilized at current production levels. This level of capital investment is approximately $30 million (9%)[4] lower than our previous forecast as a result of stronger base production and ongoing improvements in capital efficiency. We continue to progress the formal planning for the construction of the first phase of our proposed 100% owned and operated natural gas processing plant in Elmworth and we are targeting a final investment decision on the construction of the plant and the development of the area in early 2027.

We look forward to providing the details of our formal 2027 capital budget and updated five-year outlook in January 2027, which will include further details regarding our planned 2027 activities and capital spending in both Greater Pouce and Elmworth.

We thank our employees, board of directors and shareholders for their ongoing support.

Chris Carlsen
President and Chief Executive Officer

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

(4) Based on the mid-points of the guidance ranges.

Q3 2026 UNAUDITED FINANCIAL AND OPERATIONAL SUMMARY

	Three months ended September 30		Nine months ended September 30	
	2026	2025	2026	2025
OPERATING				
Average production				
Light oil *(bbls/d)*	1,268	1,468	1,286	1,610
Condensate *(bbls/d)*	5,294	5,990	5,094	5,229
NGLs *(bbls/d)*	6,231	6,933	6,675	7,150
Natural gas *(Mcf/d)*	439,678	396,088	412,384	390,633
Total *(boe/d)*	86,073	80,406	81,786	79,094
Average realized sales prices *(CDN$)*				
Light oil *(per bbl)*	118.17	86.56	115.67	88.68
Condensate *(per bbl)*	116.51	84.91	115.21	88.93
NGLs *(per bbl)*	34.66	19.86	30.55	22.99
Natural gas *(per Mcf)*	2.46	2.15	2.95	2.86
Total *(per boe)*	24.00	20.23	26.35	23.86
NETBACK AND COST *($/boe)*				
Petroleum and natural gas revenue	24.00	20.23	26.35	23.86
Royalty expense	(1.53)	(0.53)	(1.56)	(1.19)
Operating expense	(2.89)	(2.71)	(2.91)	(2.87)
Transportation and other expense[1]	(5.21)	(5.84)	(5.27)	(5.69)
Operating netback[1]	14.37	11.15	16.61	14.11
G&A expense, net	(1.26)	(1.12)	(1.31)	(1.27)
Interest expense	(0.84)	(1.14)	(0.89)	(1.23)
Lease interest expense	(0.20)	(0.30)	(0.26)	(0.31)
Realized gain on financial instruments[2]	1.02	3.18	1.53	2.87
Adjusted funds flow[1]	13.09	11.77	15.68	14.17
Depletion and depreciation expense	(9.15)	(9.09)	(9.24)	(8.98)
Unrealized loss on financial instruments[2]	(1.67)	(4.68)	(0.65)	(2.55)
Other expenses[3]	(0.47)	(0.39)	(0.33)	(0.42)
Deferred income tax (expense) recovery	(0.49)	0.48	(1.29)	(0.47)
Net income (loss) to common shareholders	1.31	(1.91)	4.17	1.75
FINANCIAL				
Petroleum and natural gas revenue *($000s)*	190,028	149,628	588,285	515,334
Cash flow from operating activities *($000s)*	91,563	78,506	345,236	314,220
Adjusted funds flow *($000s)*[4]	103,636	87,101	350,106	306,029
Per basic common share *($)*[1]	0.38	0.32	1.27	1.12
Free funds flow *($000s)*[4]	16,216	15,606	34,136	49,452
Per basic common share *($)*[1]	0.06	0.06	0.12	0.18
Net income (loss) to common shareholders *($000s)*	10,404	(14,125)	93,172	37,707
Per basic common share *($)*	0.04	(0.05)	0.34	0.14
End of period basic common shares *(000s)*	274,466	273,133	274,466	273,133
Weighted average basic common shares *(000s)*	274,454	273,095	274,647	272,357
Dividends on common shares *($000s)*	8,234	8,194	24,712	24,523
F&D capital expenditures *($000s)*[5]	87,420	71,495	315,970	256,577
Total capital expenditures *($000s)*[4]	87,690	71,893	317,200	258,081
Revolving term credit facilities *($000s)*	475,320	522,712	475,320	522,712
Total debt *($000s)*[6]	466,604	519,467	466,604	519,467

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

(2) Birchcliff's financial instruments consist of its NYMEX HH/AECO 7A basis swap contracts.

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

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

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

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

2026 GUIDANCE

- Birchcliff has increased its Q4 2026 average production guidance to 90,000 boe/d and its annual average production guidance to 84,000 boe/d. As its 2026 capital program is now substantially complete, Birchcliff has tightened its 2026 F&D capital expenditures guidance to $370 million.
- Birchcliff has revised its guidance for adjusted funds flow, free funds flow, total debt and royalty expense to reflect its updated production and F&D capital expenditures guidance and commodity price assumptions, as well as its Q3 2026 results.
- Based on the Corporation's current commodity price assumptions, it now expects to exit 2026 with total debt of $405 million, which equates to a total debt to adjusted funds flow ratio[5] of 0.85x.
- The following tables set forth Birchcliff's updated and previous guidance and commodity price assumptions for 2026, as well as its free funds flow sensitivity:

	Updated 2026 guidance and assumptions – November 12, 2026[1]	Previous 2026 guidance and assumptions – August 12, 2026
Production		
Annual average production *(boe/d)*	84,000	83,000 – 84,000
% Light oil	1%	1%
% Condensate	6%	6%
% NGLs	9%	9%
% Natural gas	84%	84%
Average Expenses *($/boe)*		
Royalty	$1.80 – $2.00	$1.95 – $2.15
Operating	$2.75 – $2.95	$2.75 – $2.95
Transportation and other[2]	$5.20 – $5.40	$5.20 – $5.40
Adjusted Funds Flow *(millions)*[3]	$475	$455
F&D Capital Expenditures *(millions)*	$370	$350 – $375
Free Funds Flow *(millions)*[3]	$105	$80 – $105
Total Debt at Year End *(millions)*[4]	$405	$410 – $435
Natural Gas Market Exposure		
AECO exposure as a % of total natural gas production	42%	44%
Dawn exposure as a % of total natural gas production	38%	38%
NYMEX HH exposure as a % of total natural gas production	16%	16%
Alliance exposure as a % of total natural gas production	4%	2%
Commodity Prices		
Average WTI price *(US$/bbl)*	$87.10[5]	$79.00
Average WTI-MSW differential *(CDN$/bbl)*	($0.10)[5]	$2.35
Average AECO price *(CDN$/GJ)*	$1.70[5]	$1.80
Average Dawn price *(US$/MMBtu)*	$3.00[5]	$3.20
Average NYMEX HH price *(US$/MMBtu)*	$3.45[5]	$3.50
Exchange rate *(CDN$ to US$1)*	1.39[5]	1.39

Forward two months' free funds flow sensitivity[5][6]	Estimated change to 2026 free funds flow *(millions)*
Change in WTI US$1.00/bbl	$0.6
Change in NYMEX HH US$0.10/MMBtu	$0.3
Change in Dawn US$0.10/MMBtu	$1.4
Change in AECO CDN$0.10/GJ	$1.5
Change in CDN/US exchange rate CDN$0.01	$0.8

(1) Changes in assumed commodity prices and variances in production forecasts can have an impact on the Corporation's forecasts of adjusted funds flow and free funds flow and the Corporation's other guidance, which impact could be material. In addition, any acquisitions or dispositions completed over the course of 2026 could have an impact on Birchcliff's 2026 guidance and assumptions set forth herein, which impact could be material. For further information regarding the risks and assumptions relating to the Corporation's guidance, see *"Advisories – Forward-Looking Statements"*.

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

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

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

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

(5) Birchcliff's updated commodity price and exchange rate assumptions and free funds flow sensitivity for 2026 are based on anticipated full-year averages using the Corporation's anticipated forward benchmark commodity prices and the CDN/US exchange rate as of November 2, 2026, which include settled benchmark commodity prices and the CDN/US exchange rate for the period from January 1, 2026 to October 31, 2026.

(6) 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 2026, 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.

PRELIMINARY 2027 GUIDANCE

- Birchcliff is forecasting corporate annual average production of 87,000 to 90,000 boe/d in 2027, representing ~5% production growth from 2026.[6] Birchcliff's production forecast reflects planned turnaround activity in the Greater Pouce area in 2027 and includes existing production from the Corporation's Elmworth area.
- Birchcliff continues to focus on market diversification and has strategically added various financial and physical delivery contracts to reduce its exposure to the AECO natural gas market (see *"Q3 2026 Financial and Operational Results – Natural Gas Market Diversification"*). Birchcliff's current estimated natural gas exposure as a percentage of total natural gas production in 2027 is 45% AECO, 36% Dawn, 12% NYMEX HH and 7% Malin.

Greater Pouce Area

- Based on its preliminary budgeting process for 2027, Birchcliff is currently targeting an F&D capital budget of $280 million to $310 million for 2027 for its Greater Pouce area.
    - The preliminary capital spending range for Greater Pouce for 2027 is approximately $30 million (9%) lower than Birchcliff's previous forecast of $300 million to $350 million.[7] The reduction reflects stronger base production and ongoing improvements in capital efficiency, resulting in fewer wells required to achieve its forecast production.
    - Birchcliff's preliminary capital budget for Greater Pouce contemplates that 29 to 32 Montney wells will be brought on production in 2027.
    - In addition, Birchcliff is evaluating opportunities to increase higher-margin liquids production across its land base, including its Charlie Lake acreage.

Elmworth Area

- Birchcliff continues to progress the formal planning for the construction of the first phase of its proposed 100% owned and operated natural gas processing plant in Elmworth near Goodfare, Alberta (the "Goodfare Gas Plant") and is targeting an FID on the construction of the plant and the development of the area in early 2027.
- Birchcliff is planning for the first phase of the plant to have a processing capacity of 100 MMcf/d, with optionality to expand capacity through additional phases in the future. Subject to a positive FID, the first phase of the Goodfare Gas Plant is currently expected to be commissioned in Q4 2028.
- Subject to a positive FID, Birchcliff anticipates spending $150 million to $170 million in Elmworth in 2027, including on drilling and other development activities, water and other infrastructure and the ordering of long-lead equipment for the Goodfare Gas Plant.

(6) Based on an annual average production rate of 84,000 boe/d in 2026 and 88,500 boe/d in 2027, which is the mid-point of Birchcliff's preliminary annual average production guidance range for 2027.

(7) Based on the mid-points of the guidance ranges. Birchcliff's previous forecast was provided on January 20, 2026.

SHAREHOLDER RETURNS

- During the first nine months of 2026, Birchcliff returned $31.6 million to shareholders through its quarterly common share dividend and opportunistic share purchases under its normal course issuer bid ("NCIB"). This consisted of $24.7 million in common share dividends and the purchase and cancellation of 1,156,655 common shares at an average price of $5.93 per common share (before fees), for aggregate consideration of approximately $6.9 million.
- Birchcliff remains committed to a disciplined and balanced capital allocation strategy, focused on delivering returns to shareholders through a sustainable base dividend and reinvesting in the business to support long-term value creation, while maintaining a strong balance sheet.
- Birchcliff may allocate capital resources towards opportunistic share purchases under its NCIB, when it believes market conditions provide an attractive opportunity to purchase shares.

Q3 2026 FINANCIAL AND OPERATIONAL RESULTS

Production

- Production averaged 86,073 boe/d in Q3 2026, a 7% increase from Q3 2025. The increase was primarily due to incremental production from new Montney wells brought on production since Q3 2025, which targeted condensate-rich and high-rate natural gas in the Greater Pouce area, partially offset by natural production declines and a planned optimization outage at the Gordondale gas plant, which temporarily reduced production during the quarter.
- Liquids accounted for 15% of Birchcliff's total production in Q3 2026 as compared to 18% in Q3 2025. The decrease was primarily due to the planned optimization outage at the Gordondale gas plant in Q3 2026, which reduced the Corporation's liquids production by an estimated 1,000 bbls/d during the quarter.

Cash Flow From Operating Activities and Adjusted Funds Flow

- Cash flow from operating activities was $91.6 million in Q3 2026, a 17% increase from Q3 2025.
- Adjusted funds flow was $103.6 million in Q3 2026, or $0.38 per basic common share, both a 19% increase from Q3 2025.
- The increases were primarily due to a 27% increase in both natural gas and liquids revenues. The increase in natural gas revenue from Q3 2025 was primarily due to an 11% increase in natural gas production and a 14% increase in the average realized natural gas sales price in Q3 2026. The increase in liquids revenue from Q3 2025 was primarily due to a 43% increase in the average realized liquids sales price, partially offset by an 11% decrease in liquids production.
- Adjusted funds flow and cash flow from operating activities were negatively impacted by a lower realized gain on financial instruments and a higher royalty expense in Q3 2026 as compared to Q3 2025.

Net Income (Loss) to Common Shareholders

- Net income to common shareholders was $10.4 million in Q3 2026, or $0.04 per basic common share, as compared to a net loss to common shareholders of $14.1 million and $0.05 per basic common share in Q3 2025.
- The change to a net income position was primarily due to higher adjusted funds flow and a lower unrealized loss on financial instruments of $13.3 million in Q3 2026 as compared to $34.6 million in Q3 2025.

Capital Activities and Investment

- Birchcliff drilled 9 (9.0 net) wells and brought 12 (12.0 net) wells on production in Q3 2026, with F&D capital expenditures totalling $87.4 million in the quarter.

Debt and Credit Facilities

- Total debt was $466.6 million at September 30, 2026, a 10% decrease from September 30, 2025.
- At September 30, 2026, Birchcliff had a balance outstanding under its extendible revolving credit facilities (the "Credit Facilities") of $480.7 million (September 30, 2025: $527.3 million) from available Credit Facilities of $850.0 million (September 30, 2025: $850.0 million), leaving the Corporation with $369.3 million (43%) of unutilized credit capacity after adjusting for outstanding letters of credit and unamortized deferred financing fees.

Natural Gas Market Diversification

- Subsequent to the end of Q3 2026, Birchcliff increased its natural gas market exposure to NYMEX HH in 2027 with the addition of 32,500 MMBtu/d of financial NYMEX HH/AECO 7A basis swap contracts. Birchcliff's total NYMEX HH exposure in 2027 is 57,500 MMBtu/d with an average contract price of NYMEX HH less US$1.215/MMBtu.
- In addition, Birchcliff has physical natural gas delivery sales contracts to the Malin hub in Oregon for 35,000 MMBtu/d of service with terms from January 1, 2027 to December 31, 2030. Malin sales are indexed to the NGI Malin monthly index benchmark price and will be realized net of any transportation tolls and fixed costs.
- In Q3 2026, Birchcliff's physical natural gas sales exposure consisted of the AECO, Dawn and Alliance markets. In addition, the Corporation has various financial instruments outstanding that provided it with exposure to NYMEX HH pricing in the quarter. The following table sets forth Birchcliff's effective sales, production and average realized sales price for its natural gas and liquids for Q3 2026, after taking into account the Corporation's financial instruments:

	Three months ended September 30, 2026					
	Effective sales *(CDN$000s)*	Percentage of total sales *(%)*	Effective production *(per day)*	Percentage of total natural gas production *(%)*	Percentage of total corporate production *(%)*	Effective average realized sales price *(CDN$)*
Market						
AECO[1][2]	33,213	16	213,805 Mcf	48	41	1.69/Mcf
Dawn[3]	56,141	27	161,422 Mcf	37	31	3.78/Mcf
NYMEX HH[1][4]	27,018	13	64,451 Mcf	15	13	4.56/Mcf
Total natural gas[1]	116,372	56	439,678 Mcf	100	85	2.88/Mcf
Light oil	13,790	7	1,268 bbls		2	118.17/bbl
Condensate	56,747	27	5,294 bbls		6	116.51/bbl
NGLs	19,870	10	6,231 bbls		7	34.66/bbl
Total liquids	90,407	44	12,793 bbls		15	76.81/bbl
Total corporate[1]	206,779	100	86,073 boe		100	26.11/boe

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

(2) Birchcliff had short-term physical sales agreements with third-party marketers to sell and deliver into the Alliance pipeline system in Q3 2026. All of Birchcliff's short-term physical Alliance sales and production during Q3 2026 received AECO adjusted pricing and have therefore been included as effective sales and production in the AECO market.

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

(4) NYMEX HH effective sales and production include financial NYMEX HH/AECO 7A basis swap contracts for an aggregate of 70,000 MMBtu/d at an average contract price of NYMEX HH less US$0.96/MMBtu during Q3 2026.

Birchcliff's effective average realized sales price for NYMEX HH of CDN$4.56/Mcf (US$2.98/MMBtu) was determined on a gross basis before giving effect to the average NYMEX HH/AECO 7A fixed contract basis differential price of CDN$1.47/Mcf (US$0.96/MMBtu) and includes any realized gains and losses on financial NYMEX HH/AECO 7A basis swap contracts during Q3 2026.

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 2026, Birchcliff's effective average realized net sales price for NYMEX HH was CDN$3.09/Mcf (US$2.02/MMBtu) in Q3 2026.

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

Three months ended September 30, 2026							
Natural gas market	Natural gas sales *(CDN$000s)*	Percentage of natural gas sales *(%)*	Natural gas production *(Mcf/d)*	Percentage of natural gas production *(%)*	Average realized natural gas sales price *(CDN$/Mcf)*	Natural gas transportation costs[1] *(CDN$/Mcf)*	Natural gas sales netback[2] *(CDN$/Mcf)*
AECO	40,472	41	261,063	59	1.67	0.40	1.27
Dawn	56,141	56	161,422	37	3.78	1.46	2.32
Alliance[3]	2,998	3	17,193	4	1.90	-	1.90
Total	99,611	100	439,678	100	2.46	0.78	1.68
Three months ended September 30, 2025							
Natural gas market	Natural gas sales *(CDN$000s)*	Percentage of natural gas sales *(%)*	Natural gas production *(Mcf/d)*	Percentage of natural gas production *(%)*	Average realized natural gas sales price *(CDN$/Mcf)*	Natural gas transportation costs[1] *(CDN$/Mcf)*	Natural gas sales netback[2] *(CDN$/Mcf)*
AECO	18,386	23	223,232	56	0.91	0.46	0.44
Dawn	59,494	76	161,017	41	4.02	1.54	2.48
Alliance[3]	591	1	11,839	3	0.54	-	0.54
Total	78,471	100	396,088	100	2.15	0.89	1.27

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

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

(3) Birchcliff had short-term physical sales agreements with third-party marketers to sell and deliver into the Alliance pipeline system in Q3 2026 and Q3 2025. Alliance sales are indexed to the AECO 5A benchmark index price and are recorded net of transportation tolls.

OPERATIONAL UPDATE

- Birchcliff delivered strong operational performance in Q3 2026, with production averaging 86,073 boe/d despite the planned optimization outage at the Gordondale gas plant that temporarily reduced production during the quarter.
- In Q4 2026, Birchcliff expects production to average 90,000 boe/d. The strong performance of Birchcliff's wells and facilities following the optimization and debottlenecking work completed in 2026 has demonstrated that the Corporation's Greater Pouce assets can support productive capability in excess of 90,000 boe/d under current operating conditions.
- Year-to-date, a total of 32 wells have been brought on production and an additional four condensate-rich natural gas wells are expected to be brought on production before year end.
- Birchcliff expects its DCCE capital efficiency in 2026 to improve by 35% as compared to 2023 and 4% as compared to 2025.[8]
- In order to prepare for the efficient execution of the Corporation's 2027 capital program and provide strong production volumes in Q1 2027, Birchcliff expects to have 12 drilled uncompleted wells (DUCs) at year-end 2026, which are anticipated to be brought on production in Q1 2027.

Greater Pouce

- In Pouce Coupe, Birchcliff turned its 4-well 12-10 pad over to production in July 2026 and its 6-well 07-24 pad over to production in September 2026. The pads targeted high-rate and condensate-rich natural gas in the Lower Montney. The production from these two pads delivered an average IP30 rate of 1,088 boe/d (21% liquids) per well (5.2 MMcf/d of natural gas, 184 bbls/d of condensate and 41 bbls/d of NGLs).[9]
- In Gordondale, the Corporation turned its 3-well 05-34 pad over to production in June 2026 and its 2-well 07-33 pad over to production in August 2026. The pads targeted condensate-rich natural gas in the Lower Montney. The production from these two pads delivered an average IP30 rate of 1,219 boe/d (37% liquids) per well (4.6 MMcf/d of natural gas, 166 bbls/d of condensate and 289 bbls/d of NGLs).[9]

(8) Based on actual DCCE results to date in 2026 and forecast DCCE for the remainder of 2026. Percentages are estimates and subject to change based on actual full-year results. See *"Advisories – Capital Efficiency"*.

(9) See *"Advisories – Initial Production Rates"*.

- In November 2026, Birchcliff successfully completed its 4-well 02-25 pad in Gordondale targeting condensate-rich natural gas in the Lower Montney and the wells are expected to be turned over to production in December 2026. Together with the 07-24 pad in Pouce Coupe, these wells are expected to support increased higher-margin liquids production in Q4 2026 and into 2027.

Elmworth

- In Q4 2026, Birchcliff is advancing activities in Elmworth to support the efficient execution of the future development of the Goodfare Gas Plant. These activities include the construction of a water storage reservoir, the drilling of a horizontal well to retain lands in the area and certain plant-related infrastructure activities.

DECLARATION OF Q4 2026 QUARTERLY DIVIDEND

- The Board has declared a quarterly cash dividend of $0.03 per common share for the quarter ending December 31, 2026.
- The dividend will be payable on December 31, 2026 to shareholders of record at the close of business on December 15, 2026. The dividend has been designated as an eligible dividend for the purposes of the *Income Tax Act* (Canada).

ABBREVIATIONS

~	approximately
AECO	benchmark price for natural gas determined at the AECO 'C' hub in southeast Alberta
bbl	barrel
bbls	barrels
bbls/d	barrels per day
boe	barrel of oil equivalent
boe/d	barrel of oil equivalent per day
condensate	pentanes plus (C5+)
DCCE	drill, case, complete and equip
F&D	finding and development
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
IFRS	International Financial Reporting Standards as issued by the International Accounting Standards Board
IP	initial production
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/d	million cubic feet per day
MSW	price for mixed sweet crude oil at Edmonton, Alberta
NGLs	natural gas liquids consisting of ethane (C2), propane (C3) and butane (C4) and specifically excluding condensate
NYMEX	New York Mercantile Exchange
OPEC	Organization of the Petroleum Exporting Countries
Q	quarter
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma, for crude oil of standard grade
000s	thousands
$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. The non-GAAP financial measures and 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. 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.

Non-GAAP Financial Measures

Adjusted Funds Flow and Free Funds Flow

Birchcliff defines "adjusted funds flow" as cash flow from operating activities before the effects of decommissioning expenditures 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. Changes in non-cash operating working capital are eliminated in the determination of adjusted funds flow as the timing of collection and payment are variable and by excluding them from the calculation, the Corporation believes that it is able to provide a more meaningful measure of its operations and ability to generate cash on a continuing basis. Management believes that adjusted funds flow assists management and investors in assessing Birchcliff's financial performance after deducting all operating and corporate cash costs, as well as its ability to generate the cash necessary to fund sustaining and/or growth capital expenditures, repay debt, settle decommissioning obligations, buy back common shares and pay dividends.

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

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
($000s)	2026	2025	2026	2025	2025
Cash flow from operating activities	91,563	78,506	345,236	314,220	407,705
Change in non-cash operating working capital	11,069	7,441	2,747	(10,311)	11,821
Decommissioning expenditures	1,004	1,154	2,123	2,120	3,240
Adjusted funds flow	103,636	87,101	350,106	306,029	422,766
F&D capital expenditures	(87,420)	(71,495)	(315,970)	(256,577)	(305,891)
Free funds flow	16,216	15,606	34,136	49,452	116,875

Birchcliff has disclosed in this press release forecasts of adjusted funds flow and free funds flow for 2026, which are forward-looking non-GAAP financial measures (see *"2026 Guidance"*). The equivalent historical non-GAAP financial measures are adjusted funds flow and free funds flow for the twelve months ended December 31, 2025. Birchcliff anticipates the forward-looking non-GAAP financial measure for adjusted funds flow disclosed herein will be higher than its respective historical amount, primarily due to higher anticipated production and benchmark oil prices, which are expected to increase the average realized sales price the Corporation receives for its liquids production. Birchcliff anticipates the forward-looking non-GAAP financial measure for free funds flow disclosed herein will be lower than its respective historical amount, primarily due to higher anticipated F&D capital expenditures. The commodity price assumptions on which the Corporation's guidance is based are set forth under the heading *"2026 Guidance"*.

Transportation and Other Expense

Birchcliff defines "transportation and other expense" as transportation expense plus marketing purchases less marketing revenue. Birchcliff may enter into certain marketing purchase and sales arrangements with the objective of

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

	Three months ended September 30		Nine months ended September 30		Twelve months ended December 31
($000s)	2026	2025	2026	2025	2025
Transportation expense	38,947	40,567	114,893	118,196	157,884
Marketing purchases	9	3,116	6,741	22,684	24,887
Marketing revenue	2,336	(519)	(3,951)	(17,955)	(16,839)
Transportation and other expense	41,292	43,164	117,683	122,925	165,932

Operating Netback

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

	Three months ended September 30		Nine months ended September 30	
($000s)	2026	2025	2026	2025
Petroleum and natural gas revenue	190,028	149,628	588,285	515,334
Royalty expense	(12,087)	(3,934)	(34,812)	(25,741)
Operating expense	(22,870)	(20,018)	(64,893)	(61,897)
Transportation and other expense	(41,292)	(43,164)	(117,683)	(122,925)
Operating netback	113,779	82,512	370,897	304,771

Total Capital Expenditures

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

	Three months ended September 30		Nine months ended September 30	
($000s)	2026	2025	2026	2025
Exploration and development expenditures[(1)]	87,420	71,495	315,970	256,577
Acquisitions	-	250	-	250
Dispositions	-	-	(50)	-
Administrative assets	270	148	1,280	1,254
Total capital expenditures	87,690	71,893	317,200	258,081

(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 contract in the period. Birchcliff defines "effective total natural gas sales" as the aggregate of the effective sales amount received in each natural gas market. Birchcliff defines "effective total corporate sales" as the aggregate of the

effective total natural gas sales and the sales amount received from the production of light oil, condensate and NGLs. Management believes that disclosing the effective sales for each natural gas market assists management and investors in assessing Birchcliff's natural gas diversification and commodity price exposure to each market. The most directly comparable GAAP financial measure to effective total natural gas sales and effective total corporate sales is natural gas sales. The following table provides a reconciliation of natural gas sales to effective total natural gas sales and effective total corporate sales for the periods indicated:

Three months ended *($000s)*	September 30, 2026	September 30, 2025
Natural gas sales	99,611	78,471
Realized gain on financial instruments	8,049	23,503
Notional fixed basis costs[(1)]	8,712	20,471
Effective total natural gas sales	116,372	122,445
Light oil sales	13,790	11,691
Condensate sales	56,747	46,793
NGLs sales	19,870	12,667
Effective total corporate sales	206,779	193,596

(1) Reflects the aggregate notional fixed basis costs associated with Birchcliff's financial NYMEX HH/AECO 7A basis swap contracts in the period.

Non-GAAP Ratios

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 during 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 during 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 the 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.

Total Debt to Adjusted Funds Flow Ratio

Birchcliff calculates "total debt to adjusted funds flow ratio" as total debt at the end of the period divided by adjusted funds flow at the end of the period (as determined on a trailing twelve-month basis). Management believes that total debt to adjusted funds flow ratio assists management and investors in assessing Birchcliff's overall debt position in respect of cash generated in the preceding twelve-month period and the strength of the Corporation's balance sheet. Birchcliff uses this ratio in its capital allocation decisions, including capital spending levels, returns to shareholders and other financial considerations.

Capital Management Measures

Total Debt

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

As at *($000s)*	September 30, 2026	December 31, 2025	September 30, 2025
Revolving term credit facilities	475,320	508,340	522,712
Working capital surplus[(1)]	(7,890)	(60,775)	(21,689)
Fair value of financial instruments – asset[(2)]	14,303	27,512	32,604
Other liabilities[(2)]	(15,129)	(15,129)	(14,160)
Total debt	466,604	459,948	519,467

(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, 2026 and 2025 is unaudited. Birchcliff's unaudited interim condensed financial statements for the three and nine months ended September 30, 2026 and related management's discussion and analysis will be available on its website at www.birchcliffenergy.com and on SEDAR+ at www.sedarplus.ca.

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

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

Initial Production Rates

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

With respect to the Corporation's IP30 production rates disclosed herein, such rates represent the average aggregate production volumes from all wells brought on production for the referenced pads in Pouce Coupe and Gordondale, measured at the wellhead separator during the first 30 days of production and divided by 30 to derive an average daily rate. The wellhead production volumes were converted to estimated sales-equivalent volumes using average shrink factors and NGLs yields realized at the applicable gas processing facility. These estimated sales-equivalent volumes are not based on well-specific gas analyses, shrink factors or NGLs yields and do not represent actual sales volumes attributable to the wells. The production rates exclude the hours and days when the wells did not produce. To date, no pressure transient analysis or well-test interpretation has been conducted on any of the wells.

Capital Efficiency

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

F&D Capital Expenditures

"F&D capital expenditures" denotes exploration and development expenditures as disclosed in the Corporation's financial statements in accordance with GAAP and is primarily comprised of capital for land, seismic, workovers, drilling and completions, well equipment and facilities and capitalized G&A costs (which includes the capitalized portion of any cash incentive payments that have been approved by the Board) and excludes any acquisitions, dispositions and administrative assets. 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 fully utilizing the existing natural gas processing infrastructure in the Corporation's Greater Pouce area positions it to benefit from a lower per-unit cost structure, stronger operating margins and enhanced free funds flow generation moving forward; that Birchcliff remains committed to a disciplined and balanced capital allocation strategy, focused on delivering returns to shareholders through a sustainable base dividend and reinvesting in the business to support long-term value creation, while maintaining a strong balance sheet; and that Birchcliff may allocate capital resources towards opportunistic share purchases under its NCIB, when it believes market conditions provide an attractive opportunity to purchase shares;
- the information set forth under the heading *"2026 Guidance"* and elsewhere in this press release regarding Birchcliff's guidance for 2026, including: forecasts of annual and Q4 average production, production commodity mix, average expenses, adjusted funds flow, F&D capital expenditures, free funds flow, total debt and total debt to adjusted funds flow ratio at year end, natural gas market exposure and the expected impact of changes in commodity prices and the CDN/US exchange rate on Birchcliff's forecast of free funds flow; that Birchcliff expects to generate significant free funds flow during the fourth quarter of 2026, which will be primarily used to further strengthen its balance sheet and pay its quarterly base dividend; and that Birchcliff expects to reduce its total debt by 12% from year-end 2025;
- the information set forth under the heading *"Preliminary 2027 Guidance"* and elsewhere in this press release regarding Birchcliff's preliminary guidance for 2027, including: forecasts of annual average production, production growth, F&D capital expenditures and natural gas market exposure; that Birchcliff's production forecast reflects planned turnaround activity in the Greater Pouce area in 2027 and includes existing production from the Corporation's Elmworth area; that the Corporation is currently targeting a capital budget for its Greater Pouce area of $280 million to $310 million, which would keep its existing infrastructure in the area fully utilized at current

production levels; that stronger base production and ongoing improvements in capital efficiency result in fewer wells required to achieve the Corporation's forecast production; that Birchcliff's preliminary capital budget for Greater Pouce contemplates that 29 to 32 Montney wells will be brought on production in 2027; that Birchcliff is evaluating opportunities to increase higher-margin liquids production across its land base, including its Charlie Lake acreage; and that Birchcliff expects to provide the details of its formal 2027 capital budget and updated five-year outlook in January 2027, which will include further details regarding its planned 2027 activities and capital spending in both Greater Pouce and Elmworth;

- information regarding Elmworth and the Goodfare Gas Plant, including: that the Corporation is targeting a final investment decision on the construction of the plant and the development of the area in early 2027; that Birchcliff is planning for the first phase of the plant to have a processing capacity of 100 MMcf/d, with optionality to expand capacity through additional phases in the future; that subject to a positive FID, the first phase of the Goodfare Gas Plant is currently expected to be commissioned in Q4 2028; and that subject to a positive FID, Birchcliff anticipates spending $150 million to $170 million in Elmworth in 2027, including on drilling and other development activities, water and other infrastructure and the ordering of long-lead equipment for the Goodfare Gas Plant;
- the information set forth under the heading *"Operational Update"* and elsewhere in this press release regarding Birchcliff's capital program and its exploration, production and development activities and plans and the timing thereof, including: that the strong performance of Birchcliff's wells and facilities following the optimization and debottlenecking work completed in 2026 has demonstrated that the Corporation's Greater Pouce assets can support productive capability in excess of 90,000 boe/d under current operating conditions; that an additional four condensate-rich natural gas wells are expected to be brought on production before year end; that Birchcliff expects its DCCE capital efficiency in 2026 to improve 35% as compared to 2023 and 4% as compared to 2025; that in order to prepare for the efficient execution of the Corporation's 2027 capital program and provide strong production volumes in Q1 2027, Birchcliff expects to have 12 DUCs at year-end 2026, which are anticipated to be brought on production in Q1 2027; that the Corporation's 4-well 02-25 pad in Gordondale and 07-24 pad in Pouce Coupe are expected to support increased higher-margin liquids production in Q4 2026 and into 2027; and targeted product types and the number and timing for wells to be completed or brought on production; and
- that Birchcliff anticipates the forward-looking non-GAAP financial measure for adjusted funds flow disclosed herein will be higher than its respective historical amount, primarily due to higher anticipated production and benchmark oil prices, which are expected to increase the average realized sales price the Corporation receives for its liquids production; and that Birchcliff anticipates the forward-looking non-GAAP financial measure for free funds flow disclosed herein will be lower than its respective historical amount, primarily due to higher anticipated F&D capital expenditures.

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

- With respect to Birchcliff's 2026 guidance (as updated on November 12, 2026), such guidance is based on the commodity price, exchange rate and other assumptions set forth under the heading *"2026 Guidance"*. In addition:
    - Birchcliff's production guidance assumes that: the 2026 capital program will be carried out as currently contemplated; no unexpected outages occur in the infrastructure that Birchcliff relies on to produce its wells and that any transportation service curtailments or unplanned outages that occur will be short in duration or otherwise insignificant; the construction of new infrastructure meets timing and operational expectations; existing wells continue to meet production expectations; and future wells scheduled to come on production meet timing, production and capital expenditure expectations.
    - Birchcliff's forecast of F&D capital expenditures assumes that the 2026 capital program will be carried out as currently contemplated and excludes any potential acquisitions, dispositions and the capitalized portion of cash incentive payments that have not been approved by the Board. The amount and allocation of capital expenditures for exploration and development activities by area and the number and types of wells to be drilled and brought on production is dependent upon results achieved and is subject to review and modification by management on an ongoing basis throughout the year. Actual spending may vary due to a variety of factors, including commodity prices, economic conditions, results of operations and costs of labour, services and materials.
    - Birchcliff's forecasts of adjusted funds flow and free funds flow assume that: the 2026 capital program will be carried out as currently contemplated and the level of capital spending for 2026 set forth herein is met; and the forecasts of production, production commodity mix, expenses and natural gas market exposure and the commodity price and exchange rate assumptions set forth herein are met. Birchcliff's forecast of adjusted funds flow takes into account its financial basis swap contracts outstanding as at November 2, 2026 and excludes cash incentive payments that have not been approved by the Board.
    - Birchcliff's forecasts of year-end total debt and total debt to adjusted funds flow ratio assume that: (i) the forecasts of adjusted funds flow and free funds flow are achieved, with the level of capital spending for 2026 met and the payment of an annual base dividend of approximately $33 million; (ii) any free funds flow remaining after the payment of dividends, asset retirement obligations and other amounts for administrative assets, financing fees and capital lease obligations is allocated towards debt reduction; and (iii) there are no buybacks of common shares, no significant acquisitions or dispositions completed by the Corporation, no equity issuances and no further proceeds received from the exercise of stock options during 2026. The forecast of total debt excludes cash incentive payments that have not been approved by the Board.
    - Birchcliff's forecast of its natural gas market exposure assumes: (i) 175,000 GJ/d being sold on a physical basis at the Dawn price; and (ii) 70,000 MMBtu/d being contracted on a financial basis at an average fixed basis differential price between AECO 7A and NYMEX HH of US$0.96/MMBtu. Birchcliff's natural gas market exposure takes into account its financial basis swap contracts outstanding as at November 2, 2026.
- With respect to Birchcliff's preliminary 2027 guidance:
    - Birchcliff's production guidance and forecast of F&D capital expenditures in 2027 are subject to similar assumptions as Birchcliff's 2026 guidance.
    - Birchcliff's forecast of its natural gas market exposure assumes: (i) a production commodity mix of 84% natural gas and 16% liquids in 2027; (ii) 175,000 GJ/d being sold on a physical basis at the Dawn price; (iii) 57,500 MMBtu/d being contracted on a financial basis at an average fixed basis differential price between AECO 7A and NYMEX HH of US$1.22/MMBtu; and (iv) 35,000 MMBtu/d being sold on a physical basis at the Malin price. Birchcliff's natural gas market exposure takes into account its financial basis swap contracts outstanding as at November 2, 2026.
- With respect to statements regarding future wells to be drilled, completed or brought on production and the construction of the proposed Goodfare Gas Plant, such statements assume: the continuing validity of the geological and other technical interpretations performed by Birchcliff's technical staff, which indicate that commercially economic volumes can be recovered from Birchcliff's lands as a result of drilling future wells; and that commodity prices and general economic conditions will warrant proceeding with the drilling of such wells and the construction of the plant.

Birchcliff's actual results, performance or achievements could differ materially from those anticipated in the forward-looking statements as a result of both known and unknown risks and uncertainties including, but not limited to: general economic, market and business conditions which will, among other things, impact the demand for and market prices of Birchcliff's products and Birchcliff's access to capital; volatility of crude oil and natural gas prices; fluctuations in commodity prices and exchange, interest and inflation rates; risks associated with increasing costs; an inability of Birchcliff to generate sufficient cash flow from operations to meet its current and future obligations; an inability to access sufficient capital from internal and external sources on terms acceptable to the Corporation; risks associated with Birchcliff's Credit Facilities, including a failure to comply with covenants under the agreement governing the Credit Facilities and the risk that the borrowing base limit may be redetermined; fluctuations in the costs of borrowing; operational risks and liabilities inherent in oil and natural gas operations; the risk that weather events such as wildfires, flooding, droughts or extreme hot or cold temperatures forces the Corporation to shut-in production or otherwise adversely affects the Corporation's operations; the occurrence of unexpected events such as fires, explosions, blow-outs, equipment failures, transportation incidents and other similar events; an inability to access sufficient water or other fluids needed for operations; the risks associated with supply chain disruptions; uncertainty that development activities in connection with Birchcliff's assets will be economic; an inability to access or implement some or all of the technology necessary to operate its assets and achieve expected future results; geological, technical, drilling, construction and processing problems; uncertainty of geological and technical data; horizontal drilling and completions techniques and the failure of drilling results to meet expectations for reserves or production; delays or changes in plans with respect to exploration or development projects or capital expenditures; risks that the Goodfare Gas Plant may not be constructed, commissioned or utilized as currently contemplated or at all; the uncertainty of estimates and projections relating to production, revenue, costs and reserves; the accuracy of cost estimates and variances in Birchcliff's actual costs and economic returns from those anticipated; incorrect assessments of the value of acquisitions and exploration and development programs; the risks posed by pandemics, epidemics, geopolitical events and global conflict and their impacts on supply and demand and commodity prices; actions taken by OPEC and other major oil producers and the impact such actions may have on supply and demand and commodity prices; stock market volatility; loss of market demand; changes to the regulatory framework in the locations where the Corporation operates, including changes to tax laws, Crown royalty rates, environmental and climate change laws (including emissions and "greenwashing"), carbon tax regimes, incentive programs and other regulations that affect the oil and natural gas industry; political uncertainty and uncertainty associated with government policy changes; actions by government authorities; risks associated with tariffs, export taxes, trade policies, export restrictions and trade barriers and trade disputes or wars (including new tariffs or changes to existing international trade arrangements); an inability of the Corporation to comply with existing and future laws and the cost of compliance with such laws; dependence on facilities, gathering lines and pipelines; uncertainties and risks associated with pipeline restrictions and outages to third-party infrastructure that could cause disruptions to production; the lack of available pipeline capacity and an inability to secure adequate and cost-effective processing and transportation for Birchcliff's products; an inability to satisfy obligations under Birchcliff's firm marketing and transportation arrangements; shortages in equipment and skilled personnel; the absence or loss of key employees; competition for, among other things, capital, acquisitions of reserves, undeveloped lands, equipment and skilled personnel; management of Birchcliff's growth; environmental and climate change risks, claims and liabilities; potential litigation; default under or breach of agreements by counterparties and potential enforceability issues in contracts; claims by Indigenous peoples; the reassessment by taxing or regulatory authorities of the Corporation's prior transactions and filings; unforeseen title defects; third-party claims regarding the Corporation's right to use technology and equipment; uncertainties associated with the outcome of disputes, litigation or other proceedings involving Birchcliff; uncertainties associated with counterparty credit risk; risks associated with Birchcliff's risk management and market diversification activities; risks associated with the declaration and payment of future dividends, including the discretion of the Board to declare dividends and change the Corporation's dividend policy and the risk that the amount of dividends may be less than currently forecast; the failure to obtain any required approvals in a timely manner or at all; the failure to complete or realize the anticipated benefits of acquisitions and dispositions and the risk of unforeseen difficulties in integrating acquired assets into Birchcliff's operations; negative public perception of the oil and natural gas industry; the Corporation's reliance on hydraulic fracturing; market competition, including from alternative energy sources; changing demand for petroleum products; the availability of insurance and the risk that certain losses may not be insured; breaches or failure of information systems and security (including cyber-attacks); risks associated with artificial intelligence; the accuracy of the Corporation's accounting estimates and judgments; and the risk that any of the Corporation's material assumptions prove to be materially inaccurate (including the Corporation's commodity price and exchange rate assumptions for 2026 and 2027).

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 Corporation's annual information form and annual management's discussion and analysis for the financial year ended December 31, 2025 under the heading *"Risk Factors"* and in other reports filed with Canadian securities regulatory authorities.

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

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

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

ABOUT BIRCHCLIFF:

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

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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 12, 2026 is with respect to the three and nine months ended September 30, 2026 (the "Reporting Periods") as compared to the three and nine months ended September 30, 2025 (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 audited annual financial statements of the Corporation and related notes for the year ended December 31, 2025, 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. In accordance with Canadian practice, production volumes and revenue are reported on a company gross basis, before the deduction of Crown and other royalties and without including any royalty interests of Birchcliff.

ABOUT BIRCHCLIFF

Birchcliff is an intermediate oil and natural gas company based in Calgary, Alberta with operations focused on the exploration and development of the Montney 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, 2025 (the "AIF"), is available on the SEDAR+ website at www.sedarplus.ca and on the Corporation's website at www.birchcliffenergy.com.

Q3 2026 FINANCIAL AND OPERATIONAL HIGHLIGHTS

- Average production of 86,073 boe/d (85% natural gas, 15% liquids), a 7% increase from the three month Comparable Prior Period.
- Adjusted funds flow[(1)] of $103.6 million, or $0.38 per basic common share,[(2)] both a 19% increase from the three month Comparable Prior Period.
- Cash flow from operating activities of $91.6 million, a 17% increase from the three month Comparable Prior Period.
- Free funds flow[(1)] of $16.2 million, or $0.06 per basic common share,[(2)] a 4% increase from the three month Comparable Prior Period.
- Net income to common shareholders of $10.4 million, or $0.04 per basic common share, as compared to a net loss to common shareholders of $14.1 million and $0.05 per basic common share in the three month Comparable Prior Period.
- Birchcliff's effective average realized natural gas sales price[(2)] was $2.88/Mcf in the three month Reporting Period, which represents a 70% premium to the average AECO 5A benchmark price in the quarter, adjusted for Birchcliff's heat premium.
- Drilled 9 (9.0 net) wells and brought 12 (12.0 net) wells on production in the three month Reporting Period, with F&D capital expenditures totalling $87.4 million in the quarter.

2026 GUIDANCE

- Birchcliff has increased its Q4 2026 average production guidance to 90,000 boe/d and its annual average production guidance to 84,000 boe/d. As its 2026 capital program is now substantially complete, Birchcliff has tightened its 2026 F&D capital expenditures guidance to $370 million.
- Birchcliff has revised its guidance for adjusted funds flow, free funds flow, total debt and royalty expense to reflect its updated production and F&D capital expenditures guidance and commodity price assumptions, as well as its Q3 2026 results.
- Based on the Corporation's current commodity price assumptions, it now expects to exit 2026 with total debt[(3)] of $405 million, which equates to a total debt to adjusted funds flow ratio[(2)] of 0.85x.

(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) 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 2026, as well as its free funds flow sensitivity:

	Updated 2026 guidance and assumptions – November 12, 2026[1]	Previous 2026 guidance and assumptions – August 12, 2026
Production		
Annual average production *(boe/d)*	84,000	83,000 – 84,000
% Light oil	1%	1%
% Condensate	6%	6%
% NGLs	9%	9%
% Natural gas	84%	84%
Average Expenses *($/boe)*		
Royalty	$1.80 – $2.00	$1.95 – $2.15
Operating	$2.75 – $2.95	$2.75 – $2.95
Transportation and other[2]	$5.20 – $5.40	$5.20 – $5.40
Adjusted Funds Flow *(millions)*[3]	$475	$455
F&D Capital Expenditures *(millions)*	$370	$350 – $375
Free Funds Flow *(millions)*[3]	$105	$80 – $105
Total Debt at Year End *(millions)*[4]	$405	$410 – $435
Natural Gas Market Exposure		
AECO exposure as a % of total natural gas production	42%	44%
Dawn exposure as a % of total natural gas production	38%	38%
NYMEX HH exposure as a % of total natural gas production	16%	16%
Alliance exposure as a % of total natural gas production	4%	2%
Commodity Prices		
Average WTI price *(US$/bbl)*	$87.10[5]	$79.00
Average WTI-MSW differential *(CDN$/bbl)*	($0.10)[5]	$2.35
Average AECO price *(CDN$/GJ)*	$1.70[5]	$1.80
Average Dawn price *(US$/MMBtu)*	$3.00[5]	$3.20
Average NYMEX HH price *(US$/MMBtu)*	$3.45[5]	$3.50
Exchange rate *(CDN$ to US$1)*	1.39[5]	1.39

Forward two months' free funds flow sensitivity[5][6]	Estimated change to 2026 free funds flow *(millions)*
Change in WTI US$1.00/bbl	$0.6
Change in NYMEX HH US$0.10/MMBtu	$0.3
Change in Dawn US$0.10/MMBtu	$1.4
Change in AECO CDN$0.10/GJ	$1.5
Change in CDN/US exchange rate CDN$0.01	$0.8

(1) Changes in assumed commodity prices and variances in production forecasts can have an impact on the Corporation's forecasts of adjusted funds flow and free funds flow and the Corporation's other guidance, which impact could be material. In addition, any acquisitions or dispositions completed over the course of 2026 could have an impact on Birchcliff's 2026 guidance and assumptions set forth herein, which impact could be material. For further information regarding the risks and assumptions relating to the Corporation's guidance, see *"Advisories – Forward-Looking Statements"* 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) Capital management measure. See *"Non-GAAP and Other Financial Measures"* in this MD&A.

(5) Birchcliff's updated commodity price and exchange rate assumptions and free funds flow sensitivity for 2026 are based on anticipated full-year averages using the Corporation's anticipated forward benchmark commodity prices and the CDN/US exchange rate as of November 2, 2026, which include settled benchmark commodity prices and the CDN/US exchange rate for the period from January 1, 2026 to October 31, 2026.

(6) 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 2026, 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.

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		
	2026	2025	% Change	2026	2025	% Change
Cash flow from operating activities *($000s)*	91,563	78,506	17	345,236	314,220	10
Adjusted funds flow *($000s)*[(1)]	103,636	87,101	19	350,106	306,029	14
Per basic common share *($)*[(2)]	0.38	0.32	19	1.27	1.12	13
Per diluted common share *($)*[(2)]	0.38	0.32	19	1.27	1.12	13
Per boe *($)*[(2)]	13.09	11.77	11	15.68	14.17	11

(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 and adjusted funds flow increased by 17% and 19% from the three month Comparable Prior Period, respectively. The increases were primarily due to a 27% increase in P&NG revenue, partially offset by a lower realized gain on financial instruments and higher royalty expense.

Cash flow from operating activities and adjusted funds flow increased by 10% and 14% from the nine month Comparable Prior Period, respectively. The increases were primarily due to a 14% increase in P&NG revenue and lower interest expense, partially offset by a lower realized gain on financial instruments and higher royalty expense.

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		
	2026	2025	% Change	2026	2025	% Change
Net income (loss) to common shareholders	10,404	(14,125)	174	93,172	37,707	147
Per basic common share *($)*	0.04	(0.05)	180	0.34	0.14	143
Per diluted common share *($)*	0.04	(0.05)	180	0.34	0.14	143
Per boe *($)*	1.31	(1.91)	169	4.17	1.75	138

Birchcliff recorded net income to common shareholders of $10.4 million in the three month Reporting Period as compared to a net loss to common shareholders of $14.1 million in the Comparable Prior Period. The change to a net income position was primarily due to higher adjusted funds flow and a lower unrealized loss on financial instruments of $13.3 million in the three month Reporting Period as compared to $34.6 million in the Comparable Prior Period.

Net income to common shareholders increased by 147% from the nine month Comparable Prior Period, primarily due to higher adjusted funds flow and a lower unrealized loss on financial instruments of $14.6 million in the nine month Reporting Period as compared to $55.1 million in the Comparable Prior Period.

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

Petroleum and Natural Gas Revenue

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

	Three months ended September 30			Nine months ended September 30		
($000s)	2026	2025	% Change	2026	2025	% Change
Light oil	13,790	11,691	18	40,608	38,978	4
Condensate	56,747	46,793	21	160,227	126,949	26
NGLs	19,870	12,667	57	55,678	44,883	24
Natural gas	99,611	78,471	27	331,738	304,496	9
P&NG sales	190,018	149,622	27	588,251	515,306	14
Royalty income	10	6	67	34	28	21
P&NG revenue	190,028	149,628	27	588,285	515,334	14

P&NG revenue increased by 27% and 14% from the three and nine month Comparable Prior Periods, respectively.

The increase in natural gas revenue in the Reporting Periods was primarily due to an increase in natural gas production and a higher average realized sales price received for such production as compared to the Comparable Prior Periods. The increase in liquids revenue in the Reporting Periods was primarily due to a higher average realized sales price received for such production, partially offset by a decrease in production volumes from liquids as compared to the Comparable Prior Periods.

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		
	2026	2025	% Change	2026	2025	% Change
Light oil *(bbls/d)*	1,268	1,468	(14)	1,286	1,610	(20)
Condensate *(bbls/d)*	5,294	5,990	(12)	5,094	5,229	(3)
NGLs *(bbls/d)*	6,231	6,933	(10)	6,675	7,150	(7)
Natural gas *(Mcf/d)*	439,678	396,088	11	412,384	390,633	6
Production *(boe/d)*	86,073	80,406	7	81,786	79,094	3
Liquids-to-gas ratio *(bbls/MMcf)*	29.1	36.3	(20)	31.7	35.8	(11)

Production increased by 7% and 3% from the three and nine month Comparable Prior Periods, respectively. The increases were primarily due to incremental production from new Montney wells brought on production since the Comparable Prior Periods, which targeted condensate-rich and high-rate natural gas wells in the Pouce Coupe and Gordondale areas, partially offset by natural production declines and planned facility outages in the Reporting Periods. The facility outages included a planned optimization outage at the Gordondale gas plant in August 2026 and a 35-day turnaround and optimization projects at the Pouce Coupe gas plant in the second quarter of 2026, which impacted production during the nine month Reporting 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	
	2026	2025	2026	2025
% Light oil production	2	2	2	2
% Condensate production	6	7	6	7
% NGLs production	7	9	8	9
% Natural gas production	85	82	84	82

Liquids production weighting decreased by 17% and 11% from the three and nine month Comparable Prior Periods, respectively. The decrease in liquids weighting was primarily due to the planned optimization outage at the Gordondale gas plant that occurred in August 2026, which reduced the Corporation's liquids production by an estimated 1,000 bbls/d

in the three month Reporting Period. Liquids production in the Reporting Periods was negatively impacted by natural production declines from liquids-rich wells brought on production since the Comparable Prior Periods.

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		
	2026	2025	% Change	2026	2025	% Change
Light oil – WTI Cushing *(US$/bbl)*	85.79	64.93	32	83.50	66.69	25
Light oil – MSW (Mixed Sweet) *(CDN$/bbl)*	121.82	86.80	40	116.06	88.79	31
Natural gas – NYMEX HH *(US$/MMBtu)*	2.95	3.07	(4)	3.63	3.39	7
Natural gas – Dawn Day Ahead *(US$/MMBtu)*	2.60	2.79	(7)	3.19	3.18	-
Natural gas – AECO 5A Daily *(CDN$/GJ)*	1.48	0.60	147	1.64	1.42	15
Natural gas – AECO 7A Month Ahead *(US$/MMBtu)*	1.10	0.73	51	1.34	1.20	12
Natural gas – NYMEX HH/AECO 7A Basis *(US$/MMBtu)*	1.86	2.34	(21)	2.29	2.18	5
Exchange rate *(CDN$ to US$1)*	1.41	1.38	2	1.39	1.40	(1)
Exchange rate *(US$ to CDN$1)*	0.71	0.72	(1)	0.72	0.71	1

Natural Gas Benchmark Prices

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. The first tranche of this service (120,000 GJ/d) became available on November 1, 2017, the second tranche of this service (30,000 GJ/d) became available on November 1, 2018 and the third tranche of this service (25,000 GJ/d) became available on November 1, 2019. Each tranche has a 10-year term and the Corporation has the option of converting such service into firm transport ("FT") service, with renewal rights. The Corporation has elected to convert the first and second tranches of this service for a one-year period into FT service immediately following the end of the tranches' respective terms, with renewal rights of one year. 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, 2031.

In the Reporting Periods, Birchcliff had financial NYMEX HH/AECO 7A basis swap contracts for 70,000 MMBtu/d at an average contract price of NYMEX HH less US$0.961/MMBtu and during the Comparable Prior Periods, Birchcliff had financial NYMEX HH/AECO 7A basis swap contracts for 147,500 MMBtu/d with an average contract price of NYMEX HH less US$1.088/MMBtu.

The NYMEX HH and Dawn natural gas benchmark prices decreased in the three month Reporting Period as compared to the Comparable Prior Period, primarily reflecting continued growth in North American natural gas production, which outpaced demand and contributed to above-average natural gas storage inventories and downward pressure on prices. For the nine month Reporting Period, the NYMEX HH natural gas benchmark price increased as compared to the Comparable Prior Period, primarily reflecting stronger natural gas demand, including increased heating requirements during the winter months and higher U.S. LNG export demand. The Dawn natural gas benchmark price remained relatively consistent with the nine month Comparable Prior Period, reflecting regional natural gas market conditions.

AECO benchmark natural gas prices increased compared to the Comparable Prior Periods, primarily reflecting increased Western Canadian natural gas demand following the commencement of LNG Canada operations, partially offset by continued elevated natural gas storage inventories in Western Canada. During the Comparable Prior Periods, AECO benchmark prices were negatively impacted by maintenance activities on the NGTL pipeline system, which restricted natural gas takeaway capacity and contributed to increased regional storage inventories and downward pressure on prices.

Light Oil Benchmark Prices

Birchcliff physically sells substantially all of its liquids production based on the MSW oil benchmark price, which generally trades at a discount to the WTI oil benchmark price. The MSW oil benchmark price increased by 40% and 31% from the

three and nine month Comparable Prior Periods, respectively, primarily due to higher global crude oil prices, supported by geopolitical tensions and supply disruptions in the Middle East, which contributed to increased risk premiums in global crude oil markets.

Average Realized Sales Prices

The average realized sales prices that the Corporation receives for its liquids and natural gas production 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		
	2026	2025	% Change	2026	2025	% Change
Light oil *($/bbl)*	118.17	86.56	37	115.67	88.68	30
Condensate *($/bbl)*	116.51	84.91	37	115.21	88.93	30
NGLs *($/bbl)*	34.66	19.86	75	30.55	22.99	33
Natural gas *($/Mcf)*	2.46	2.15	14	2.95	2.86	3
Average realized sales price *($/boe)*	24.00	20.23	19	26.35	23.86	10

The Corporation's average realized sales price increased by 19% and 10% from the three and nine month Comparable Prior Periods, respectively, primarily due to higher benchmark light oil prices, which positively impacted Birchcliff's liquids revenue in the Reporting Periods. The Corporation's average realized sales price was also positively impacted by higher AECO benchmark natural gas prices, which positively impacted Birchcliff's natural gas revenue in the Reporting Periods.

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

The average realized sales prices that the Corporation receives from physical natural gas deliveries in each natural gas market depend 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 egress.

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:

	Three months ended September 30, 2026					Three months ended September 30, 2025				
Natural gas market	Natural gas sales *($000s)*	*(%)*	Natural gas production *(Mcf/d)*	*(%)*	Average realized sales price *($/Mcf)*	Natural gas sales *($000s)*	*(%)*	Natural gas production *(Mcf/d)*	*(%)*	Average realized sales price *($/Mcf)*
AECO	40,472	41	261,063	59	1.67	18,386	23	223,232	56	0.91
Dawn	56,141	56	161,422	37	3.78	59,494	76	161,017	41	4.02
Alliance[(1)]	2,998	3	17,193	4	1.90	591	1	11,839	3	0.54
Total	99,611	100	439,678	100	2.46	78,471	100	396,088	100	2.15
	Nine months ended September 30, 2026					Nine months ended September 30, 2025				
Natural gas market	Natural gas sales *($000s)*	*(%)*	Natural gas production *(Mcf/d)*	*(%)*	Average realized sales price *($/Mcf)*	Natural gas sales *($000s)*	*(%)*	Natural gas production *(Mcf/d)*	*(%)*	Average realized sales price *($/Mcf)*
AECO	120,032	36	231,895	56	1.90	101,267	33	222,035	57	1.68
Dawn	201,406	61	161,446	39	4.57	201,559	66	161,815	41	4.56
Alliance[(1)]	10,300	3	19,043	5	1.98	1,670	1	6,783	2	0.90
Total	331,738	100	412,384	100	2.95	304,496	100	390,633	100	2.86

(1) Birchcliff had short-term physical sales agreements with third-party marketers to sell and deliver into the Alliance pipeline system in the Reporting Periods and Comparable Prior Periods. Alliance sales are indexed to the AECO 5A benchmark index price and 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 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, but considers 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, 2026, the Corporation had the following financial derivative contracts in place to manage commodity price risk:

Product	Type of Contract	Average Notional Quantity	Period[(1)]	Average Contract Price
Natural gas	AECO 7A basis swap[(2)]	70,000 MMBtu/d	Oct. 1, 2026 – Dec. 31, 2026	NYMEX HH less US$0.961/MMBtu
Natural gas	AECO 7A basis swap[(2)]	25,000 MMBtu/d	Jan. 1, 2027 – Dec. 31, 2027	NYMEX HH less US$0.788/MMBtu
Natural gas	AECO 7A basis swap[(2)]	25,000 MMBtu/d	Jan. 1, 2030 – Dec. 31, 2031	NYMEX HH less US$1.090/MMBtu

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

(2) Birchcliff sold AECO basis swap.

The following financial derivative contracts were entered into subsequent to September 30, 2026 to manage commodity price risk:

Product	Type of Contract	Average Notional Quantity	Period[(1)]	Average Contract Price
Natural gas	AECO 7A basis swap[(2)]	32,500 MMBtu/d	Jan. 1, 2027 – Dec. 31, 2027	NYMEX HH less US$1.543/MMBtu

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

(2) Birchcliff sold AECO basis swap.

Birchcliff also enters into physical delivery contracts to manage commodity price risk. These contracts are considered normal executory sales contracts and are not recorded at fair value through profit or loss.

During the nine month Reporting Period, the Corporation added physical natural gas delivery sales contracts to the Malin hub in Oregon for 35,000 MMBtu/d of service, with a term from January 1, 2027 to December 31, 2030. Malin sales are indexed to the NGI Malin monthly index benchmark price and will be realized net of any transportation tolls and fixed costs.

Realized Gains on Financial Instruments

The following table sets forth Birchcliff's realized gains on financial instruments for the periods indicated:

	Three months ended September 30			Nine months ended September 30		
	2026	2025	% Change	2026	2025	% Change
Realized gains *($000s)*	8,049	23,503	(66)	34,141	61,718	(45)
Realized gains *($/boe)*	1.02	3.18	(68)	1.53	2.87	(47)

Birchcliff's realized gains on financial instruments were primarily impacted by the settlement of its NYMEX HH/AECO 7A basis swap contracts during the Reporting Periods. 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 fixed price for Birchcliff's NYMEX HH/AECO 7A basis swap contracts were 70,000 MMBtu/d and US$0.961/MMBtu during the Reporting Periods and 147,500 MMBtu/d and US$1.088/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$1.86/MMBtu and US$2.29/MMBtu, respectively, as compared to US$2.34/MMBtu and US$2.18/MMBtu during the Comparable Prior Periods.

Unrealized Losses on Financial Instruments

The following table sets forth Birchcliff's unrealized losses on financial instruments for the periods indicated:

	Three months ended September 30			Nine months ended September 30		
	2026	2025	% Change	2026	2025	% Change
Unrealized losses *($000s)*	13,252	34,588	(62)	14,614	55,129	(73)
Unrealized losses *($/boe)*	1.67	4.68	(64)	0.65	2.55	(75)

Birchcliff's unrealized losses on financial instruments were impacted by changes in the net fair value of its NYMEX HH/AECO 7A basis swap contracts at the end of the Reporting Periods as compared to the Comparable Prior Periods. 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 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 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.

Birchcliff's unrealized losses on financial instruments of $13.3 million and $14.6 million in the three and nine month Reporting Periods, respectively, resulted from decreases in the fair value net asset position to $28.0 million at September 30, 2026 from $41.3 million at June 30, 2026 and $42.6 million at December 31, 2025. The decreases in the net fair value of the Corporation's financial instruments were primarily due to: (i) the decrease (or tightening) in the forward basis spread between the Corporation's financial NYMEX HH/AECO 7A basis swap contracts outstanding at September 30, 2026 as compared to the net fair value previously assessed at June 30, 2026 and December 31, 2025; and (ii) the settlement of the Corporation's financial NYMEX HH/AECO 7A basis swap contracts during the Reporting Periods.

Royalty Expense

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

	Three months ended September 30			Nine months ended September 30		
	2026	2025	% Change	2026	2025	% Change
Royalty expense *($000s)*[(1)]	12,087	3,934	207	34,812	25,741	35
Royalty expense *($/boe)*	1.53	0.53	189	1.56	1.19	31
Effective royalty rate *(%)*[(2)]	6	3	100	6	5	20

(1) Birchcliff's natural gas royalties are calculated based on the Government of Alberta's market reference price for natural gas delivered in Alberta, which primarily takes into account the AECO benchmark natural gas price and excludes the effects of Birchcliff's market diversification initiatives. Birchcliff receives natural gas royalty credits for: (i) Alberta's Drilling and Completion Cost Allowance program, which provides a 5% royalty rate on a well's initial production until the well's cumulative revenue, from all hydrocarbon products, equals a maximum threshold; and (ii) Gas Cost Allowance ("GCA"), which reduces natural gas royalties to reflect the expenses incurred by Birchcliff to process and transport the Crown's share of natural gas production.

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

Royalty expense increased by 207% and 35% from the three and nine month Comparable Prior Periods, respectively, primarily due to: (i) an increase in natural gas royalties, resulting from higher AECO 5A benchmark natural gas prices

and lower GCA deductions; and (ii) higher liquids royalties resulting from higher benchmark light oil prices in the Reporting Periods.

The effective royalty rate increased by 100% and 20% from the Comparable Prior Periods, respectively, primarily due to higher effective royalty rates on the Corporation's liquids production resulting from higher benchmark light oil prices in the Reporting Periods.

Operating Expense

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

	Three months ended September 30			Nine months ended September 30		
($000s)	2026	2025	% Change	2026	2025	% Change
Field operating expense	24,863	21,515	16	70,768	66,137	7
Recoveries	(1,993)	(1,497)	33	(5,875)	(4,240)	39
Operating expense	22,870	20,018	14	64,893	61,897	5
Operating expense *($/boe)*	2.89	2.71	7	2.91	2.87	1

Operating expense per boe increased by 7% and 1% from the three and nine month Comparable Prior Periods, respectively. The increases were primarily driven by higher field labour, road lease maintenance and produced fluid trucking costs, partially offset by an increase in operating recoveries and a decrease in power and fuel costs in the Reporting Periods. Per boe operating costs were positively impacted by higher production in the Reporting Periods as compared to the Comparable Prior Periods.

Transportation and Other Expense

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

	Three months ended September 30			Nine months ended September 30		
($000s)	2026	2025	% Change	2026	2025	% Change
Natural gas transportation	31,117	32,160	(3)	92,960	95,678	(3)
Liquids transportation	5,930	6,771	(12)	16,719	17,892	(7)
Fractionation	1,900	1,634	16	5,207	4,613	13
Other fees	-	2	(100)	7	13	(46)
Transportation expense	38,947	40,567	(4)	114,893	118,196	(3)
Transportation expense *($/boe)*	4.92	5.48	(10)	5.15	5.47	(6)
Marketing purchases[1]	9	3,116	(100)	6,741	22,684	(70)
Marketing revenue[1]	2,336	(519)	(550)	(3,951)	(17,955)	(78)
Marketing loss[2]	2,345	2,597	(10)	2,790	4,729	(41)
Marketing loss *($/boe)*[3]	0.29	0.36	(19)	0.12	0.22	(45)
Transportation and other expense[2]	41,292	43,164	(4)	117,683	122,925	(4)
Transportation and other expense *($/boe)*[3]	5.21	5.84	(11)	5.27	5.69	(7)

(1) 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 11% and 7% from the three and nine month Comparable Prior Periods, respectively, due to higher production, a decrease in transportation expense and a lower marketing loss recorded in the Reporting Periods.

Transportation expense decreased by 4% and 3% from the three and nine month Comparable Prior Periods, respectively, primarily due to: (i) a lower natural gas transportation expense as a result of reduced tolling charges on the NGTL pipeline system; and (ii) a decrease in liquids transport handling costs as a result of reduced pipeline tolling rates.

Marketing loss decreased by 10% and 41% from the three and nine month Comparable Prior Periods, respectively, primarily due to higher realized pricing received on a propane supply arrangement with a third-party polypropylene producer.

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 Resource Play (the "Pouce Coupe assets") and the Gordondale operating assets geologically situated in the light oil and liquids-rich trends of the Montney Resource Play (the "Gordondale assets") and operating netback on a corporate basis for the periods indicated:

	Three months ended September 30			Nine months ended September 30		
($/boe)	2026	2025	% Change	2026	2025	% Change
Pouce Coupe assets						
Average production						
Light oil *(bbls/d)*	31	36	(14)	32	41	(22)
Condensate *(bbls/d)*	3,472	4,339	(20)	3,402	3,743	(9)
NGLs *(bbls/d)*	1,272	1,879	(32)	1,518	1,817	(16)
Natural gas *(Mcf/d)*	345,662	312,834	10	326,493	310,158	5
Production *(boe/d)*	62,386	58,393	7	59,368	57,295	4
Liquids-to-gas ratio *(bbls/MMcf)*	13.8	20.0	(31)	15.2	18.1	(16)
% of corporate production	72%	73%	(1)	73%	72%	1
Netback and cost ($/boe)						
P&NG revenue	20.99	18.82	12	23.84	22.51	6
Royalty expense	(0.95)	(0.14)	579	(0.96)	(0.69)	39
Operating expense	(2.42)	(2.46)	(2)	(2.51)	(2.53)	(1)
Transportation and other expense[1]	(5.32)	(6.16)	(14)	(5.45)	(5.97)	(9)
Operating netback[1]	12.30	10.06	22	14.92	13.32	12
Gordondale assets						
Average production						
Light oil *(bbls/d)*	1,238	1,432	(14)	1,248	1,568	(20)
Condensate *(bbls/d)*	1,728	1,651	5	1,654	1,479	12
NGLs *(bbls/d)*	4,603	5,054	(9)	5,005	5,331	(6)
Natural gas *(Mcf/d)*	86,845	83,254	4	82,738	80,369	3
Production *(boe/d)*	22,043	22,013	-	21,696	21,773	-
Liquids-to-gas ratio *(bbls/MMcf)*	87.2	97.7	(11)	95.6	104.3	(8)
% of corporate production	26%	27%	(4)	27%	28%	(4)
Netback and cost ($/boe)						
P&NG revenue	32.89	23.97	37	33.44	27.42	22
Royalty expense	(3.20)	(1.56)	105	(3.21)	(2.52)	27
Operating expense	(3.78)	(3.34)	13	(3.79)	(3.72)	2
Transportation and other expense[1]	(5.06)	(4.99)	1	(4.85)	(4.95)	(2)
Operating netback[1]	20.85	14.08	48	21.59	16.23	33
Corporate[2]						
Netback and cost ($/boe)						
P&NG revenue	24.00	20.23	19	26.35	23.86	10
Royalty expense	(1.53)	(0.53)	189	(1.56)	(1.19)	31
Operating expense	(2.89)	(2.71)	7	(2.91)	(2.87)	1
Transportation and other expense[1]	(5.21)	(5.84)	(11)	(5.27)	(5.69)	(7)
Operating netback[1]	14.37	11.15	29	16.61	14.11	18

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

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

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

Administrative Expense

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

	Three months ended September 30			Nine months ended September 30		
($000s)	2026	2025	% Change	2026	2025	% Change
Cash:						
Salaries and benefits[1]	7,307	6,289	16	22,464	21,340	5
Other[2]	6,229	5,291	18	17,419	16,525	5
G&A expense, gross	13,536	11,580	17	39,883	37,865	5
Operating overhead recoveries	(25)	(38)	(34)	(86)	(99)	(13)
Capitalized overhead[3]	(3,540)	(3,222)	10	(10,444)	(10,416)	-
G&A expense, net	9,971	8,320	20	29,353	27,350	7
G&A expense, net *($/boe)*	1.26	1.12	13	1.31	1.27	3
Non-cash:						
Other compensation	2,626	1,983	32	7,867	5,859	34
Capitalized compensation[3]	(1,223)	(925)	32	(3,710)	(2,736)	36
Other compensation, net	1,403	1,058	33	4,157	3,123	33
Other compensation, net *($/boe)*	0.18	0.14	29	0.19	0.14	36
Administrative expense, net	11,374	9,378	21	33,510	30,473	10
Administrative expense, net *($/boe)*	1.44	1.26	14	1.50	1.41	6

(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 expense and other compensation directly attributable to the exploration and development activities of the Corporation, which have been capitalized.

Net administrative expense increased by 21% and 10% from the three and nine month Comparable Prior Periods, respectively, primarily due to higher employee, compliance, regulatory and advocacy costs and an increase in other general business expenditures.

Net G&A expense increased by 20% and 7% from the three and nine month Comparable Prior Periods, respectively, primarily due to higher employee costs and general business expenditures.

Net other compensation expense increased by 33% from both the three and nine month Comparable Prior Periods, primarily due to a higher Black-Scholes fair value expense associated with Birchcliff's annual stock option grants.

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		
	2026	2025	% Change	2026	2025	% Change
Depletion and depreciation expense *($000s)*	72,447	67,234	8	206,233	193,986	6
Depletion and depreciation expense *($/boe)*	9.15	9.09	1	9.24	8.98	3

D&D expense increased by 8% and 6% from the three and nine month Comparable Prior Periods, respectively, primarily due to higher production and an increase in the depletion rate on the Corporation's developed and proved assets. The depletion rate was negatively impacted by a decrease in the proved plus probable reserves and positively impacted by a decrease in FDC to bring the proved plus probable reserves on production. FDC for proved plus probable reserves decreased to $4.4 billion at September 30, 2026 from $4.7 billion at September 30, 2025.

Finance Expense

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

	Three months ended September 30			Nine months ended September 30		
($000s)	2026	2025	% Change	2026	2025	% Change
Cash:						
Interest expense[1]	6,638	8,415	(21)	19,902	26,465	(25)
Interest expense *($/boe)*[1]	0.84	1.14	(26)	0.89	1.23	(28)
Lease interest expense	1,595	2,196	(27)	5,721	6,702	(15)
Lease interest expense *($/boe)*	0.20	0.30	(33)	0.26	0.31	(16)
Non-cash:						
Accretion[2]	1,582	1,460	8	4,641	4,217	10
Amortization of deferred financing fees	425	425	-	1,275	1,133	13
Other finance expenses	2,007	1,885	6	5,916	5,350	11
Other finance expenses *($/boe)*	0.25	0.26	(4)	0.27	0.25	8
Finance expense	10,240	12,496	(18)	31,539	38,517	(18)
Finance expense *($/boe)*	1.29	1.70	(24)	1.42	1.79	(21)

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

Finance expense decreased by 18% from both the three and nine month Comparable Prior Periods, primarily due to a lower interest expense associated with the Corporation's borrowings under its Credit Facilities.

Interest expense decreased by 21% and 25% from the three and nine month Comparable Prior Periods, respectively, primarily due to a lower average outstanding balance under its Syndicated Credit Facility (as defined herein) and a decrease in the average effective interest rates under its Credit Facilities. The average outstanding balance under the Syndicated Credit Facility was approximately $477.2 million and $460.3 million in the three and nine month Reporting Periods, respectively, as compared to $529.3 million and $526.7 million in the Comparable Prior Periods, calculated as the simple average of the month-end amounts.

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	
	2026	2025	2026	2025
Working Capital Facility *(%)*[1]	6.0	6.9	6.1	7.1
Syndicated Credit Facility *(%)*[2]	4.8	5.7	4.9	6.0

(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 was determined primarily based on: (i) the market interest rate applicable to SOFR loans; 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.

Income Taxes

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

	Three months ended September 30			Nine months ended September 30		
($000s)	2026	2025	% Change	2026	2025	% Change
Deferred income tax expense (recovery) *($000s)*[1]	3,853	(3,540)	209	28,811	10,085	186
Deferred income tax expense (recovery) *($/boe)*	0.49	(0.48)	202	1.29	0.47	174

(1) Deferred income tax expense (recovery) is directly impacted by net income (loss) earned in the period.

The Corporation's estimated income tax pools were $1.3 billion at September 30, 2026. 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, 2026
Canadian oil and gas property expense	221,109
Canadian development expense	398,594
Canadian exploration expense[1]	305,340
Undepreciated capital costs	195,184
Non-capital losses[1]	96,846
Scientific research and experimental development expenditures[1]	38,195
Investment tax credits[2]	5,323
Financing costs and other	5,526
Estimated income tax pools	1,266,117

(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.

Productivity Mega Deduction

On September 15, 2026, the Department of Finance announced the proposed Productivity Mega Deduction, which would allow companies to immediately deduct certain capital and development expenditures for income tax purposes. If enacted substantially as proposed, Birchcliff expects these changes to have a favourable impact on its future cash income tax position, potentially extending the period before the Corporation becomes subject to cash income taxes. The extent and timing of this benefit will depend on the final enacted legislation and future capital expenditures, commodity prices and operating results. The proposed legislation has not yet received Royal Assent.

CAPITAL EXPENDITURES

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

	Three months ended September 30			Nine months ended September 30		
($000s)	2026	2025	% Change	2026	2025	% Change
Land	316	191	65	1,102	842	31
Seismic	272	54	404	560	118	375
Workovers	2,625	2,659	(1)	8,392	8,653	(3)
Drilling and completions	64,819	49,285	32	228,234	186,085	23
Well equipment and facilities	19,388	19,306	-	77,682	60,879	28
F&D capital expenditures[1]	87,420	71,495	22	315,970	256,577	23
Acquisitions	-	250	(100)	-	250	(100)
Dispositions	-	-	-	(50)	-	(100)
FD&A capital expenditures[2]	87,420	71,745	22	315,920	256,827	23
Administrative assets	270	148	82	1,280	1,254	2
Total capital expenditures[2]	87,690	71,893	22	317,200	258,081	23

(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's F&D capital expenditures were $87.4 million, which primarily included $43.3 million (50%) for the drilling and completions of new Montney wells in Pouce Coupe, $20.7 million (24%) for the drilling and completions of new Montney wells in Gordondale and $11.4 million (13%) on gas gathering and infrastructure projects in Pouce Coupe and Gordondale.

During the nine month Reporting Period, Birchcliff's F&D capital expenditures were $316.0 million, which primarily included $164.0 million (52%) for the drilling and completions of new Montney wells in Pouce Coupe, $47.8 million (15%) on gas gathering, infrastructure and turnaround projects in Pouce Coupe, $46.4 million (15%) for the drilling and completions of new Montney wells in Gordondale and $17.9 million (6%) on gas gathering and infrastructure projects in Gordondale during the nine month Reporting Period.

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 and available Credit Facilities will be sufficient to fund its ongoing capital requirements in 2026 and into 2027, 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 Total Debt

At September 30, 2026, 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 agreement governing the Credit Facilities allows for prime rate loans, U.S. base rate loans, SOFR loans, Canadian Overnight Repo Rate Average (CORRA) loans and, in the case of the Working Capital Facility only, letters of credit. 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. The agreement governing the Credit Facilities also contains provisions that give the lenders the right to redetermine the borrowing base in certain circumstances. The Credit Facilities do not contain any financial maintenance covenants.

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. Effective May 6, 2026, 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, 2028 to May 11, 2029. In addition, the lenders confirmed the borrowing base limit at $850.0 million.

At September 30, 2026, Birchcliff had a balance outstanding under its Credit Facilities of $480.7 million from available Credit Facilities of $850.0 million, leaving the Corporation with $369.3 million (43%) 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[(4)] at September 30, 2026 was $466.6 million, an increase of $6.7 million (or 1%) from $459.9 million at December 31, 2025. During the nine month Reporting Period, Birchcliff generated $34.1 million of free funds flow, returned $31.6 million (before fees) to shareholders through dividends and common shares purchased and cancelled under its normal course issuer bid ("NCIB"), and received $4.9 million in proceeds from the exercise of stock options. Included in total debt was $14.1 million of other debt-related items, which primarily related to payments on capital lease obligations.

Birchcliff's capital allocation strategy prioritizes maintaining a strong balance sheet and targets a total debt to adjusted funds flow ratio of less than 1.0 times. This target allows the Corporation to monitor its liquidity in light of operating and capital budgeting decisions, withstand price volatility and capitalize on opportunities throughout the commodity price cycle. At September 30, 2026, Birchcliff's total debt to adjusted funds flow ratio[(5)] was 1.0x as compared to 1.4x at September 30, 2025.

Adjusted Working Capital

Adjusted working capital consists of items from day-to-day operations, which includes cash, accounts receivable, prepaid expenses and deposits, accounts payable 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 discounted liabilities. 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 surplus[(4)] was $8.7 million at September 30, 2026 as compared to $48.4 million at December 31, 2025. The decrease was primarily due to an increase

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

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

in accounts payable and accrued liabilities associated with increased F&D capital expenditures in the nine month Reporting Period.

At September 30, 2026, the major component of Birchcliff's current assets was accounts receivable from its commodity marketers in respect of September 2026 production (60%), which was subsequently received in October 2026. 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, 2026 primarily consisted of accounts payable and accrued liabilities for capital and operating expenses incurred in the three month Reporting Period.

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 undiscounted material contractual obligations and commitments at September 30, 2026:

($000s)	2026	2027	2028-2030	Thereafter
Accounts payable and accrued liabilities	109,607	-	-	-
Drawn revolving term credit facilities[(1)]	-	-	479,712	-
Firm transportation and fractionation[(2)]	44,199	159,176	255,798	205,839
Natural gas processing[(3)]	4,687	17,155	51,512	34,357
Capital commitments[(4)]	3,830	4,374	7,290	-
Other lease commitments[(5)]	870	3,481	8,557	10,845
Operating commitments[(6)]	544	2,174	6,523	8,879
Estimated contractual obligations and commitments[(7)]	163,737	186,360	809,392	259,920

(1) Excludes interest expense associated with the Credit Facilities.

(2) Includes firm transportation service arrangements and fractionation commitments with third parties.

(3) Comprised of natural gas processing commitments at third-party facilities.

(4) Includes drilling commitments.

(5) Includes the Corporation's head office lease and other minor lease arrangements.

(6) Includes variable operating components associated with Birchcliff's head office premises.

(7) 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, 2026 to be approximately $344.0 million and are estimated to be incurred as follows: 2026 – $0.8 million, 2027 – $2.9 million and $340.3 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 11, 2026, there were 275,208,135 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, 2025	274,796,690
Issuance of common shares[(1)]	825,760
Repurchase of common shares[(2)]	(1,156,655)
Balance at September 30, 2026	274,465,795
Issuance of common shares[(1)]	742,340
Balance at November 11, 2026	275,208,135

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

(2) Represents common shares that have been purchased and cancelled pursuant to the Corporation's NCIB.

During the nine month Reporting Period, Birchcliff issued 825,760 common shares pursuant to its stock option plan at an average exercise price of $5.95 for aggregate proceeds of approximately $4.9 million. At November 11, 2026, the Corporation had 23,516,784 stock options outstanding to purchase an equivalent number of common shares.

Normal Course Issuer Bid

On November 20, 2025, Birchcliff announced that the TSX had accepted the Corporation's NCIB. Pursuant to the NCIB, Birchcliff may purchase up to 26,769,197 of its outstanding common shares over a period of twelve months commencing on November 27, 2025 and terminating no later than November 26, 2026. 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 or by such other means as may be permitted by the Canadian Securities Administrators and under applicable securities laws, including by private agreement pursuant to issuer bid exemption orders issued by applicable securities regulatory authorities. Any purchase made pursuant to a private agreement under an exemption order issued by a securities regulatory authority will be at a discount to the prevailing market price. 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 252,391 common shares. All common shares purchased under the NCIB will be cancelled.

During the nine month Reporting Period, the Corporation purchased and cancelled 1,156,655 common shares pursuant to the NCIB at an average price of $5.93 per common share for an aggregate cost of $6.9 million, before fees.

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		
	2026	2025	% Change	2026	2025	% Change
Common share dividend *($000s)*	8,234	8,194	-	24,712	24,523	1
Per common share *($)*	0.03	0.03	-	0.09	0.09	-

On January 20, 2026, the Board declared a quarterly cash dividend of $0.03 per common share for the quarter ended March 31, 2026. The dividend was paid on March 31, 2026 to shareholders of record at the close of business on March 13, 2026.

On May 13, 2026, the Board declared a quarterly cash dividend of $0.03 per common share for the quarter ended June 30, 2026. The dividend was paid on June 30, 2026 to shareholders of record at the close of business on June 15, 2026.

On August 12, 2026, the Board declared a quarterly cash dividend of $0.03 per common share for the quarter ending September 30, 2026. The dividend was paid on September 29, 2026 to shareholders of record at the close of business on September 15, 2026.

On November 12, 2026, the Board declared a quarterly cash dividend of $0.03 per common share for the quarter ending December 31, 2026. The dividend will be payable on December 31, 2026 to shareholders of record at the close of business on December 15, 2026.

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, 2026	Jun. 30, 2026	Mar. 31, 2026	Dec. 31, 2025	Sep. 30, 2025	Jun. 30, 2025	Mar. 31, 2025	Dec. 31, 2024
Average light oil production *(bbls/d)*	1,268	1,333	1,256	1,375	1,468	1,571	1,795	1,993
Average condensate production *(bbls/d)*	5,294	4,633	5,357	5,795	5,990	5,439	4,238	4,310
Average NGLs production *(bbls/d)*	6,231	6,529	7,276	7,197	6,933	6,898	7,626	7,748
Average natural gas production *(Mcf/d)*	439,678	390,398	406,714	411,966	396,088	393,435	382,224	381,433
Average production *(boe/d)*	86,073	77,562	81,675	83,028	80,406	79,480	77,363	77,623
Average realized light oil sales price *($/bbl)*	118.17	132.81	94.69	77.80	86.56	83.23	95.27	95.18
Average realized condensate sales price *($/bbl)*	116.51	130.44	100.56	77.18	84.91	86.44	97.98	95.79
Average realized NGLs sales price *($/bbl)*	34.66	26.27	30.85	21.88	19.86	20.76	27.95	26.20
Average realized natural gas sales price *($/Mcf)*	2.46	2.56	3.86	3.40	2.15	2.82	3.64	2.27
Average realized sales price *($/boe)*	24.00	25.15	30.03	25.47	20.23	23.30	28.32	21.53
P&NG revenue *($000s)*	190,028	177,531	220,726	194,529	149,628	168,518	197,188	153,741
F&D capital expenditures *($000s)*[1]	87,420	121,162	107,388	49,314	71,495	73,263	111,819	58,310
Total capital expenditures *($000s)*[2]	87,690	121,280	108,230	49,696	71,893	73,715	112,473	66,673
Cash flow from operating activities *($000s)*	91,563	100,890	152,783	93,485	78,506	109,617	126,097	45,641
Adjusted funds flow *($000s)*[2]	103,636	93,745	152,725	116,737	87,101	94,515	124,413	71,838
Per basic common share *($)*[3]	0.38	0.34	0.56	0.43	0.32	0.35	0.46	0.27
Per diluted common share *($)*[3]	0.38	0.34	0.55	0.42	0.32	0.35	0.46	0.26
Free funds flow *($000s)*[2]	16,216	(27,417)	45,337	67,423	15,606	21,252	12,594	13,528
Per basic common share *($)*[3]	0.06	(0.10)	0.16	0.25	0.06	0.08	0.05	0.05
Net income (loss) to common shareholders	10,404	12,803	69,965	27,167	(14,125)	(13,895)	65,727	35,216
Per basic common share *($)*	0.04	0.05	0.25	0.10	(0.05)	(0.05)	0.24	0.13
Per diluted common share *($)*	0.04	0.05	0.25	0.10	(0.05)	(0.05)	0.24	0.13
Total assets *($ millions)*	3,543	3,541	3,481	3,435	3,431	3,471	3,515	3,433
Total liabilities *($ millions)*	1,224	1,227	1,168	1,190	1,212	1,233	1,260	1,238
Revolving term credit facilities *($000s)*	475,320	459,232	426,494	508,340	522,712	528,660	518,581	566,857
Total debt *($000s)*[4]	466,604	469,866	423,494	459,948	519,467	523,129	534,710	535,557
Dividends on common shares *($000s)*	8,234	8,231	8,247	8,241	8,194	8,178	8,151	27,126
Weighted average common shares outstanding								
Basic *(000s)*	274,454	274,596	274,895	273,802	273,095	272,347	271,614	270,185
Diluted *(000s)*	275,391	275,514	277,073	275,887	273,095	272,347	273,092	272,552

(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.

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

(4) 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 Montney natural gas wells in Pouce Coupe and Gordondale and the timing thereof, as well as natural production declines during those periods. Production increased in the current quarter due to the success of the planned turnaround and optimization projects that were completed at the Corporation's Pouce Coupe gas plant in the previous quarter. Liquids production in the current quarter was negatively impacted by the planned optimization outage at the Gordondale gas plant, which reduced the Corporation's liquids production by an estimated 1,000 bbls/d during the quarter.

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, primarily due to fluctuations in benchmark oil and natural gas commodity prices. The fluctuations in the light oil benchmark prices in the last three quarters are primarily due to Middle East supply disruptions, which increased the geopolitical risk premium on global crude oil prices.

Birchcliff's net income and loss to common shareholders 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 eight quarters have fluctuated, which are primarily impacted by the aggregate of F&D capital expenditures, dividends paid to common shareholders and adjusted funds flow recorded in each of the respective quarters. The Corporation's total debt decreased in the current quarter, primarily due to adjusted funds flow exceeding F&D capital expenditures and shareholder returns.

The Corporation pays dividends on its common shares when declared and approved by the Board. The dividend payments on the Corporation's common shares for the fourth quarter of 2024 were higher as a result of a quarterly base dividend of $0.10 per common share. For 2025 and 2026, the quarterly base dividend was $0.03 per common share.

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, 2026 and ended on September 30, 2026 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 judgments, estimates and assumptions in preparing the unaudited interim condensed financial statements are discussed in Note 3 of the audited annual financial statements for the year ended December 31, 2025.

FUTURE ACCOUNTING POLICIES

A description of the new IFRS Accounting Standards that will be adopted by the Corporation in future periods can be found in Note 3 of the unaudited interim condensed financial statements for the three and nine month periods ended September 30, 2026.

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, 2025.

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
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
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
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
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. The non-GAAP financial measures and 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. 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.

Non-GAAP Financial Measures

Adjusted Funds Flow and Free Funds Flow

Birchcliff defines "adjusted funds flow" as cash flow from operating activities before the effects of decommissioning expenditures, 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. Changes in non-cash operating working capital are eliminated in the determination of adjusted funds flow as the timing of collection and payment are variable and by excluding them from the calculation, the Corporation believes that it is able to provide a more meaningful measure of its operations and ability to generate cash on a continuing basis. Management believes that adjusted funds flow assists management and investors in assessing Birchcliff's financial performance after deducting all operating and corporate cash costs, as well as its ability to generate the cash necessary to fund sustaining and/or growth capital expenditures, repay debt, settle decommissioning obligations, buy back common shares and pay dividends.

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

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
($000s)	2026	2025	2026	2025	2025
Cash flow from operating activities	91,563	78,506	345,236	314,220	407,705
Change in non-cash operating working capital	11,069	7,441	2,747	(10,311)	11,821
Decommissioning expenditures	1,004	1,154	2,123	2,120	3,240
Adjusted funds flow	103,636	87,101	350,106	306,029	422,766
F&D capital expenditures	(87,420)	(71,495)	(315,970)	(256,577)	(305,891)
Free funds flow	16,216	15,606	34,136	49,452	116,875

Birchcliff has disclosed in this MD&A forecasts of adjusted funds flow and free funds flow for 2026, which are forward-looking non-GAAP financial measures (see "*2026 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, 2025. Birchcliff anticipates the forward-looking non-GAAP financial measure for adjusted funds flow disclosed herein will be higher than its respective historical amount, primarily due to higher anticipated production and benchmark oil prices, which are expected to increase the average realized sales price the Corporation receives for its liquids production. Birchcliff anticipates the forward-looking non-GAAP financial measure for free funds flow disclosed herein will be lower than its respective historical amount, primarily due to higher anticipated F&D capital expenditures. The commodity price assumptions on which the Corporation's guidance is based are set forth under the heading *"2026 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	
($000s)	2026	2025	2026	2025
Exploration and development expenditures[(1)]	87,420	71,495	315,970	256,577
Acquisitions	-	250	-	250
Dispositions	-	-	(50)	-
FD&A capital expenditures	87,420	71,745	315,920	256,827
Administrative assets	270	148	1,280	1,254
Total capital expenditures	87,690	71,893	317,200	258,081

(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

Birchcliff defines "transportation and other expense" as transportation expense plus marketing loss (less marketing gain). 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 assist 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
($000s)	2026	2025	2026	2025	2025
Transportation expense	38,947	40,567	114,893	118,196	157,884
Marketing purchases	9	3,116	6,741	22,684	24,887
Marketing revenue	2,336	(519)	(3,951)	(17,955)	(16,839)
Marketing loss	2,345	2,597	2,790	4,729	8,048
Transportation and other expense	41,292	43,164	117,683	122,925	165,932

Effective Total Natural Gas Sales

Birchcliff defines "effective total natural gas sales" as the aggregate of the effective sales amount received in each natural gas market. Management believes that disclosing the effective total natural gas sales assists management and investors in assessing Birchcliff's natural gas diversification and commodity price exposure. The most directly comparable GAAP financial measure to effective total natural gas sales is natural gas sales. The following table provides a reconciliation of natural gas sales to effective total natural gas sales for the periods indicated:

Three months ended *($000s)*	September 30, 2026	September 30, 2025
Natural gas sales	99,611	78,471
Realized gain on financial instruments	8,049	23,503
Notional fixed basis costs[(1)]	8,712	20,471
Effective total natural gas sales	116,372	122,445

(1) Reflects the aggregate notional fixed basis costs associated with Birchcliff's financial NYMEX HH/AECO 7A basis swap contracts in the period.

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	
($000s)	2026	2025	2026	2025
P&NG revenue	120,446	101,084	386,324	352,019
Royalty expense	(5,432)	(777)	(15,600)	(10,755)
Operating expense	(13,882)	(13,212)	(40,688)	(39,522)
Transportation and other expense	(30,533)	(33,059)	(88,249)	(93,414)
Operating netback – Pouce Coupe assets	70,599	54,036	241,787	208,328
P&NG revenue	66,701	48,542	198,050	162,992
Royalty expense	(6,498)	(3,157)	(18,995)	(14,955)
Operating expense	(7,670)	(6,757)	(22,438)	(22,105)
Transportation and other expense	(10,244)	(10,104)	(28,735)	(29,459)
Operating netback – Gordondale assets	42,289	28,524	127,882	96,473
P&NG revenue	190,028	149,628	588,285	515,334
Royalty expense	(12,087)	(3,934)	(34,812)	(25,741)
Operating expense	(22,870)	(20,018)	(64,893)	(61,897)
Transportation and other expense	(41,292)	(43,164)	(117,683)	(122,925)
Operating netback – Corporate	113,779	82,512	370,897	304,771

Non-GAAP Ratios

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, during 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 during 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.

Total Debt to Adjusted Funds Flow Ratio

Birchcliff calculates "total debt to adjusted funds flow ratio" as total debt at the end of the period divided by adjusted funds flow at the end of the period (as determined on a trailing twelve-month basis). Management believes that total debt to adjusted funds flow ratio assists management and investors in assessing Birchcliff's overall debt position in respect of cash generated in the preceding twelve-month period and the strength of the Corporation's balance sheet. Birchcliff uses this ratio in its capital allocation decisions, including capital spending levels, returns to shareholders and other financial considerations.

As at *($000s)*	September 30, 2026	September 30, 2025
Total debt	466,604	519,467
Adjusted funds flow[(1)]	466,843	377,867
Total debt to adjusted funds flow ratio	1.0x	1.4x

(1) Determined on a trailing twelve-month 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.

Effective Average Realized Natural Gas Sales Price

Birchcliff calculates "effective average realized natural gas sales price" as effective total natural gas sales divided by the effective natural gas production during the period. Management believes that disclosing the effective average realized natural gas sales price assists management and investors in comparing Birchcliff's natural gas price realizations on a per unit 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

Total Debt and Adjusted Working Capital

Birchcliff calculates "total debt" at the end of the period 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 discounted liabilities. The current portion of other discounted 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 Corporation's Credit Facilities and working capital surplus, as determined in accordance with GAAP, to total debt and adjusted working capital surplus, respectively, for the periods indicated:

As at *($000s)*	September 30, 2026	December 31, 2025	September 30, 2025
Revolving term credit facilities	475,320	508,340	522,712
Working capital surplus[1]	(7,890)	(60,775)	(21,689)
Fair value of financial instruments – asset[2]	14,303	27,512	32,604
Other liabilities[2]	(15,129)	(15,129)	(14,160)
Adjusted working capital surplus	(8,716)	(48,392)	(3,245)
Total debt	466,604	459,948	519,467

(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

"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 (which includes the capitalized portion of any cash incentive payments that have been approved by the Board) and excludes any acquisitions, dispositions and administrative assets. 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;
- the information set forth under the heading *"2026 Guidance*" and elsewhere in this MD&A regarding Birchcliff's guidance for 2026, including: forecasts of annual and Q4 average production, production commodity mix, average expenses, adjusted funds flow, F&D capital expenditures, free funds flow, total debt and total debt to adjusted funds flow ratio at year end, natural gas market exposure and the expected impact of changes in commodity prices and the CDN/US exchange rate on Birchcliff's forecast of free funds flow;
- 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 proposed Productivity Mega Deduction announced by the Department of Finance and Birchcliff's expectation that the legislation, if enacted substantially as proposed, will have a favorable impact on the Corporation's future cash income tax position, potentially extending the period before the Corporation becomes subject to cash income taxes;
- 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 and available Credit Facilities will be sufficient to fund its ongoing capital requirements in 2026 and into 2027, 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; that Birchcliff's capital allocation strategy prioritizes maintaining a strong balance sheet and targets a total debt to adjusted funds flow ratio of less than 1.0 times; that this target allows the Corporation to monitor its liquidity in light of operating and capital budgeting decisions, withstand price volatility and capitalize on opportunities throughout the commodity price cycle; that Birchcliff continues to monitor the financial strength of its marketers; 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;
- future accounting policies that will be adopted by the Corporation; and
- that Birchcliff anticipates the forward-looking non-GAAP financial measure for adjusted funds flow disclosed herein will be higher than its respective historical amount, primarily due to higher anticipated production and benchmark oil prices, which are expected to increase the average realized sales price the Corporation receives for its liquids production; and that Birchcliff anticipates the forward-looking non-GAAP financial measure for free funds flow disclosed herein will be lower than its respective historical amount, primarily due to higher anticipated F&D capital expenditures.

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; tariffs and trade policies; the regulatory framework regarding royalties, taxes, environmental, climate change and other laws; the Corporation's ability to comply with existing and future laws; future cash flow, debt and dividend levels; future operating, transportation, G&A and other expenses; Birchcliff's ability to access capital and obtain financing on acceptable terms; the timing and amount of capital expenditures and the sources of funding for capital expenditures and other activities; the sufficiency of budgeted capital expenditures to carry out planned operations; the successful and timely implementation of capital projects and the timing, location and extent of future drilling and other operations; results of operations; Birchcliff's ability to continue to develop its assets and obtain the anticipated benefits therefrom; the performance of existing and future wells; reserves volumes and Birchcliff's ability to replace and expand reserves through acquisition, development or exploration; the impact of competition on Birchcliff; the availability of, demand for and cost of labour, services and materials; the approval of the Board of future dividends; the ability to obtain any necessary regulatory or other approvals in a timely manner; the satisfaction by third parties of their obligations to Birchcliff; the ability of Birchcliff to

secure adequate processing and transportation for its products; Birchcliff's ability to successfully market natural gas and liquids; the results of the Corporation's risk management and market diversification activities; and Birchcliff's natural gas market exposure. In addition to the foregoing assumptions, Birchcliff has made the following assumptions with respect to certain forward-looking statements contained in this MD&A:

- With respect to Birchcliff's 2026 guidance (as updated on November 12, 2026), such guidance is based on the commodity price, exchange rate and other assumptions set forth under the heading *"2026 Guidance".* In addition:
    - Birchcliff's production guidance assumes that: the 2026 capital program will be carried out as currently contemplated; no unexpected outages occur in the infrastructure that Birchcliff relies on to produce its wells and that any transportation service curtailments or unplanned outages that occur will be short in duration or otherwise insignificant; the construction of new infrastructure meets timing and operational expectations; existing wells continue to meet production expectations; and future wells scheduled to come on production meet timing, production and capital expenditure expectations.
    - Birchcliff's forecast of F&D capital expenditures assumes that the 2026 capital program will be carried out as currently contemplated and excludes any potential acquisitions, dispositions and the capitalized portion of cash incentive payments that have not been approved by the Board. The amount and allocation of capital expenditures for exploration and development activities by area and the number and types of wells to be drilled and brought on production is dependent upon results achieved and is subject to review and modification by management on an ongoing basis throughout the year. Actual spending may vary due to a variety of factors, including commodity prices, economic conditions, results of operations and costs of labour, services and materials.
    - Birchcliff's forecasts of adjusted funds flow and free funds flow assume that: the 2026 capital program will be carried out as currently contemplated and the level of capital spending for 2026 set forth herein is met; and the forecasts of production, production commodity mix, expenses and natural gas market exposure and the commodity price and exchange rate assumptions set forth herein are met. Birchcliff's forecast of adjusted funds flow takes into account its financial basis swap contracts outstanding as at November 2, 2026 and excludes cash incentive payments that have not been approved by the Board.
    - Birchcliff's forecasts of year-end total debt and total debt to adjusted funds flow ratio assume that: (i) the forecasts of adjusted funds flow and free funds flow are achieved, with the level of capital spending for 2026 met and the payment of an annual base dividend of approximately $33 million; (ii) any free funds flow remaining after the payment of dividends, asset retirement obligations and other amounts for administrative assets, financing fees and capital lease obligations is allocated towards debt reduction; and (iii) there are no buybacks of common shares, no significant acquisitions or dispositions completed by the Corporation, no equity issuances and no further proceeds received from the exercise of stock options during 2026. The forecast of total debt excludes cash incentive payments that have not been approved by the Board.
    - Birchcliff's forecast of its natural gas market exposure assumes: (i) 175,000 GJ/d being sold on a physical basis at the Dawn price; and (ii) 70,000 MMBtu/d being contracted on a financial basis at an average fixed basis differential price between AECO 7A and NYMEX HH of US$0.96/MMBtu. Birchcliff's natural gas market exposure takes into account its financial basis swap contracts outstanding as at November 2, 2026.

Birchcliff's actual results, performance or achievements could differ materially from those anticipated in the forward-looking statements as a result of both known and unknown risks and uncertainties including, but not limited to: general economic, market and business conditions which will, among other things, impact the demand for and market prices of Birchcliff's products and Birchcliff's access to capital; volatility of crude oil and natural gas prices; fluctuations in commodity prices and exchange, interest and inflation rates; risks associated with increasing costs; an inability of Birchcliff to generate sufficient cash flow from operations to meet its current and future obligations; an inability to access sufficient capital from internal and external sources on terms acceptable to the Corporation; risks associated with Birchcliff's Credit Facilities, including a failure to comply with covenants under the agreement governing the Credit Facilities and the risk that the borrowing base limit may be redetermined; fluctuations in the costs of borrowing; operational risks and liabilities inherent in oil and natural gas operations; the risk that weather events such as wildfires, flooding, droughts or extreme hot or cold temperatures forces the Corporation to shut-in production or otherwise

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

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, 2025 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, 2026	December 31, 2025
ASSETS		
Current assets:		
Cash	95	35
Accounts receivable	91,601	94,818
Prepaid expenses and deposits	26,627	20,684
Financial instruments *(Note 14)*	14,303	27,512
	132,626	143,049
Non-current assets:		
Investments	12,334	9,082
Property, plant and equipment *(Note 4)*	3,384,097	3,267,998
Financial instruments *(Note 14)*	13,709	15,114
	3,410,140	3,292,194
Total assets	3,542,766	3,435,243
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	109,607	67,145
Other liabilities *(Note 10)*	15,129	15,129
	124,736	82,274
Non-current liabilities:		
Revolving term credit facilities *(Note 5)*	475,320	508,340
Decommissioning obligations *(Note 6)*	106,182	103,086
Deferred income taxes	426,607	397,796
Other liabilities *(Note 10)*	90,962	98,836
	1,099,071	1,108,058
Total liabilities	1,223,807	1,190,332
SHAREHOLDERS' EQUITY		
Share capital *(Note 7)*	1,459,291	1,459,665
Contributed surplus	119,246	113,284
Retained earnings	740,422	671,962
Total shareholders' equity	2,318,959	2,244,911
Total shareholders' equity and liabilities	3,542,766	3,435,243

Subsequent events (Notes 7 and 14)

Commitments and contingencies (Note 15)

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	
	2026	2025	2026	2025
Petroleum and natural gas revenue *(Note 9)*	190,028	149,628	588,285	515,334
Marketing revenue *(Note 9)*	(2,336)	519	3,951	17,955
Royalties	(12,087)	(3,934)	(34,812)	(25,741)
Realized gain on financial instruments	8,049	23,503	34,141	61,718
Unrealized loss on financial instruments	(13,252)	(34,588)	(14,614)	(55,129)
Other income	12	16	44	56
	170,414	135,144	576,995	514,193
EXPENSES				
Operating	22,870	20,018	64,893	61,897
Transportation	38,947	40,567	114,893	118,196
Marketing purchases *(Note 9)*	9	3,116	6,741	22,684
Administrative, net	11,374	9,378	33,510	30,473
Depletion and depreciation *(Note 4)*	72,447	67,234	206,233	193,986
Finance (*Note 11*)	10,240	12,496	31,539	38,517
Other (gains) losses	270	-	(2,797)	648
	156,157	152,809	455,012	466,401
Net income (loss) before taxes	14,257	(17,665)	121,983	47,792
Deferred income tax (expense) recovery	(3,853)	3,540	(28,811)	(10,085)
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)	10,404	(14,125)	93,172	37,707
Net income (loss) per common share *(Note 8)*				
Basic	$0.04	($0.05)	$0.34	$0.14
Diluted	$0.04	($0.05)	$0.34	$0.14

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, 2024	1,443,587	111,576	639,852	2,195,015
Issuance of common shares	8,434	(2,515)	-	5,919
Dividends on common shares	-	-	(24,523)	(24,523)
Purchase of performance warrants	336	(1,478)	-	(1,142)
Stock-based compensation	-	5,548	-	5,548
Net income and comprehensive income	-	-	37,707	37,707
As at September 30, 2025	1,452,357	113,131	653,036	2,218,524
As at December 31, 2025	1,459,665	113,284	671,962	2,244,911
Issuance of common shares *(Notes 7 and 12)*	6,497	(1,587)	-	4,910
Repurchase of common shares *(Note 7)*	(6,871)	-	-	(6,871)
Dividends on common shares *(Note 7)*	-	-	(24,712)	(24,712)
Stock-based compensation *(Note 12)*	-	7,549	-	7,549
Net income and comprehensive income	-	-	93,172	93,172
As at September 30, 2026	1,459,291	119,246	740,422	2,318,959

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	
	2026	2025	2026	2025
Cash provided by (used in):				
OPERATING				
Net income (loss)	10,404	(14,125)	93,172	37,707
Adjustments for items not affecting operating cash:				
Unrealized loss on financial instruments *(Note 14)*	13,252	34,588	14,614	55,129
Depletion and depreciation *(Note 4)*	72,447	67,234	206,233	193,986
Other compensation	1,403	1,059	4,157	3,124
Accretion *(Note 11)*	1,582	1,460	4,641	4,217
Amortization of deferred financing fees *(Note 11)*	425	425	1,275	1,133
Other (gains) losses	270	-	(2,797)	648
Deferred income tax expense (recovery)	3,853	(3,540)	28,811	10,085
Decommissioning expenditures *(Note 6)*	(1,004)	(1,154)	(2,123)	(2,120)
Changes in non-cash working capital	(11,069)	(7,441)	(2,747)	10,311
	91,563	78,506	345,236	314,220
FINANCING				
Issuance of common shares *(Note 7)*	193	1,501	4,910	5,919
Repurchase of common shares *(Note 7)*	-	-	(6,871)	-
Purchase of performance warrants	-	-	-	(1,142)
Financing fees paid	-	-	(1,700)	(1,700)
Payment on lease liabilities *(Note 10)*	(3,115)	(2,901)	(9,036)	(8,398)
Dividends on common shares *(Note 7)*	(8,234)	(8,194)	(24,712)	(24,523)
Net change in revolving term credit facilities *(Note 5)*	15,663	(6,373)	(32,595)	(43,578)
	4,507	(15,967)	(70,004)	(73,422)
INVESTING				
Exploration and development *(Note 4)*	(87,420)	(71,495)	(315,970)	(256,577)
Acquisitions *(Note 4)*	-	(250)	-	(250)
Dispositions *(Note 4)*	-	-	50	-
Administrative assets *(Note 4)*	(270)	(148)	(1,280)	(1,254)
Investments	(99)	(373)	(455)	(461)
Changes in non-cash working capital	(8,312)	9,762	42,483	17,760
	(96,101)	(62,504)	(275,172)	(240,782)
Net change in cash	(31)	35	60	16
Cash, beginning of period	126	31	35	50
CASH, END OF PERIOD	95	66	95	66

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

BIRCHCLIFF ENERGY LTD.
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2026

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 – 3rd 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 12, 2026.

2. BASIS OF PREPARATION

These unaudited interim condensed 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 audited annual financial statements for the year ended December 31, 2025. Certain information and disclosures normally required to be included in the notes to the audited annual 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 audited annual financial statements and the notes thereto for the year ended December 31, 2025.

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

IFRS 9: Financial Instruments and IFRS 7: Financial Instruments: Disclosures

Effective January 1, 2026, Birchcliff adopted amendments to IFRS 9 and IFRS 7, which clarify the date of recognition and derecognition of financial assets and liabilities. The adoption of these amendments did not have a material impact on Birchcliff's financial statements.

IFRS 18: Presentation and Disclosure of Financial Statements

In April 2024, the IASB issued IFRS 18, which will replace IAS 1: *Presentation of Financial Statements* that outlines requirements for entities applying IFRS Accounting Standards for the presentation and disclosure of information in the financial statements. The new standard will require: (i) the classification of income and expenses into specified categories of operating, investing, and financing activities; (ii) defined subtotals including operating profit; and (iii) disclosures on the Corporation's management-defined performance measures in the notes to the financial statements. The new standard also provides guidance on aggregation and disaggregation of expenses. The standard is effective for annual reporting periods beginning on or after January 1, 2027, with earlier adoption permitted, and it must be adopted on a retrospective basis. The Corporation has commenced the identification of management-defined performance measures and performed an initial mapping of the Statement of Income (Loss) to the operating, investing, and financing categories under IFRS 18. The Corporation expects the primary impact on the Statement of Cash Flows to be the reclassification of finance expenses from operating to financing activities. Birchcliff is continuing to evaluate the impact of adopting IFRS 18 on its financial statements.

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	Administrative Assets	Total
Cost:					
As at December 31, 2024	406	5,309,756	134,570	30,131	5,474,863
Additions	-	308,410	532	1,605	310,547
Acquisitions	-	281	-	-	281
As at December 31, 2025	406	5,618,447	135,102	31,736	5,785,691
Additions	-	321,102	-	1,280	322,382
Dispositions	-	(50)	-	-	(50)
As at September 30, 2026[1]	406	5,939,499	135,102	33,016	6,108,023
Accumulated depletion and depreciation:					
As at December 31, 2024	-	(2,213,869)	(17,983)	(24,505)	(2,256,357)
Depletion and depreciation expense[2]	-	(246,539)	(12,953)	(1,844)	(261,336)
As at December 31, 2025	-	(2,460,408)	(30,936)	(26,349)	(2,517,693)
Depletion and depreciation expense[2]	-	(195,041)	(9,715)	(1,477)	(206,233)
As at September 30, 2026	-	(2,655,449)	(40,651)	(27,826)	(2,723,926)
Net book value:					
As at December 31, 2025	406	3,158,039	104,166	5,387	3,267,998
As at September 30, 2026	406	3,284,050	94,451	5,190	3,384,097

(1) The Corporation's PP&E were 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 $4.4 billion at September 30, 2026 (December 31, 2025 – $4.6 billion) and are included in the depletion expense calculation.

Impairment Assessment

At September 30, 2026 and December 31, 2025, Birchcliff determined that there were no 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, 2026	December 31, 2025
Syndicated credit facility	473,410	496,347
Working capital facility	6,302	15,960
Drawn revolving term credit facilities	479,712	512,307
Unamortized deferred financing fees	(4,392)	(3,967)
Revolving term credit facilities[1]	475,320	508,340

(1) The Credit Facilities (as defined herein) 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. The agreement governing the Credit Facilities also contains provisions that give the lenders the right to redetermine the borrowing base in certain circumstances. 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.

At September 30, 2026, the aggregate principal amount of the Corporation's revolving term credit facilities was $850 million which were comprised of: (i) a syndicated extendible revolving term credit facility (the "Syndicated Credit Facility") of $750 million; and (ii) an extendible revolving working capital facility (the "Working Capital Facility") of $100 million (collectively, the "Credit Facilities"). 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 $344.0 million at September 30, 2026 (December 31, 2025 – $306.3 million). A reconciliation of the decommissioning obligations is set forth below:

As at *($000s)*	September 30, 2026	December 31, 2025
Balance, beginning	103,086	101,946
Obligations incurred	3,447	2,581
Changes in estimated future cash flows[1]	(2,025)	(2,636)
Accretion	3,797	4,435
Decommissioning expenditures	(2,123)	(3,240)
Balance, ending	106,182	103,086

(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 2.32% and a discount nominal risk-free rate of 4.30% to calculate the present value of the decommissioning obligations at September 30, 2026, and an inflation rate of 1.98% and a discount nominal risk-free rate of 3.85% at December 31, 2025.

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, 2026	December 31, 2025
Outstanding at beginning of period	274,797	271,304
Issuance of common shares[1]	826	3,493
Repurchase of common shares[2]	(1,157)	-
Outstanding at end of period	274,466	274,797

(1) Relates to the exercise of stock options during the period.

(2) On November 20, 2025, 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 26,769,197 of its outstanding common shares over a period of twelve months commencing on November 27, 2025 and terminating no later than November 26, 2026. 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 or by such other means as may be permitted by the Canadian Securities Administrators and under applicable securities laws, including by private agreement pursuant to issuer bid exemption orders issued by applicable securities regulatory authorities. Any purchase made pursuant to a private agreement under an exemption order issued by a securities regulatory authority will be at a discount to the prevailing market price. 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 252,391 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, 2026, the Corporation purchased and cancelled 1,156,655 common shares pursuant to the NCIB at an average price of $5.93 per common share for an aggregate cost of $6.9 million, before fees.

Dividends

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

	Three months ended September 30		Nine months ended September 30	
	2026	2025	2026	2025
Dividends on common shares *($000s)*	8,234	8,194	24,712	24,523
Per common share *($)*	0.03	0.03	0.09	0.09

On August 12, 2026, the Board declared a quarterly cash dividend of $0.03 per common share for the quarter ended September 30, 2026. The dividend was paid on September 29, 2026 to shareholders of record at the close of business on September 15, 2026.

On November 12, 2026, the Board declared a quarterly cash dividend of $0.03 per common share for the quarter ending December 31, 2026. The dividend will be payable on December 31, 2026 to shareholders of record at the close of business on December 15, 2026.

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

8. EARNINGS 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	
	2026	2025	2026	2025
Net income (loss) to common shareholders *($000s)*	10,404	(14,125)	93,172	37,707
Weighted average basic common shares outstanding *(000s)*	274,454	273,095	274,647	272,357
Dilutive securities *(000s)*	937	-	1,291	1,430
Weighted average diluted common shares outstanding *(000s)*[1]	275,391	273,095	275,938	273,787
Per basic common share	$0.04	($0.05)	$0.34	$0.14
Per diluted common share	$0.04	($0.05)	$0.34	$0.14

(1) For the three and nine months ended September 30, 2026, the weighted average diluted common shares outstanding excludes 14,662,317 and 11,141,034 stock options that were anti-dilutive, respectively. As the Corporation reported a net loss for the three months ended September 30, 2025, all dilutive securities were considered anti-dilutive and therefore basic and diluted weighted average common shares outstanding were the same at the end of the period. For the nine months ended September 30, 2025, the weighted average diluted common shares outstanding excluded 14,414,365 stock options that were anti-dilutive.

9. REVENUE

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

	Three months ended September 30		Nine months ended September 30	
($000s)	2026	2025	2026	2025
Light oil	13,790	11,691	40,608	38,978
Condensate[1]	56,747	46,793	160,227	126,949
NGLs[2]	19,870	12,667	55,678	44,883
Natural gas	99,611	78,471	331,738	304,496
P&NG sales[3]	190,018	149,622	588,251	515,306
Royalty income	10	6	34	28
P&NG revenue	190,028	149,628	588,285	515,334
Marketing revenue[4]	(2,336)	519	3,951	17,955
Revenue from contracts with customers	187,692	150,147	592,236	533,289

(1) Consists of pentanes plus.

(2) Consists of ethane, propane and butane.

(3) Included in accounts receivable at September 30, 2026, was $79.4 million (September 30, 2025 – $49.7 million) in P&NG sales to be received from its marketers in respect of September 2026 production, which was subsequently received in October 2026.

(4) 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 periods 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, 2026, the Corporation had marketing purchases from third parties of $0.01 million and $6.7 million, respectively (September 30, 2025 – $3.1 million and $22.7 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 at September 30, 2026 (December 31, 2025 – $9.3 million).

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

As at *($000s)*	September 30, 2026	December 31, 2025
Balance, beginning	3,603	3,095
Obligations incurred[1]	318	416
Accretion	80	92
Balance, ending[2]	4,001	3,603
Current portion	3,126	3,126
Long-term portion	875	477

(1) Represents the 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, 2026 and December 31, 2025.

Lease Obligations

The Corporation's total undiscounted (inflated) amount of cash flow required to settle its lease obligations was approximately $134.5 million at September 30, 2026 (December 31, 2025 – $149.6 million) and is expected to be settled no later than 2035.

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

As at *($000s)*	September 30, 2026	December 31, 2025
Balance, beginning	110,362	120,076
Additions	-	533
Lease interest expense	5,721	8,835
Lease payments	(14,757)	(20,186)
Accretion	764	1,104
Balance, ending	102,090	110,362
Current portion	12,003	12,003
Long-term portion	90,087	98,359

11. FINANCE EXPENSE

The components of finance expenses are set forth below:

	Three months ended September 30		Nine months ended September 30	
($000s)	2026	2025	2026	2025
Cash:				
Interest on Credit Facilities	6,638	8,415	19,902	26,465
Lease interest expense	1,595	2,196	5,721	6,702
Non-cash:				
Accretion[1]	1,582	1,460	4,641	4,217
Amortization of deferred financing fees	425	425	1,275	1,133
Finance expense	10,240	12,496	31,539	38,517

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

12. SHARE-BASED PAYMENT

Stock Options

At September 30, 2026, the Corporation's stock option plan (the "Option Plan") permitted the grant of options in respect of a maximum of 27,446,580 (September 30, 2025 – 27,313,276) common shares. At September 30, 2026, there remained 3,201,856 (September 30, 2025 - 6,184,326) stock options available for issuance. For the stock options exercised during the nine months ended September 30, 2026, the weighted average common share trading price on the TSX was $6.68 (September 30, 2025 – $6.16) per common share.

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

	Three months ended September 30				Nine months ended September 30			
	2026		2025		2026		2025	
	Number	Price *($)*[1]	Number	Price *($)*[1]	Number	Price *($)*[1]	Number	Price *($)*[1]
Outstanding, beginning	24,395,975	6.97	21,603,134	6.49	25,115,468	6.94	23,656,768	6.25
Granted[2]	12,600	6.47	79,800	6.76	298,400	6.67	191,200	6.71
Exercised	(36,017)	(5.38)	(248,317)	(6.04)	(825,760)	(5.95)	(1,829,251)	(3.24)
Forfeited	(50,534)	(6.32)	(184,201)	(5.98)	(154,584)	(6.49)	(552,436)	(6.12)
Expired	(77,300)	(8.30)	(121,466)	(8.19)	(188,800)	(8.11)	(337,331)	(8.00)
Outstanding, ending	24,244,724	6.97	21,128,950	6.49	24,244,724	6.97	21,128,950	6.49

(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, 2026 was $1.89 (September 30, 2025 – $2.15). In determining the stock-based compensation expense for options issued during the three months ended September 30, 2026, the Corporation applied a weighted average estimated forfeiture rate of 6.7% (September 30, 2025 – 7.0%).

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

Three months ended	September 30, 2026	September 30, 2025
Risk-free interest rate	3.2%	2.9%
Expected life *(years)*	4.1	4.0
Expected volatility	37.8%	42.1%
Dividend yield	1.9%	1.8%

A summary of the stock options outstanding and exercisable under the Option Plan at September 30, 2026 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 *($)*
4.59	6.00	5,317,289	3.19	5.13	1,674,585	3.14	5.14
6.01	9.00	14,001,435	2.53	6.82	6,588,912	1.10	6.39
9.01	11.65	4,926,000	1.18	9.37	4,926,000	1.18	9.37
		24,244,724	2.40	6.97	13,189,497	1.39	7.35

13. CAPITAL MANAGEMENT

The Corporation's 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 fund 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, 2026.

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

As at *($000s)*	September 30, 2026	December 31, 2025
Maximum borrowing base limit		
Revolving term credit facilities *(Note 5)*	850,000	850,000
Principal amount utilized:		
Revolving term credit facilities	(475,320)	(508,340)
Unamortized deferred financing fees	(4,392)	(3,967)
Outstanding letters of credit	(1,004)	(185)
	(480,716)	(512,492)
Unused credit	369,284	337,508

The capital structure of the Corporation is as follows:

As at *($000s)*	September 30, 2026	December 31, 2025	% Change
Total shareholders' equity	2,318,959	2,244,911	3%
Total shareholders' equity as a % of total capital	83%	83%	
Revolving term credit facilities	475,320	508,340	
Working capital surplus[1]	(7,890)	(60,775)	
Fair value of financial instruments - asset[2]	14,303	27,512	
Other liabilities[2]	(15,129)	(15,129)	
Adjusted working capital surplus[3]	(8,716)	(48,392)	
Total debt	466,604	459,948	1%
Total debt as a % of total capital	17%	17%	
Total capital	2,785,563	2,704,859	3%

(1) Current liabilities less current assets.

(2) Reflects the current portion only.

(3) Represents items related to the day-to-day operations of Birchcliff and excludes the current portion of financial instruments and other discounted liabilities 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, 2026, 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, 2026, Birchcliff had the following financial derivative contracts in place to manage commodity price risk:

Product	Type of Contract	Notional Quantity	Remaining Term[1]	Contract Price	Asset *($000s)*
Natural gas	AECO 7A basis swap[2]	10,000 MMBtu/d	Oct. 1, 2026 – Dec. 31, 2026	NYMEX HH less US$0.895/MMBtu	1,115
Natural gas	AECO 7A basis swap[2]	40,000 MMBtu/d	Oct. 1, 2026 – Dec. 31, 2026	NYMEX HH less US$0.979/MMBtu	4,013
Natural gas	AECO 7A basis swap[2]	20,000 MMBtu/d	Oct. 1, 2026 – Dec. 31, 2026	NYMEX HH less US$0.960/MMBtu	2,054
Natural gas	AECO 7A basis swap[2]	25,000 MMBtu/d	Jan. 1, 2027 – Dec. 31, 2027	NYMEX HH less US$0.788/MMBtu	10,190
Natural gas	AECO 7A basis swap[2]	20,000 MMBtu/d	Jan. 1, 2030 – Dec. 31, 2031	NYMEX HH less US$1.090/MMBtu	8,525
Natural gas	AECO 7A basis swap[2]	5,000 MMBtu/d	Jan. 1, 2030 – Dec. 31, 2031	NYMEX HH less US$1.090/MMBtu	2,115
				Fair value	28,012

(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, 2026, 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, 2026 would have changed by approximately $3.4 million.

The following financial derivative contracts were entered into subsequent to September 30, 2026 to manage commodity price risk:

Product	Type of Contract	Notional Quantity	Remaining Term[1]	Contract Price
Natural gas	AECO 7A basis swap[2]	20,000 MMBtu/d	Jan. 1, 2027 – Dec. 31, 2027	NYMEX HH less US$1.558/MMBtu
Natural gas	AECO 7A basis swap[2]	5,000 MMBtu/d	Jan. 1, 2027 – Dec. 31, 2027	NYMEX HH less US$1.550/MMBtu
Natural gas	AECO 7A basis swap[2]	7,500 MMBtu/d	Jan. 1, 2027 – Dec. 31, 2027	NYMEX HH less US$1.502/MMBtu

(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.

Physical Delivery Contracts

Birchcliff also enters into physical delivery contracts to manage commodity price risk. These contracts are considered normal executory sales contracts and are not recorded at fair value through profit or loss.

At September 30, 2026, the Corporation had physical natural gas delivery sales contracts to the Malin hub in Oregon for 35,000 MMBtu/d of service, with a term from January 1, 2027 to December 31, 2030. Malin sales are indexed to the NGI Malin monthly index benchmark price and will be realized net of any transportation tolls and fixed costs.

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, 2026.

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 U.S. 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 September 30, 2026.

15. COMMITMENTS AND CONTINGENCIES

The Corporation enters into contracts and commitments in the normal course of operations. The following table lists Birchcliff's commitments at September 30, 2026:

($000s)	2026	2027	2028 - 2030	Thereafter
Firm transportation and fractionation[1]	44,199	159,176	255,798	205,839
Natural gas processing[2]	4,687	17,155	51,512	34,357
Capital commitments[3]	3,830	4,374	7,290	-
Other lease commitments[4]	870	3,481	8,557	10,845
Operating commitments[5]	544	2,174	6,523	8,879
Commitments	54,130	186,360	329,680	259,920

(1) Includes firm transportation service arrangements and fractionation commitments with third parties.

(2) Comprised of natural gas processing commitments at third-party facilities.

(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.

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

Chris Carlsen
President and Chief Executive Officer,
Director

Dennis Dawson
Independent Lead Director

Debra Gerlach
Independent Director

Stacey McDonald
Independent Director

Cameron Proctor
Independent Director

Rebecca Schulz
Independent Director

James Surbey
Independent Director

MANAGEMENT

Gates Aurigemma
Manager, General Accounting

Jordon Cheung
Drilling Manager

Jesse Doenz
Controller

Ryan Gugyelka
Surface Land Manager

Lee Grant
Manager of Engineering

Dan Lundstrom
Health, Safety and Environment Manager

Kevin Matiasz
Completions Manager

Paul Messer
Manager of Information Technology

Tyler Murray
Mineral Land, Acquisitions and Dispositions
Manager

Tam Nguyen
Business Development and Marketing
Manager

Landon Poffenroth
Montney Asset Manager

Michelle Bourque
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

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