

BONTERRA ENERGY REPORTS FIRST QUARTER 2025 FINANCIAL AND OPERATING RESULTS

HIGHLIGHTS

As at and for the three months ended (\$000s except \$ per share)		March 31, 2025	December 31, 2024	March 31, 2024
FINANCIAL				
Revenue - realized oil and gas sales		70,690	69,699	68,589
Funds flow ⁽¹⁾		27,635	30,100	27,018
Per share - basic		0.74	0.81	0.73
Per share - diluted		0.73	0.81	0.72
Cash flow from operations		29,614	28,587	21,654
Per share - basic		0.79	0.77	0.58
Per share - diluted		0.78	0.77	0.58
Net earnings (loss) ⁽²⁾		(7,610)	(2,213)	848
Per share - basic		(0.20)	(0.06)	0.02
Per share - diluted		(0.20)	(0.06)	0.02
Capital expenditures		32,450	22,438	32,924
Oil and gas property acquisition ⁽³⁾		-	-	24,234
Total assets		978,798	975,043	984,464
Net debt ⁽⁴⁾		186,102	167,210	176,360
Bank debt		24,209	46,211	38,688
Shareholders' equity		533,830	540,639	529,605
OPERATIONS				
Light oil	-bbl per day	6,546	6,588	6,622
	-average price (\$ per bbl)	91.22	92.11	88.96
NGLs	-bbl per day	1,679	1,625	1,468
	-average price (\$ per bbl)	45.39	48.97	46.08
Conventional natural gas	-MCF per day	46,390	44,436	36,594
	-average price (\$ per MCF)	2.42	1.60	2.65
Total BOE per day		15,957	15,619	14,189

⁽¹⁾ Funds flow, while not recognized under IFRS®, is used by management to assess the Company's ability to generate cash from operations. For these purposes, the Company defines funds flow as funds provided by operations including proceeds from sale of investments and investment income received excluding the effects of changes in non-cash working capital items and decommissioning expenditures settled.

⁽²⁾ Net loss for the three months ended March 31, 2025, primarily reflects a one-time debt extinguishment cost of \$11.6 million.

⁽³⁾ On March 1, 2024, the Company acquired the Charlie Lake Assets for cash consideration of \$23.6 million and \$0.3 million in non-core mineral rights, including closing adjustments. The Charlie Lake Assets has been accounted for as an asset acquisition, which resulted in an increase of \$24.2 million in PP&E and the assumption of \$0.3 million in decommissioning liabilities.

⁽⁴⁾ Net debt is not a recognized measure under IFRS. The Company defines net debt as current liabilities less current assets plus long-term bank debt, subordinated debentures, subordinated term debt and subordinated notes.

⁽⁵⁾ BOE may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 MCF: 1 bbl is based on an energy conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.



Bonterra Energy Announces First Quarter 2025 Results and Operations Update

The Company Achieves Record Production, Completes Balance Sheet Refinancing, Announces an Increase to First Lien Revolving Credit Facility and Subsequent to Quarter End Delivers its Highest Rate Charlie Lake Wells to Date

May 15, 2025 | CALGARY, ALBERTA - Bonterra Energy Corp. (TSX: BNE) ("Bonterra" or the "Company") is pleased to announce its financial and operating results for the three-month period ended March 31, 2025. The related unaudited condensed financial statements and notes for the first quarter, as well as management's discussion and analysis ("MD&A"), are available on SEDAR+ at www.sedarplus.ca and on Bonterra's website at www.bonterraenergy.com.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

As at and for the three months ended (\$000s except \$ per share)		March 31, 2025	December 31, 2024	March 31, 2024
FINANCIAL				
Revenue - realized oil and gas sales		70,690	69,699	68,589
Funds flow ⁽¹⁾		27,635	30,100	27,018
Per share - basic		0.74	0.81	0.73
Per share - diluted		0.73	0.81	0.72
Cash flow from operations		29,614	28,587	21,654
Per share - basic		0.79	0.77	0.58
Per share - diluted		0.78	0.77	0.58
Net earnings (loss) ⁽²⁾		(7,610)	(2,213)	848
Per share - basic		(0.20)	(0.06)	0.02
Per share - diluted		(0.20)	(0.06)	0.02
Capital expenditures		32,450	22,438	32,924
Oil and gas property acquisition ⁽³⁾		-	-	24,234
Total assets		978,798	975,043	984,464
Working capital deficiency		30,500	12,578	34,284
Long-term debt		155,602	137,253	142,076
Net debt ⁽⁴⁾		186,102	167,210	176,360
Bank debt		24,209	46,211	38,688
Shareholders' equity		533,830	540,639	529,605
OPERATIONS				
Light oil	-bbl per day	6,546	6,588	6,622
	-average price (\$ per bbl)	91.22	92.11	88.96
NGLs	-bbl per day	1,679	1,625	1,468
	-average price (\$ per bbl)	45.39	48.97	46.08
Conventional natural gas	-MCF per day	46,390	44,436	36,594
	-average price (\$ per MCF)	2.42	1.60	2.65
Total BOE per day		15,957	15,619	14,189

- (1) Funds flow, while not recognized under IFRS®, is used by management to assess the Company's ability to generate cash from operations. For these purposes, the Company defines funds flow as funds provided by operations including proceeds from sale of investments and investment income received excluding the effects of changes in non-cash working capital items and decommissioning expenditures settled. See "Non-IFRS and Other Financial Measures".
- (2) Net loss for the three months ended March 31, 2025, primarily reflects a one-time debt extinguishment cost of \$11.6 million.
- (3) On March 1, 2024, the Company acquired the Charlie Lake Assets for cash consideration of \$23.6 million and \$0.3 million in non-core mineral rights, including closing adjustments. The Charlie Lake Assets has been accounted for as an asset acquisition, which resulted in an increase of \$24.2 million in PP&E and the assumption of \$0.3 million in decommissioning liabilities.
- (4) Net debt is not a recognized measure under IFRS. The Company defines net debt as current liabilities less current assets plus long-term bank debt, subordinated debentures, subordinated term debt and subordinated notes. See "Non-IFRS and Other Financial Measures".
- (5) BOE may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 MCF: 1 bbl is based on an energy conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

FINANCIAL & OPERATING HIGHLIGHTS

- **Production** achieved record quarterly levels in the first quarter of 2025 averaging 15,957 BOE per day, an increase of 12 percent from the first quarter of 2024, driven by strong continued production results delivered from the Company's 2024 capital program and successful Cardium drilling and reactivation programs in the first quarter; production from the Company's latest three-well pad in the Charlie Lake contributed negligible production in the first quarter.
- **Funds flow**¹ totaled \$27.6 million (\$0.73 per diluted share) in the first quarter of 2025.
- **Field netback and cash netback**¹ averaged \$24.65 per BOE and \$19.23 per BOE, respectively, driven by Bonterra's light oil and NGL weighted production base.
- **Production costs** averaged \$17.90 per BOE reflecting an increased well reactivation program in the Cardium.
- **Capital expenditures** totaling \$32.5 million, of which approximately 70 percent represented the Company's latest three-well pad and associated battery, water disposal well, compression and pipeline infrastructure in the north region of the Company's Charlie Lake play. The remaining capital was primarily focused towards bringing online two operated Cardium oil wells and non-operated activities.
- **Debt Refinancing** completed on January 28, 2025, where the Company achieved a full balance sheet refinancing through closing a private placement offering of \$135 million of Senior Secured Second Lien Notes.
- **Minor Non-Core Asset Dispositions** included closing the sale of certain properties, which represents an exit from the province of Saskatchewan for the Company, for a total cash consideration of \$1.7 million.
- **Net debt**¹ totaled \$186.1 million as at March 31, 2025, an increase of 11 percent from Q4 2024 primarily due to a front-loaded capital program and the one-time debt restructuring costs, representing 1.3x net debt to EBITDA multiple.
- **Normal Course Issuer Bid** has been approved, subsequent to quarter end, by the Toronto Stock Exchange where the Company may purchase a maximum of 3,199,449 common shares representing 10 percent of its public float over a twelve-month period ending April 14, 2026. In the month of April, the Company purchased 106,600 common shares for cancellation.
- **First Lien Revolving Credit Facility** was extended with an increased borrowing base capacity of \$125 million subsequent to quarter end.

¹ Non-IFRS measure. See advisories later in this press release.

OPERATIONS UPDATE

Charlie Lake

The Company successfully expanded its Charlie Lake operations north of the Peace River with the drilling and completion of a three-well horizontal pad and construction of a new oil battery, pipeline and water disposal well, ahead of schedule and on budget. Production from the new three-well pad commenced subsequent to the end of the first quarter. Initial production from the three-well pad has achieved 30-day peak rates at a combined 2,650 BOE per day, including approximately 725 barrels per day of light crude oil, 125 barrels per day of natural gas liquids and 10.8 mmcf per day of conventional natural gas. These latest three wells represent the highest productivity rates to date that Bonterra has drilled. Current net production from the Charlie Lake asset is approximately 3,750 BOE per day.

Montney

The Company continues to be very encouraged with the early results from its latest Montney well, flowing unrestricted at current rates of approximately 810 BOE per day, including approximately 275 barrels per day of light crude oil, 2.7 mmcf per day of conventional natural gas and 88 barrels per day of natural gas liquids. The second Montney well has cumulatively produced 52,500 barrels of light crude oil, 334 mmcf of conventional natural gas and 12,760 barrels of natural gas liquids over a six-month period. Current net production from the Montney asset is approximately 1,330 BOE per day.

The Montney remains an important asset in the Company's portfolio for enhancing shareholder value. The Company's plan to continue to monitor the progress of production results from its Montney wells drilled to date and assess long term egress solutions over the coming quarters before allocating further capital to the Montney play remains unchanged.

STRENGTHENED FINANCIAL POSITION

Significant steps were taken to strengthen Bonterra's financial position in the first quarter. In January 2025, the Company closed a private placement offering of \$135 million Senior Secured Second Lien Notes with five-year term. Upon closing, proceeds were used to repay in full Bonterra's second lien subordinated term debt and reduce borrowings under its revolving credit facility. Following this, the Company redeemed its subordinated debentures in full in February 2025. The repayment of the Company's two tranches of subordinated debt successfully accomplished a significant business priority for Bonterra in 2025. The combination of (i) the Company's revolving first lien credit facility, syndicated by its supportive banking partners, and (ii) the new Senior Secured Second Lien Notes, provides Bonterra with a go-forward debt capital structure that is long term, simplified and more flexible in nature.

Subsequent to quarter end, Bonterra extended and increased its revolving credit facility to \$125 million, under improved terms and conditions.

These steps provide enhanced near and long term liquidity and access to capital for Bonterra to execute its business plan of developing the Cadium, Charlie Lake and Montney assets, in addition to supporting its acquisition strategy.

RETURN-OF-CAPITAL

Following the steps taken on improving the Company's debt capital structure, Bonterra, on April 11, 2025, announced that the Toronto Stock Exchange ("TSX") had accepted its notice of intention to commence a Normal Course Issuer Bid ("NCIB") program. Under the NCIB, Bonterra may purchase up to a maximum of 3,199,449 common shares, representing approximately 10 percent of the public float, until April 14, 2026. The total number of common shares permitted to be purchased is subject to a daily purchase limit of 10,953 common shares. Bonterra is of the view that its intrinsic value is not being reflected in the current share price and as such, the NCIB is designed to underpin the Company's market valuation, enhance per share metrics for shareholders and provide a source of liquidity as may be needed. In the month of April, the Company purchased 106,600 common shares for cancellation.

OUTLOOK

Bonterra's operational momentum built in 2024 has continued into 2025 through the successful execution of its first quarter capital program and associated production performance. Early results of the first quarter capital program have exceeded internal expectations and provide the Company with optionality in its capital program for the remainder of the year, accordingly the originally planned second quarter drilling program will be deferred to the second half of 2025 pending the prevailing commodity price environment.

The Company's capital guidance remains unchanged at \$65 million to \$75 million with production tracking above the upper end of guidance of 14,800 BOE per day.

Bonterra's priorities for the remainder of 2025 include the continued execution of a successful capital program to optimize production and returns, generate free funds flow to facilitate debt reduction, fund its NCIB from a debt neutral position, and continue to pursue strategic acquisitions within its core areas to enhance scale and cost efficiencies.

About Bonterra

Bonterra Energy Corp. is a conventional oil and gas corporation forging a grounded path forward for Canadian energy. Operations include a large, concentrated land position in Alberta's Pembina Cardium, one of Canada's largest oil plays. Bonterra's liquids-weighted Cardium production provides a foundation for implementing a return of capital strategy over time, which is focused on generating long-term, sustainable growth and value creation for shareholders. The emerging Charlie Lake and Montney resource plays are expected to provide enhanced optionality and an expanded potential development runway for the future. Our shares are listed on the Toronto Stock Exchange under the symbol "BNE" and we invite stakeholders to follow us on [LinkedIn](#) and [X](#) (formerly [Twitter](#)) for ongoing updates and developments.

For further information please contact:

Bonterra Energy Corp.

Patrick Oliver, President & CEO

Scott Johnston, CFO

Brad Curtis, Senior VP, Business Development

Telephone: (403) 262-5307

Fax: (403) 265-7488

Email: info@bonterraenergy.com

Cautionary Statements

This summarized news release should not be considered a suitable source of information for readers who are unfamiliar with Bonterra Energy Corp. and should not be considered in any way as a substitute for reading the full first quarter report. For the full report, please go to www.bonterraenergy.com.

Non-IFRS and Other Financial Measures

In this release, the Company refers to certain financial measures to analyze operating performance, which are not standardized measures recognized under IFRS® and do not have a standardized meaning prescribed by IFRS. These measures are commonly utilized in the oil and gas industry and are considered informative by management, shareholders and analysts. These measures may differ from those made by other companies and accordingly may not be comparable to such measures as reported by other companies. This release contains the terms "funds flow", "capital expenditures", "net debt", "net debt to EBITDA ratio", "field netback" and "cash netback" to analyze operating performance. Non-IFRS and other financial measures within this release may refer to forward-looking Non-IFRS and other financial measures and are calculated consistently with the three months ended March 31, 2025 reconciliations as outlined below.

Funds Flow

Funds flow is cash flow from operating activities including proceeds from sale of investments and investment income received excluding effects of changes in non-cash working capital items and decommissioning expenditures settled. Management considers funds flow from operations to be a key measure to assess the Company's management of capital. Funds flow is an indicator as to whether adjustments are necessary to the level of capital expenditures. For example, in periods where funds flow from operations is negatively impacted by reduced commodity pricing, capital expenditures may need to be reduced or curtailed to preserve the Company's capital. Management believes that by excluding the impact of changes in non-cash working capital, decommissioning expenditures, adjusting for interest expense in the period, and including investment income received and proceeds on sale of investments funds flow from operations provides a useful measure of Bonterra's ability to generate the funds necessary to manage the capital needs of the Company.

(\$ millions)	Three months ended	
	March 31, 2025	March 31, 2024
Cash flow from operating activities	29.6	21.7
Adjusted for:		
Changes in non-cash working capital	(0.7)	4.1
Interest expense	(4.3)	(4.4)
Interest paid	1.9	3.1
Decommissioning expenditures	1.0	1.0
Investment income received	0.1	0.1
Proceeds on sale of investments	-	1.4
Funds flow	27.6	27.0

Capital Expenditures

Management utilizes capital expenditures to measure total cash capital expenditures incurred in the period. Capital expenditures represent exploration and evaluation and property, plant and equipment expenditures in the statement of cash flows in the Company's March 31, 2025, condensed financial statements as follows:

(\$ millions)	Three months ended	
	March 31, 2025	March 31, 2024
Comprised of:		
Exploration and evaluation expenditures	0.2	0.5
Property, plant and equipment expenditures	32.3	32.4
Capital Expenditures	32.5	32.9

Net Debt and Net Debt to EBITDA Ratio

Net debt is defined as current liabilities less current assets plus long-term bank debt, subordinated debentures, subordinated term debt and subordinated notes. Net debt to EBITDA ratio is defined as net debt at the end of the period divided by EBITDA for the trailing twelve months. EBITDA is defined as net earnings excluding deferred consideration, finance costs, provision for current and deferred taxes, depletion and depreciation, share-based compensation, gain or loss on sale of assets, extinguishment of debt and unrealized gain or loss on risk management contracts. For more information about net debt or net debt to EBITDA ratio please refer to Note 10 of the March 31, 2025 condensed financial statements.

(\$ 000s)	March 31, 2025	December 31, 2024
Bank debt	24,209	46,211
Subordinated term debt ⁽¹⁾	-	35,750
Subordinated debentures	-	55,872
Subordinated notes	131,393	-
Current liabilities	61,372	61,389
Current assets	(30,872)	(32,012)
Net debt	186,102	167,210
Net earnings	\$1,745	10,203
Adjustments to net earnings:		
Unrealized gain on risk management contracts	379	1,525
Unrealized gain on sale of property	(3,557)	-
Deferred consideration	(978)	(958)
Finance costs	25,860	26,532
Share-option compensation	2,502	2,293
Depletion and depreciation	100,804	97,137
Extinguishment of debt	11,597	-
Current income tax expense	2,312	5,167
Deferred income tax expense	(1,423)	(1,513)
EBITDA (trailing twelve months)	\$139,241	140,386
Net debt to EBITDA ratio	1.3	1.2

Field and Cash Netback

Field netback is a non-IFRS financial measure, calculated as oil and gas sales, realized gain (loss) on risk management contracts less royalties and productions costs. Field netback per BOE is a non-IFRS ratio, calculated as field netback divided by total barrels of oil equivalent produced during a specific period of time. There is no comparable measure in accordance with IFRS. This metric is used by management to evaluate the Company's ability to generate cash margin on a unit of production basis.

Cash netback is a non-IFRS financial measure, calculated as field netback, proceeds on sale of investments and other income less office and administration, employee compensation, interest expense and current income taxes. Cash netback per BOE is a non-IFRS ratio, calculated as cash netback divided by total barrels of oil equivalent produced during a specific period of time. There is no comparable measure in accordance with IFRS. This metric is used by management to evaluate the Company's ability to generate cash flow from continuing corporate activities on a unit of production basis.

Field and cash netback are calculated on per unit basis as follows:

	Three months ended	
	March 31,	March 31,
(\$ millions)	2025	2024
Oil and gas sales	70.7	68.6
Realized gain (loss) on risk management contracts	0.4	0.4
Royalties	(10.0)	(9.0)
Production costs	(25.7)	(23.2)
Field Netback	35.4	36.8
Office and administration	(1.5)	(2.0)
Employee compensation	(1.9)	(1.8)
Proceeds on sale of investments	-	1.5
Interest expense less other income	(4.1)	(4.4)
Current income (tax) recovery	(0.3)	(3.1)
Cash Netback	27.6	27.0
Barrel of oil equivalent (BOE)	1,436,969	1,391,754
Field Netback (\$ per BOE)	24.65	28.45
Cash Netback (\$ per BOE)	19.23	20.91

Forward Looking Information

Certain statements contained in this release include statements which contain words such as “anticipate”, “could”, “should”, “expect”, “seek”, “may”, “intend”, “likely”, “will”, “believe” and similar expressions, relating to matters that are not historical facts, and such statements of our beliefs, intentions and expectations about development, results and events which will or may occur in the future, constitute “forward-looking information” within the meaning of applicable Canadian securities legislation and are based on certain assumptions and analysis made by us derived from our experience and perceptions. Forward-looking information in this release includes, but is not limited to: the Company’s 2025 financial and operating guidance relating to production, funds flow, free funds flow, capital expenditures and asset retirement obligations; the Company’s 2025 priorities and outlook; reserve estimates; exploration and development activities; plans to defer the second quarter drilling program; repayment of indebtedness; the Company’s return of capital strategy; oil and natural gas prices and demand; expansion and other development trends of the oil and gas industry; business strategy and outlook; expansion and growth of our business and operations; and other such matters.

All such forward-looking information is based on certain assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances. The risks, uncertainties, and assumptions are difficult to predict and may affect operations, and may include, without limitation: foreign exchange fluctuations; equipment and labour shortages and inflationary costs; general economic conditions; industry conditions; the impact on the Canadian energy industry of U.S. tariffs, changes to international trade agreements or the potential imposition of tariffs or other protectionist economic policies by the Canadian federal or provincial governments; applicable environmental, taxation and other laws and regulations as well as how such laws and regulations may limit growth or operations within the oil and gas industry; the impact of climate-related financial disclosures on financial results; the ability of the Company to raise capital, maintain its syndicated bank facility and refinance indebtedness upon maturity; the effect of weather conditions on operations and facilities; the existence of operating risks; volatility of oil and natural gas prices; oil and gas product supply and demand; risks inherent in the ability to generate sufficient cash flow from operations to meet current and future obligations; increased competition; stock market volatility; credit risks; climate change risks; cyber security; opportunities available to or pursued by us; and other factors, many of which are beyond our control. The foregoing factors are not exhaustive.

In addition, to the extent that any forward-looking information presented herein constitutes future-oriented financial information or financial outlook, as defined by applicable securities legislation, such information has been approved by management of the Company and has been presented to provide management's expectations used for budgeting and planning purposes and for providing clarity with respect to the Company's strategic direction based on the assumptions presented herein and readers are cautioned that this information may not be appropriate for any other purpose.

Actual results, performance or achievements could differ materially from those expressed in, or implied by, this forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do, what benefits will be derived therefrom. Except as required by law, Bonterra disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

The forward-looking information contained herein is expressly qualified by this cautionary statement.

Frequently recurring terms

Bonterra uses the following frequently recurring terms in this press release: "WTI" refers to West Texas Intermediate, a grade of light sweet crude oil used as benchmark pricing in the United States; "MSW Stream Index" or "Edmonton Par" refers to the mixed sweet blend that is the benchmark price for conventionally produced light sweet crude oil in Western Canada; "AECO" is the benchmark price for natural gas in Alberta, Canada; "bbl" refers to barrel; "NGL" refers to Natural gas liquids; "MCF" refers to thousand cubic feet; "MMBTU" refers to million British Thermal Units; "GJ" refers to gigajoule; and "BOE" refers to barrels of oil equivalent. Disclosure provided herein in respect of a BOE may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 MCF: 1 bbl is based on an energy conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

References in this press release to peak rates, initial production rates, test rates and 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 commence production and decline thereafter and are not indicative of long-term performance or of ultimate recovery. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production of Bonterra. The Company cautions that such results should be considered preliminary.

Numerical Amounts

The reporting and the functional currency of the Company is the Canadian dollar.

The TSX does not accept responsibility for the accuracy of this release.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following report dated May 14, 2025 is a review of the operations and current financial position for the three months ended March 31, 2025 for Bonterra Energy Corp. ("Bonterra" or "the Company") and should be read in conjunction with the unaudited condensed financial statements and the audited financial statements including the notes related thereto for the fiscal year ended December 31, 2024 presented under International Financial Reporting Standards (IFRS®), as well as Bonterra's Annual Information Form ("AIF"), each of which is filed on SEDAR+ at www.sedarplus.ca.

Bonterra's management is responsible for the integrity of the information contained in this report and for the consistency between the MD&A and financial statements. In the preparation of these financial statements, estimates are necessary to make a determination of future values for certain assets and liabilities. Management believes these estimates have been based on careful judgments and have been properly presented. The financial statements have been prepared using policies and procedures established by management and fairly reflect Bonterra's financial position and results of operations. The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS®) as issued by the International Accounting Standards Board (IASB®).

Description of Business

Bonterra Energy Corp. is one of Canada's longest-standing oil and gas exploration, development, and production companies, with a focus on its core assets in the Cardium, Charlie Lake, and emerging Montney formations within the western Canadian sedimentary basin. The Company is committed to sustainable production growth, financial resilience, and advancing toward a shareholder returns-based model through disciplined capital allocation and operational efficiency.

Bonterra plays a vital role as an economic contributor to rural and northern Alberta communities, fostering positive stakeholder relationships and upholding high standards of environmental and corporate responsibility. Bonterra's common shares are traded on the Toronto Stock Exchange ("TSX") under the symbol **BNE**.

Frequently Recurring Terms

Bonterra uses the following frequently recurring terms in this MD&A:

- "WTI" refers to West Texas Intermediate, a grade of light sweet crude oil used as benchmark pricing in the United States;
- "MSW Stream Index" or "Edmonton Par" refers to the mixed sweet blend that is the benchmark price for conventionally produced light sweet crude oil in Western Canada;
- "AECO" is the benchmark price for natural gas in Alberta, Canada;
- "bbl" refers to barrel; "NGL" refers to natural gas liquids;
- "MCF" refers to thousand cubic feet;
- "MMBTU" refers to million British Thermal Units;
- "GJ" refers to gigajoule;
- "LNG" refers to liquefied natural gas; and
- "BOE" refers to barrels of oil equivalent.

Disclosure provided herein in respect of a BOE may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 MCF: 1 bbl is based on an energy conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Numerical Amounts

The reporting and the functional currency of the Company is the Canadian dollar.

QUARTERLY COMPARISONS

	2025		2024		
As at and for the periods ended (\$ 000s except \$ per share)	Q1	Q4	Q3	Q2	Q1
Financial					
Revenue - oil and gas sales	70,690	69,699	69,204	72,465	68,589
Funds flow	27,635	30,100	30,066	31,484	27,018
Per share - basic	0.74	0.81	0.81	0.84	0.73
Per share - diluted	0.73	0.81	0.81	0.84	0.72
Cash flow from operations	29,614	28,587	31,531	33,180	21,654
Per share - basic	0.79	0.77	0.84	0.89	0.58
Per share - diluted	0.78	2.97	0.84	0.89	0.58
Net earnings (loss) ⁽¹⁾	(7,610)	(2,213)	4,258	7,310	848
Per share - basic and diluted	(0.20)	(0.06)	0.11	0.20	0.02
Capital expenditures	32,450	22,438	24,095	21,619	32,924
Oil and gas property acquisition ⁽²⁾	-	-	-	-	24,234
Total assets	978,798	975,043	982,256	984,065	984,464
Net debt	186,102	167,210	168,278	172,622	181,400
Shareholders' equity	533,830	540,639	542,344	537,498	529,605
Operations					
Light oil (barrels per day)	6,546	6,588	6,775	6,571	6,622
NGLs (barrels per day)	1,679	1,625	1,538	1,418	1,468
Conventional natural gas (MCF per day)	46,390	44,436	42,039	37,519	36,594
Total BOE per day	15,957	15,619	15,320	14,242	14,189

⁽¹⁾ Net loss for the three months ended March 31, 2025, primarily reflects a one-time debt extinguishment cost of \$11.6 million.

⁽²⁾ On March 1, 2024, the Company acquired the Charlie Lake Assets for cash consideration of \$23.6 million and \$0.3 million in non-core mineral rights, including closing adjustments. The Charlie Lake Assets has been accounted for as an asset acquisition, which resulted in an increase of \$24.2 million in PP&E and the assumption of \$0.3 million in decommissioning liabilities.

As at and for the periods ended (\$ 000s except \$ per share)	Q4	Q3	Q2	Q1
Financial				
Revenue - oil and gas sales	81,739	84,909	75,606	77,263
Funds flow	40,442	42,722	34,799	29,342
Per share - basic	1.09	1.15	0.94	0.79
Per share - diluted	1.08	1.14	0.93	0.79
Cash flow from operations	44,596	37,715	33,854	24,018
Per share - basic	1.20	1.01	0.91	0.65
Per share - diluted	1.19	1.01	0.91	0.64
Net earnings	14,973	13,486	8,844	7,640
Per share - basic	0.40	0.36	0.24	0.21
Per share - diluted	0.40	0.36	0.24	0.20
Capital expenditures	14,009	36,130	16,116	60,223
Total assets	967,870	955,484	962,021	963,890
Net debt	145,440	172,489	173,299	188,629
Shareholders' equity	528,258	512,479	498,449	488,762
Operations				
Light oil (barrels per day)	7,306	7,177	7,282	7,068
NGLs (barrels per day)	1,619	1,410	1,248	1,155
Conventional natural gas (MCF per day)	37,214	34,241	32,286	31,448
Total BOE per day	15,128	14,294	13,911	13,464

Business Environment and Sensitivities

Bonterra's financial results may be influenced by fluctuations in commodity prices, including price differentials, as well as production volumes and foreign exchange rates. The following table depicts selective market benchmark commodity prices, differentials, and foreign exchange rates in the last eight quarters to assist in understanding how past volatility has impacted the Company's financial and operating performance. The increases or decreases in Bonterra's realized average price for oil and natural gas for each of the eight quarters is also outlined in detail in the following table.

	Q1-2025	Q4-2024	Q3-2024	Q2-2024	Q1-2024	Q4-2023	Q3-2023	Q2-2023
Crude oil								
WTI (U.S.\$/bbl)	71.42	70.27	75.09	80.57	76.96	78.32	82.26	73.78
WTI to MSW Stream Index								
Differential (U.S.\$/bbl) ⁽¹⁾	(5.00)	(2.37)	(3.31)	(3.62)	(8.64)	(5.16)	(1.83)	(2.96)
Foreign exchange								
U.S.\$ to Cdn\$	1.4348	1.3991	1.3636	1.3694	1.3488	1.3619	1.3410	1.3431
Bonterra average realized oil price (Cdn\$/bbl)	91.22	92.11	94.30	102.09	88.96	97.01	104.32	93.21
Natural gas								
AECO (Cdn\$/mcf)	2.16	1.47	0.68	1.17	2.48	2.29	2.58	2.44
Bonterra average realized gas price (Cdn\$/mcf)	2.42	1.60	0.96	1.64	2.65	2.73	3.06	3.01

⁽¹⁾ This differential accounts for the majority of the difference between WTI and Bonterra's average realized price (before quality adjustments and foreign exchange).

WTI prices averaged \$71.42 USD per barrel in Q1 2025, representing a 7 percent decrease compared to Q1 2024. This decline reflects continued volatility in global supply and demand dynamics, driven by a range of macroeconomic and geopolitical factors. Notably, global supply growth and OPEC+'s decision to move forward with its planned reintroduction of supply to the market in 2025 contributed to downward pressure on prices.

In addition to movements in the WTI benchmark, the Company's realized crude oil price is influenced by the MSW Stream Index, or Edmonton Par differential (the "Differential"). In Q1 2025, the Differential averaged (\$5.00) USD per barrel, marking an improvement of \$3.64 USD per barrel compared to Q1 2024. Despite this year-over-year improvement, near-term volatility remains likely as the market continues to evaluate the potential impacts of proposed tariffs on various grades of Canadian crude production.

AECO daily spot prices averaged \$2.16 per mcf in Q1 2025, a 13 percent decline from Q1 2024. This decrease was primarily driven by a persistent supply-demand imbalance, which has resulted in elevated storage levels and sustained downward pressure on prices. The anticipated start-up of LNG Canada later in 2025 is expected to help alleviate some of this imbalance by opening new export channels for Canadian natural gas.

The following chart shows the Company's sensitivity to key commodity price variables. The sensitivity calculations are performed independently and show the effect of changing one variable while holding all other variables constant.

Annualized sensitivity analysis on before tax cash flow, as estimated for 2025⁽¹⁾

Impact on cash flow	Change (\$)	\$000s	\$ per share ⁽²⁾
Realized crude oil price (\$/bbl)	1.00	2,106	0.06
Realized natural gas price (\$/mcf)	0.10	1,378	0.04
U.S.\$ to Canadian \$ exchange rate	0.01	1,390	0.04

⁽¹⁾ This analysis uses current royalty rates, annualized estimated average production of 14,700 BOE per day and no changes in working capital.

⁽²⁾ Based on annualized basic weighted average shares outstanding of 37,324,880.

Business Overview, Strategy and Key Performance Drivers

In 2025, Bonterra advanced its strategy of delivering long-term shareholder value through the profitable development of its high-quality, light oil-weighted asset base. The Company achieved meaningful production growth and executed a successful financial restructuring, which simplified its capital structure and positioned Bonterra to resume a shareholder return strategy.

Normal Course Issuer Bid (NCIB)

As part of this renewed capital allocation strategy, Bonterra received approval from the Toronto Stock Exchange on April 11, 2025, to implement a Normal Course Issuer Bid (NCIB). The program allows the Company to repurchase up to 3,199,449 common shares, representing approximately 10 percent of its public float between April 15, 2025, and April 14, 2026.

Repurchases will be funded through available cash flow or credit facilities and executed through the TSX or alternative Canadian trading systems at prevailing market prices. To ensure flexibility during blackout periods, Bonterra has entered into an automatic share purchase plan with an independent broker. All repurchased shares will be cancelled, underscoring Bonterra's commitment to enhancing shareholder value and exercising disciplined capital management.

Debt Refinancing and Capital Management

In early 2025, Bonterra undertook a series of strategic financing transactions to further strengthen its balance sheet. On January 28, 2025, the Company closed a private placement of \$135 million in Senior Secured Second Lien Notes due 2030, with proceeds used to repay its second lien subordinated term debt and reduce borrowings under its revolving credit facility.

Following this, on February 26, 2025, Bonterra redeemed its subordinated debentures in full. On April 30, 2025, the Company renewed and increased its revolving credit facility to \$125 million. The renewed facility features improved terms, including a wider borrowing base, lower interest rate spreads, and the removal of financial covenants, providing enhanced flexibility to support the Company's capital program and return initiatives.

Production Growth and Operational Highlights

Bonterra delivered record average production of 15,957 BOE per day in 2025, up 12 percent from 14,189 BOE per day in 2024. Growth was driven by successful 2024 drilling and Q1 2025 reactivation programs, with full-year production tracking trending to the upper end of guidance at 14,600 to 14,800 BOE per day based on a fully funded 2025 capital expenditure budget between \$65 million to \$75 million. The Company has preserved flexibility within its capital program for the remainder of the year. As a result, the second-quarter drilling program originally planned for 2025 will be deferred to the second half of the year, contingent upon commodity price conditions at that time.

Charlie Lake

The Company successfully expanded its Charlie Lake operations north of the Peace River with the drilling and completion of a three-well horizontal pad and construction of a new oil battery, pipeline and water

disposal well, ahead of schedule and on budget. Production from the new three-well pad commenced subsequent to the end of the first quarter. Initial production from the three-well pad has achieved 30-day peak rates at a combined 2,650 BOE per day, including approximately 725 barrels per day of light crude oil, 125 barrels per day of natural gas liquids and 10.8 mmcf per day of conventional natural gas. These latest three wells represent the highest productivity rates to date that Bonterra has drilled. Current net production from the Charlie Lake asset is approximately 3,750 BOE per day.

Montney

The Company continues to be very encouraged with the early results of latest Montney well, flowing unrestricted at current rates of approximately 810 BOE per day, including approximately 275 barrels per day of light crude oil, 2.7 mmcf per day of conventional natural gas and 88 barrels per day of natural gas liquids. The second Montney well has cumulatively produced 52,500 barrels of light crude oil, 334 mmcf of conventional natural gas and 12,760 barrels of natural gas liquids over a six-month period. Current net production from the Montney asset is approximately 1,330 BOE per day.

The Montney remains an important asset in the Company's portfolio for enhancing shareholder value. The Company's plan to continue to monitor the progress of production results from its Montney wells drilled to date and assess long term egress solutions over the coming quarters before allocating further capital to the Montney play remains unchanged.

Capital Expenditures and Environmental Stewardship

Capital expenditures totaled \$32.5 million in the first three months of 2025, with \$21.0 million allocated to the drilling and completion of five gross (4.7 net) wells and the tie-in of three gross (2.9 net) wells. An additional \$11.5 million supported infrastructure, recompletions, and development of a new battery and water disposal well to further develop the northern area of the Charlie Lake play.

Bonterra remains committed to responsible operations and environmental stewardship. In Q1 2025, the Company invested \$1.0 million toward decommissioning liabilities. For the full year, Bonterra plans to abandon 36.3 net wells, decommission 7.5 net facilities and 28.6 net pipelines totaling 39.1 kilometers in length, and complete decommissioning work on 153.3 net well sites in preparation for future reclamation activities. Additionally, initial reclamation was completed on 7.5 net sites. The Company expects to invest approximately \$8.0 million in decommissioning activities during 2025, exceeding the mandatory spend requirements set by the Alberta Energy Regulator's Liability Management Program.

Risk Management and Commodity Pricing

To protect future cash flows, Bonterra has secured physical delivery sales and risk management contracts for approximately 35% and 42% (net of royalties payable) of its expected crude oil production and natural gas production, respectively, through the next nine months of 2025. The Company has locked in WTI prices between \$60.00 USD and \$80.00 USD per barrel for 1,831 barrels per day. Bonterra has also secured an average WTI to Edmonton par differential price of \$5.25 USD per bbl on 500 barrels of oil per day for the next six months. In addition, the Company has secured natural gas prices between \$1.75 and \$3.20 per GJ for 17,104 GJ per day.

Key Performance Drivers

The Company's successful operations are dependent upon several factors including, but not limited to commodity prices, efficient management of capital spending, the ability to maintain desired production levels, control over infrastructure, efficiency in developing and operating properties, and the ability to control costs. Its key performance measures include average daily production volumes, realized prices, and production costs per unit. Disclosure of these key performance measures can be found within this MD&A and/or previous interim or annual MD&A disclosures.

Production

	March 31, 2025	Three months ended December 31, 2024	March 31, 2024
Crude oil (barrels per day)	6,546	6,588	6,622
NGLs (barrels per day)	1,679	1,625	1,468
Conventional natural gas (MCF per day)	46,390	44,436	36,594
Average BOE per day	15,957	15,619	14,189

Bonterra achieved record production in Q1 2025, averaging 15,957 BOE per day, an increase of 12 percent, or 1,768 BOE per day, over Q1 2024 average of 14,189 BOE per day. This growth was primarily driven by stronger-than-expected performance from new Charlie Lake wells and a very successful well reactivation program, which made a significant contribution to the Company's higher production levels.

Cash Netback

\$ per BOE	March 31, 2025	Three months ended December 31, 2024	March 31, 2024
Production volumes (BOE)	1,436,167	1,436,969	1,291,200
Gross production revenue	49.22	48.50	53.12
Realized gain on risk management contracts	0.27	1.13	0.29
Royalties	(6.94)	(6.62)	(6.98)
Production costs	(17.90)	(16.07)	(17.98)
Field netback	24.65	26.94	28.45
General and administrative	(2.40)	(3.62)	(2.93)
Disposal of investments	-	-	1.12
Interest and other	(2.84)	(2.91)	(3.32)
Current income tax	(0.18)	0.54	(2.41)
Cash netback	19.23	20.95	20.91

In Q1 2025, field netbacks declined on a per BOE basis compared to the same period in 2024, primarily due to a higher gas-to-oil production ratio. Conversely, cash netbacks improved year-over-year, driven mainly by a lower provision for income taxes.

Oil and Gas Sales

	March 31, 2025	Three months ended December 31, 2024	March 31, 2024
Revenue - oil and gas sales (\$ 000s)			
Light oil	53,742	55,826	53,607
NGL	6,860	7,323	6,157
Conventional natural gas	10,088	6,550	8,825
	70,690	69,699	68,589
Average realized prices:			
Light oil (\$ per barrel)	91.22	92.11	88.96
NGL (\$ per barrel)	45.39	48.97	46.08
Conventional natural gas (\$ per MCF)	2.42	1.60	2.65
Average (\$ per BOE)	49.22	48.50	53.12
Average BOE per day	15,957	15,619	14,189

Revenue from oil and gas sales in the first three months of 2025 increased by \$2.1 million, or 3 percent, as compared to the same period in 2024. This increase was primarily driven by a twelve percent increase in production over the same period, partially offset by a 7 percent reduction in Bonterra's average realized commodity prices.

Bonterra's product split on a revenue basis was weighted approximately 86 percent to crude oil and NGLs during 2025.

Royalties

(\$ 000s)	March 31, 2025	Three months ended December 31, 2024	March 31, 2024
Crown royalties	7,288	6,727	6,080
Freehold, gross overriding and other royalties	2,679	2,784	2,930
Total royalties	9,967	9,511	9,010
Crown royalties - percentage of revenue	10.3	9.7	8.9
Freehold, gross overriding and other royalties - percentage of revenue	3.8	4.0	4.3
Royalties - percentage of revenue	14.1	13.7	13.2
Royalties \$ per BOE	6.94	6.62	6.98

Bonterra's royalty payments include Crown royalties to the provinces of Alberta, Saskatchewan, and British Columbia, as well as freehold, gross overriding, and other royalties. On a per BOE basis, total royalties in Q1 2025 were relatively consistent with the prior year, as lower freehold and overriding royalties from weaker commodity prices were offset by a 5 percent increase in the Alberta Crown oil reference price used to calculate Alberta Crown oil royalties payable.

Q1 2025 compared to Q4 2024, total royalties per BOE increased, primarily due to a 51 percent increase in natural gas prices.

Production Costs

(\$ 000s except \$ per BOE)	March 31, 2025	Three months ended December 31, 2024	March 31, 2024
Production costs	25,709	23,089	23,215
\$ per BOE	17.90	16.07	17.98

Production costs on a per BOE basis decreased in Q1 2025 compared to the same period in 2024, primarily due to a 61 percent reduction in power rates and a 12 percent increase in production volumes, which helped dilute fixed costs such as government levies. These savings were partially offset by initial third-party infrastructure arrangements in the Charlie Lake and Montney plays, as well as a more active well reactivation program.

Q1 2025 compared to Q4 2024, production costs per BOE increased, mainly due to expanded infrastructure use in the Charlie Lake and Montney areas and continued reactivation activity in the Cardium.

Other Income

(\$ 000s)	March 31, 2025	Three months ended December 31, 2024	March 31, 2024
Investment income	132	46	132
Administrative income	47	75	60
Gain on sale of property	3,557	25	153
Deferred consideration	245	276	225
Realized gain on risk management contracts	393	1,626	370
Unrealized loss on risk management contracts	(1,516)	(2,707)	(2,662)
	2,858	(659)	(1,722)

The Company receives administrative income for various oil and gas administrative services provided and production equipment rentals to other companies.

During the quarter, the Company disposed of certain non-core oil and gas assets located in Saskatchewan for total consideration of \$1.8 million, including closing adjustments. The consideration consisted of \$1.7 million in cash and \$0.1 million in non-core mineral rights. The transaction resulted in a gain on sale of property of \$3.6 million.

Deferred consideration relates to a deferred gain on the sale of a two percent overriding royalty interest, which is recognized into revenue using the same unit-of-production method as the encumbered property, plant, and equipment assets.

To minimize commodity price risk on crude oil and natural gas sales, Bonterra has entered into financial derivatives. The financial derivatives outstanding are primarily for the period from April 1, 2025 to December 31, 2025 and are for a total of 503,500 barrels of light crude oil (approximately 1,831 barrels of oil per day) at fixed WTI prices ranging from \$60.00 USD to \$80.00 USD per barrel. Bonterra has also entered into financial derivative contracts for the period April 1, 2025 to September 30, 2025 for a fixed differential from WTI to Edmonton Par price on 91,500 barrels of oil (approximately 500 barrels of oil per day) at an average price of \$5.25 USD per barrel. In addition, the Company has entered into financial derivatives on natural gas prices between \$1.75 and \$2.70 on 7,482 GJ per day for the period from April 1, 2025 to December 31, 2025. These contracts are not considered normal sales contracts and are recorded at fair value.

General and Administrative (“G&A”) Expense

(\$ 000s except \$ per BOE)	March 31, 2025	Three months ended December 31, 2024	March 31, 2024
Employee compensation	1,944	3,873	1,817
Office and administrative	1,496	1,334	1,971
Total G&A	3,440	5,207	3,788
\$ per BOE	2.40	3.62	2.93

Employee compensation expense in 2025 is comparable to the same period in 2024. Quarter-over-quarter decreased due to a bonus accrual in Q4 2024.

Office and administrative expense in Q1 of 2025 decreased as compared to Q1 of 2024 primarily due to the associated costs related to the Charlie Lake asset acquisition in the first quarter of 2024.

Finance Costs

(\$ 000s except \$ per BOE)	March 31, 2025	Three months ended December 31, 2024	March 31, 2024
Interest on bank debt	557	1,153	746
Subordinated notes	2,363	-	-
Subordinated debentures	826	1,327	1,328
Subordinated term debt	512	1,834	2,386
Interest expense	4,258	4,314	4,460
\$ per BOE	2.96	3.00	3.45
Accretion of decommissioning liabilities	938	953	890
Accretion on subordinated debentures	537	909	737
Accretion on subordinated term debt	121	392	470
Accretion on subordinated notes	31	-	-
Total finance costs	5,885	6,568	6,557

Interest on bank debt was lower in 2025 compared to 2024, primarily due to a reduction in bank debt following a comprehensive debt refinancing.

In the first quarter of 2025, the Company completed a private placement of second lien Subordinated Notes, generating gross proceeds of \$135 million. The proceeds were used to repay the Subordinated Term Debt, which resulted in a loss on extinguishment of debt of \$5.5 million. This included a \$3.4 million early redemption fee and \$2.1 million of accelerated unamortized issue costs. Remaining funds were used to reduce borrowings under the Company's revolving first lien credit facility (bank debt) and to cover transaction costs.

Additionally, Bonterra redeemed its subordinated debentures, incurring a redemption premium of \$3.5 million and \$2.6 million in accelerated unamortized issue costs. These were also recognized in the loss on extinguishment of debt, bringing the total extinguishment cost to \$11.6 million comprising of \$6.8 million in cash payments and \$4.7 million in non-cash accretion.

For more information on Subordinated Notes or the repayment of Subordinated Term Debt and Subordinated Debentures, refer to Note 5 of the March 31, 2025, condensed financial statements.

A one percent increase (decrease) in the Canadian prime rate would decrease (increase) both annual net earnings and comprehensive income by approximately \$186,000. For more information on bank debt and Subordinated Notes, see the Liquidity and Capital Resources section herein.

Share-Base Compensation

(\$ 000s)	March 31, 2025	Three months ended December 31, 2024	March 31, 2024
Share-base compensation	873	508	664

Share-Base compensation is a statistically calculated value representing the estimated expense of issuing employee stock options and the fair value of share awards at grant comprised of restricted share units (RSUs) and deferred share units (DSUs). The Company records a compensation expense over the vesting period based on the fair value of options and share awards granted to directors, officers, and employees.

Based on the outstanding options and share awards as of March 31, 2025, the Company has an unamortized expense of \$4.9 million, of which; \$2.9 million will be recognized in the remainder of 2025; \$1.5 million in 2026; and \$0.5 million thereafter. For more information about options and share awards issued and outstanding, refer to Note 7 of the March 31, 2025, condensed financial statements.

Depletion and Depreciation, Exploration and Evaluation (“E&E”) and Impairment

(\$ 000s)	March 31, 2025	Three months ended December 31, 2024	March 31, 2024
Depletion and depreciation	25,834	26,826	22,167

The provision for depletion and depreciation (“D&D”) increased due to an increase in production from the same period in 2024. There were no indicators of impairment identified for each of the periods ended.

Taxes

The Company recorded a total income tax expense of \$2.1 million in Q1 2025 (2024 – \$0.6 million). The increase in income tax expense as compared to 2024 is due to reduced earnings before income taxes from the extinguishment of debt costs. For additional information regarding income taxes, see Note 6 of the March 31, 2025, condensed financial statements.

Net Earnings (Loss)

(\$ 000s except \$ per share)	March 31, 2025	Three months ended December 31, 2024	March 31, 2024
Net earnings (loss)	(7,610)	(2,213)	848
\$ net earnings (loss) per share - basic	(0.20)	(0.06)	0.02
\$ net earnings (loss) per share - diluted	(0.20)	(0.06)	0.02

Net earnings for Q1 2025 decreased by \$8.5 million compared to Q1 2024, primarily due to nonrecurring debt extinguishment costs related to refinancing activities and higher production costs associated with increased volumes. These impacts were partially offset by a gain on the sale of property and a lower current tax provision.

Q1 2025 compared to Q4 2024, net earnings declined by \$5.4 million, largely driven by refinancing related nonrecurring debt extinguishment costs and increased production expenses, partially offset by a gain on sale of property and a higher deferred tax provision.

Funds Flow and Cash Flow From Operations

(\$ 000s except \$ per share)	March 31, 2025	Three months ended December 31, 2024	March 31, 2024
Funds flow	27,635	30,100	27,018
\$ per share - basic	0.74	0.81	0.73
\$ per share - diluted	0.73	0.81	0.72
Cash flow from operations	29,614	28,587	21,654
\$ per share - basic	0.79	0.77	0.58
\$ per share - diluted	0.78	0.77	0.58

Funds flow remained relatively unchanged in Q1 2025 compared to Q1 2024, primarily driven by lower current income taxes, which was partially offset by increased production costs.

Cash flow from operating activities increased by \$8.0 million, primarily due to an increase in non-cash working capital.

Liquidity and Capital Resources

Net Debt to EBITDA

Bonterra continues to focus on reducing overall debt while managing its cash flow and capital expenditures. The Company's net debt to twelve-month trailing EBITDA ratio as of March 31, 2025 was 1.3 (versus 1.2 at December 31, 2024).

The increase in Bonterra's net debt to EBITDA ratio is primarily due to an increase in net debt from a front-loaded capital program and the one-time debt restructuring costs. The net debt to EBITDA ratio is anticipated to improve in subsequent quarters due to the Company's focus on debt reduction from a reduced capital program paired with increased production and future cash flow protection from having at least 30 percent (net of royalties payable) of Bonterra's forecasted oil and natural gas production hedged over the next nine months.

For more information about net debt to EBITDA, please see Note 10 of the March 31, 2025, condensed financial statements.

Working Capital Deficiency and Net Debt

(\$ 000s)	March 31, 2025	December 31, 2024	March 31, 2024
Working capital deficiency	30,500	29,377	34,284
Bank debt	24,209	46,211	38,688
Subordinated debentures	-	55,872	54,650
Subordinated term debt (long-term portion)	-	35,750	48,738
Subordinated notes	131,393	-	-
Net debt	186,102	167,210	176,360

Net debt is a combination of bank debt, subordinated notes, subordinated debentures, subordinated term debt and working capital. The Company's Bank Facility has a maturity date of April 30, 2026, and is recorded as a long-term liability at March 31, 2025 and December 31, 2024.

Working capital is calculated as current assets less current liabilities.

Financial Risk Management

Bonterra faces market risk related to the oil and gas it produces. This risk is influenced by external factors such as global supply and demand. External factors beyond the Company's control may affect the marketability of oil and gas produced. Oil prices are affected by worldwide supply and demand fundamentals and access to market, while natural gas prices are largely affected by North American supply and demand fundamentals.

To manage commodity risk, the Company executed physical delivery sales contracts which are considered normal sales contracts and are not recorded at fair value in the financial statements, and also executed risk management contracts which are not considered normal sales contracts and are recorded at fair value. The Company has contracts in place on approximately 35% and 42% (net of royalties payable) of its expected crude oil production and natural gas production, respectively, through the next nine months of 2025.

The Company relies on its cash flow, access to equity markets and bank financing to support its operations and capital program. Bonterra uses these futures contracts to hedge its exposure to the potential adverse impact of commodity price volatility and provide a measure of stability to the Company's capital development program. For more information on physical delivery and risk management contracts in place, see Note 10 of the March 31, 2025 condensed financial statements.

Capital Expenditures and Acquisition

(\$ 000s)	March 31, 2025	March 31, 2024
Exploration and Evaluation		
Land and lease	148	462
Property, Plant and Equipment		
Operated drilling, completing and equipping costs	20,994	26,977
Infrastructure, recompletions and other	10,181	5,485
Non-operated capital	1,127	-
	32,302	32,462
Total capital expenditures	32,450	32,924

During the three months ended March 31, 2025, the Company incurred capital expenditures of \$32.5 million (March 31, 2024 - \$32.9 million). Of the total capital invested, \$21.0 million was directed to the drilling of 5 gross (4.7 net) operated wells and the completion, equip and tie-in of 3 gross (2.9 net) operated wells. The remaining two gross (1.8 net) operated wells were placed on production early in the second quarter of 2025. An additional \$11.5 million was spent primarily on related land and lease, infrastructure, recompletions and construction of a new battery and drilling a new water disposal well to develop the northern area of the Charlie Lake play.

Drilling Statistics

	Three months ended					
	March 31, 2025		December 31, 2024		March 31, 2024	
	Gross ⁽¹⁾	Net ⁽²⁾	Gross ⁽¹⁾	Net ⁽²⁾	Gross ⁽¹⁾	Net ⁽²⁾
Cardium oil horizontal-operated	2	2.0	-	-	11	10.5
Cardium oil horizontal-non-operated	2	0.3	-	-	-	-
Charlie Lake oil horizontal-operated	3	2.7	-	-	-	-
Montney gas horizontal-operated	-	-	1	1.0	-	-
Total	7	5.0	1	1.0	11	10.5
Success rate		100%		100%		100%

(1) "Gross" wells are the number of wells in which Bonterra has a working interest.

(2) "Net" wells are the aggregate number of wells obtained by multiplying each gross well by Bonterra's percentage of working interest.

Decommissioning Liabilities

The Company spent \$1.0 million on decommissioning activities during the quarter ended March 31, 2025 (March 31, 2024 - \$1.0 million). For 2025, the Company plans to invest approximately \$8.0 in decommissioning liabilities, exceeding its \$5.2 million mandatory spend requirements under the Alberta Energy Regulator's Liability Management Program.

Bank Debt and Subordinated Notes

Bank debt represents the outstanding amounts drawn on the Company's Bank Facility. As at March 31, 2025, the Company has a total Bank Facility of \$110.0 million, comprised of a \$85.0 million syndicated revolving credit facility and a \$25.0 million non-syndicated revolving facility. The amount drawn under the total Bank Facility at March 31, 2025 was \$24.2 million (December 31, 2024 - \$46.2 million).

The amounts borrowed under the total Bank Facility bear interest at a floating rate based on the applicable Canadian prime rate or CORRA rate, plus between 2.00 percent and 7.00 percent, depending on the type of borrowing and the Company's consolidated debt to EBITDA ratio. As at March 31, 2025, the terms of the total revolving Bank Facility provided that the loan facility was revolving to April 30, 2025, with a maturity date of April 30, 2026, with no set terms of repayment on the credit facility. Subsequent to March 31, 2025, the Company renewed and increased its Bank Facility of \$110,000,000 to \$125,000,000, comprising of a \$100,000,000 syndicated revolving credit facility and a \$25,000,000 non-syndicated revolving credit facility. The new terms of the Bank provide that the loan facility will revolve to April 30, 2026, with a maturity date of April 30, 2027. The applicable interest rates remain based on the Canadian prime rate or CORRA rate, with a revised margin ranging from 2.00% to 6.25%, depending on the type of borrowing. In addition, the financial covenant described below has been removed.

The amount available for borrowing under the Bank Facility is reduced by outstanding letters of credit. Letters of credit totaling \$1.7 million were issued as at March 31, 2025 (December 31, 2024 - \$2.0 million). Security for the Bank Facility consists of various floating demand debentures totaling \$750 million (December 31, 2024 - \$750 million) over all of the Company's assets and a general security agreement with first ranking over all personal and real property.

Financial Covenants

The Company is subject to the following financial covenant under its Bank Facility:

- I. Consolidated debt to trailing twelve months EBITDA ratio shall not exceed 2.50:1.00

As at March 31, 2025, Bonterra was in compliance with all financial covenants on its Bank Facility.

The Company has 135,000 (December 31, 2024 - \$Nil) Senior Secured Second Lien Notes ("Subordinated Notes" or the "Notes") outstanding. Each unit consists of one Note with a par value of \$1,000, bearing interest at a fixed annual rate of 10.5%, payable semi-annually on January 28 and July 28, commencing July 28, 2025. The Notes mature on January 28, 2030.

The Notes are non-callable by the Corporation prior to January 28, 2028. On or after January 28, 2028, the Corporation may redeem all or part of the Notes at the redemption prices set forth below, plus any accrued and unpaid interest, for the twelve-month period beginning on:

- I. January 28, 2028: 102.625%
- II. January 28, 2029 and thereafter: 100.000%

Based on the calculated fair value of the Notes as at March 31, 2025, the effective interest rate was determined to be 11.4 percent, by discounting future payments of interest and principal with the residual value allocated to issue costs. The value of the debt will accrete up to the principal balance at maturity.

The Notes are secured by a second lien charge over all personal and real property of the Company, ranking behind the Company's first lien credit facilities.

For more information about Bank Debt and Subordinated Notes, please see Note 4 and 5, respectively, of the March 31, 2025 condensed financial statements.

Shareholders' Equity

The Company is authorized to issue an unlimited number of common shares without nominal or par value.

	Number	Amount (\$ 000s)
Issued and fully paid - common shares		
Balance, December 31, 2024	37,324,880	783,366
Purchase of shares in trust	(20,000)	(72)
Balance, March 31, 2025	37,304,880	783,294

The Company is also authorized to issue an unlimited number of Class "A" redeemable Preferred Shares and an unlimited number of Class "B" Preferred Shares. There are currently no outstanding Class "A" redeemable Preferred Shares or Class "B" Preferred Shares.

A total of 2,753,000 Warrants are outstanding as at March 31, 2025, entitling the holder to purchase one Common Share of Bonterra for each Warrant at a price of \$7.75, until October 20, 2025.

Bonterra's share-based compensation program provides for share awards comprised of Restricted Share Units (RSUs) that vest evenly over three years from the grant date, while Deferred Share Units (DSUs), granted to non-employee directors, vest quarterly and are settled after the director departs the Board.

Although the Company has discretion to settle awards in cash or shares, it intends to settle all RSUs and DSUs in common shares purchased on the open market, and the plans are accounted for as equity-settled under IFRS.

The Company's share-based compensation program also provides a stock option plan for its directors, officers and employees. Under the plan, the Company may grant options for up to 3,732,488 (December 31, 2024 – 3,732,488) common shares. The exercise price of each option granted will not be lower than the market price of the common shares on the date of grant and the option's maximum term is five years.

For additional information regarding warrants and share-based compensation outstanding, see Note 7 of the March 31, 2025, condensed financial statements.

Quarterly Financial Information

	2025		2024		
For the periods ended (\$ 000s except \$ per share)	Q1	Q4	Q3	Q2	Q1
Revenue - oil and gas sales	70,690	69,699	69,204	72,465	68,589
Cash flow from operations	29,614	28,587	31,531	33,180	21,654
Net earnings (loss)	(7,610)	(2,213)	4,258	7,310	848
Per share - basic	(0.20)	(0.06)	0.11	0.20	0.02
Per share - diluted	(0.20)	(0.06)	0.11	0.20	0.02

For the periods ended (\$ 000s except \$ per share)	Q4	Q3	Q2	Q1
Revenue - oil and gas sales	81,739	84,909	75,606	77,263
Cash flow from operations	44,596	37,715	33,854	24,018
Net earnings	14,973	13,486	8,844	7,640
Per share - basic	0.40	0.36	0.24	0.21
Per share - diluted	0.40	0.36	0.24	0.20

The fluctuations in the Company's revenue and net earnings from quarter-to-quarter are caused by variations in production volumes, realized commodity pricing and the related impact on royalties, production, G&A and finance costs. Q1 2025 net loss is due to a one-time extinguishment of debt costs of \$11.6 million.

Contractual Obligations and Commitments

At March 31, 2025, Bonterra's total contractual obligations and commitments were \$292.5 million. These include obligations and commitments in place as of December 31, 2024, changes in accrued interest in the period, as well as additional rent and firm service commitments entered into during the three months ended March 31, 2025. For more information, refer to Note 11 "Commitments and Financial Liabilities" of the March 31, 2025, condensed financial statements.

Off-Balance Sheet Financing

Bonterra does not have any guarantees or off-balance sheet arrangements that have been excluded from the annual statement of financial position or balance sheet other than commitments disclosed in Note 11 of the March 31, 2025 condensed financial statements.

Critical Accounting Estimates

There have been no changes to the Company's critical accounting policies and estimates as of the period ended in the financial statements.

Assessment of Business Risk

Bonterra's exploration and production activities are concentrated in the Western Canadian Sedimentary Basin, where activity is highly competitive and includes a variety of different sized companies. Bonterra is subject to a number of risks that are also common to other organizations involved in the oil and gas industry.

Such risks include finding and developing oil and gas reserves at economic costs; estimating amounts of recoverable reserves; production of oil and gas in commercial quantities; marketability of oil and gas produced; fluctuations in commodity prices; stock market volatility; debt servicing which may limit the market price of shares; financial and liquidity risks; environmental and safety risks; failure to realize benefits of acquisitions and dispositions; reliance on third party gathering, processing and pipeline systems; changes to applicable royalty regimes and environmental legislation and regulations; cyber security risks; and reliance on key personnel.

The Company mitigates its risk related to producing hydrocarbons through the utilization of hedging a portion of product sales, current technology and information systems. In addition, Bonterra strives to operate the majority of its properties, thereby maintaining operational control where possible.

Additional information regarding risk factors including, but not limited to, business risks is available in the Company's Annual Information Form for the year ended December 31, 2024, which can be accessed on its website www.bonterraenergy.com or on SEDAR+ at www.sedarplus.ca.

Environmental Risk

General Risks

Oil and gas exploration and production can involve environmental risks such as litigation, physical and regulatory risks. Physical risks include the pollution of the environment, climate change and destruction of natural habitats, as well as safety risks such as personal injury or damage to production facilities and equipment. The Company conducts its operations while ensuring it protects the environment, various stakeholders, and the general public.

Bonterra maintains current insurance coverage that includes comprehensive general liability, limited pollution liability and cybersecurity protection. The amount and terms of this insurance are reviewed on an ongoing basis and adjusted as necessary to reflect current corporate requirements, availability, as well as industry standards and government regulations. Without such insurance, and if the Company becomes subject to environmental liabilities, the payment of such liabilities could reduce or eliminate its available funds or could exceed the funds the Company has available and result in financial distress.

Climate Change Risks

Bonterra's exploration and production facilities and other operations and activities emit greenhouse gases ("GHG") which require the Company to comply with Federal and/or Provincial GHG emissions legislation. Climate change policy is evolving at regional, national and international levels, and political and economic events may significantly affect the scope and timing of climate change measures that are ultimately put in place to prevent climate change or mitigate Bonterra's effects.

The direct or indirect costs of compliance with GHG-related regulations may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. Some of its significant facilities may ultimately be subject to future regional, Provincial and/or Federal climate change regulations to manage GHG emissions. In addition, climate change has been linked to long-term shifts in climate patterns and extreme weather conditions, both of which pose the risk of causing operational difficulties.

Additional information regarding risk factors including, but not limited to, environmental risks is available in the Company's Annual Information Form for the year ended December 31, 2024, which can be accessed on its website at www.bonterraenergy.com or on SEDAR+ at www.sedarplus.ca.

Forward-Looking Information

Certain statements contained in this MD&A include statements which contain words such as "anticipate", "could", "should", "expect", "seek", "may", "intend", "likely", "will", "believe" and similar expressions, relating to matters that are not historical facts, and such statements of our beliefs, intentions and expectations about development, results and events which will or may occur in the future, constitute "forward-looking information" within the meaning of applicable Canadian securities legislation and are based on certain assumptions and analysis made by us derived from our experience and perceptions.

Forward-looking information in this MD&A includes, but is not limited to: estimated production; cash flow sensitivity to commodity price variables; earnings sensitivity to interest rates; abandonment and reclamation activities and targets; expected cash provided by continuing operations; return of capital strategy; future capital expenditures, including the amount and nature thereof; oil and natural gas prices and demand; expansion and other development trends of the oil and gas industry; business strategy and outlook;

expansion and growth of our business and operations; maintenance of existing customer, supplier and partner relationships; supply channels; accounting policies; and other such matters.

All such forward-looking information is based on certain assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances. The risks, uncertainties, and assumptions are difficult to predict and may affect operations, and may include, without limitation: foreign exchange fluctuations; equipment and labour shortages and inflationary costs; general economic conditions; industry conditions; the impact on the Canadian energy industry of U.S. tariffs, changes to international trade agreements or the potential imposition of tariffs or other protectionist economic policies by the Canadian federal or provincial governments; applicable environmental, taxation and other laws and regulations as well as how such laws and regulations may limit growth or operations within the oil and gas industry; the impact of climate-related financial disclosures on financial results; the ability of the Company to raise capital, maintain its syndicated bank facility and refinance indebtedness upon maturity; the effect of weather conditions on operations and facilities; the existence of operating risks; volatility of oil and natural gas prices; oil and gas product supply and demand; risks inherent in the ability to generate sufficient cash flow from operations to meet current and future obligations; increased competition; stock market volatility; credit risks; climate change risks; cyber security; opportunities available to or pursued by us; and other factors, many of which are beyond our control. The foregoing factors are not exhaustive.

Actual results, performance or achievements could differ materially from those expressed in, or implied by, this forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do, what benefits will be derived therefrom. Except as required by law, Bonterra disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise. The forward-looking information contained herein is expressly qualified by this cautionary statement.

Internal Controls Over Financial Reporting

The Company is required to comply with National Instrument 52-109 “Certification of Disclosure in Issuers’ Annual and Interim Filings.” The certification of interim filings for the interim period ended March 31, 2025 requires that Bonterra disclose in the interim MD&A any changes in the Company’s internal control over financial reporting that occurred during the period that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting. Bonterra confirms that no such changes were made to its internal controls over financial reporting during three months ended March 31, 2025.

Use of Non-IFRS Financial Measures

This MD&A contains financial measures and uses the terms “capital expenditures”, “funds flow”, “net debt”, “EBITDA”, “net debt to EBITDA”, “field netback” and “cash netback” which are not prescribed by IFRS as issued by the International Accounting Standards Board (“IFRS Accounting Standards”). These specified financial measures include non-IFRS financial measures and non-IFRS ratios and are not defined by IFRS Accounting Standards, and therefore are referred to as non-IFRS and other financial measures. These non-IFRS and other financial measures are included because management uses the information to analyze business performance, cash flow generated from the business, leverage and liquidity, resulting from the Corporation’s principal business activities and it may be useful to investors on the same basis. None of these measures are used to enhance the Corporation’s reported financial performance or position. The non-IFRS and other measures do not have a standardized meaning prescribed by IFRS Accounting Standards and therefore are unlikely to be comparable to similar measures presented by other issuers. They are common in the reports of other companies but may differ by definition and application in Bonterra’s financial information.

Please see below for a brief overview of non-IFRS measures and the relevant descriptions and reconciliations.

Funds Flow

Funds flow is a non-IFRS financial measure, calculated as cash flow from operating activities including proceeds from sale of investments and investment income received excluding effects of changes in non-cash working capital items and decommissioning expenditures settled. Management uses funds flow to determine the cash generated during a period.

The following is a reconciliation of funds flow to the most directly comparable IFRS measure, cash flow from operating activities:

(\$ 000s except \$ per share)	Three months ended		
	March 31, 2025	December 31, 2024	March 31, 2024
Cash flow from operations	29,614	28,587	21,654
Adjusted for			
Changes in non-cash working capital	(726)	(2,106)	4,102
Interest expense	(4,258)	(4,314)	(4,460)
Interest paid	1,895	5,642	3,132
Decommissioning expenditures	978	2,245	1,010
Investment income received	132	46	132
Proceeds on sale of investments	-	-	1,448
Funds Flow	27,635	30,100	27,018
\$ per share - basic	0.74	0.81	0.73

Net Debt

Net debt is a non-IFRS financial measure, calculated as long-term subordinated term debt, subordinated debentures and bank debt plus working capital deficiency (current liabilities less current assets). This metric is used by management to analyze the level of debt in the Corporation including the impact of working capital, which varies with the timing of settlement of these balances.

The following is a reconciliation of net debt to the most directly comparable IFRS measures:

(\$ 000s)	March 31, 2025	December 31, 2024
Bank debt	24,209	46,211
Subordinated debentures	-	55,872
Subordinated term debt (long-term)	-	35,750
Subordinated notes	131,393	-
Current liabilities ⁽¹⁾	61,372	61,389
Current Assets	(30,872)	(32,012)
Net Debt	186,102	167,210

⁽¹⁾Included in current liabilities is \$Nil (December 31, 2024 - \$19.0 million) of Subordinated Term Debt.

EBITDA

EBITDA is a non-IFRS financial measure. EBITDA is a measure showing net earnings excluding deferred consideration, finance costs, provision for current and deferred taxes, depletion and depreciation, share-base compensation, gain or loss on sale of assets, impairment or impairment reversal, extinguishment of debt and unrealized gain or loss on risk management contracts. Management uses these measures to measure the Corporation's profitability generated by operations.

The following is a reconciliation of EBITDA to the most directly comparable IFRS measure, net earnings (loss):

(\$ 000s)	March 31, 2025	December 31, 2024
Net earnings	1,745	10,203
Adjustments to net earnings:		
Unrealized gain on risk management contracts	379	1,525
Unrealized gain on sale of property	(3,557)	-
Deferred consideration	(978)	(958)
Finance costs	25,860	26,532
Share-option compensation	2,502	2,293
Depletion and depreciation	100,804	97,137
Extinguishment of debt	11,597	-
Current income tax expense	2,312	5,167
Deferred income tax expense	(1,423)	(1,513)
EBITDA	139,241	140,386
Net debt to EBITDA ratio	1.3	1.2

Net Debt to EBITDA

Net debt to EBITDA is a non-IFRS ratio. Net debt to EBITDA is calculated as net debt divided by EBITDA for the trailing twelve months. This measure provides management with an indication of the Corporation's leverage and ability to repay debt.

Capital Expenditures

Capital expenditures are a non-IFRS financial measure. They are calculated as the sum of exploration and evaluation costs and property, plant, and equipment costs per the statement of cash flow. Management uses this metric to assess the total cash capital expenditures incurred during the period.

Field Netback and Cash Netback

Field netback is defined as revenue and realized risk management contract gain (loss) minus royalties and operating expenses divided by total BOEs for the period. Cash netback is defined as field netback less interest expense, general and administrative expense and current income tax expense divided by total BOEs for the period.

Management's Responsibility for Financial Statements

The information provided in this report, including the financial statements, is the responsibility of management. The timely preparation of the financial statements requires that management make estimates and use judgment regarding the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates primarily relate to unsettled transactions and events as at the date of the financial statements. Accordingly, actual results may differ from estimated amounts as future confirming events occur. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

Management maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

The audit committee has reviewed these condensed financial statements with management and has reported to the Board of Directors. The Board of Directors has approved the financial statements as presented in this interim report.

CONDENSED STATEMENT OF FINANCIAL POSITION

As at (unaudited) (\$ 000s)	Note	March 31, 2025	December 31, 2024
Assets			
Current			
Accounts receivable		26,482	25,778
Crude oil inventory		1,067	885
Prepaid expenses		3,323	4,517
Risk management contracts	10	-	832
		30,872	32,012
Exploration and evaluation assets		7,075	6,787
Property, plant and equipment	3	940,851	936,244
		978,798	975,043
Liabilities			
Current			
Accounts payable and accrued liabilities		54,576	36,371
Risk management contracts	10	684	
Subordinated term debt		-	19,000
Decommissioning liabilities		5,161	5,161
Deferred consideration		951	857
		61,372	61,389
Bank debt	4	24,209	46,211
Subordinated debentures	5	-	55,872
Subordinated term debt	5	-	35,750
Subordinated notes	5	131,393	-
Deferred consideration		6,926	7,265
Decommissioning liabilities		94,228	98,677
Deferred tax liability		126,840	129,240
		444,968	434,404
Shareholders' equity			
Share capital	7	783,294	783,366
Contributed surplus		37,058	36,185
Warrants	7	6,053	6,053
Deficit		(292,575)	(284,965)
		533,830	540,639
		978,798	975,043
Commitments and contingencies	11		
Subsequent events	4, 12		

See accompanying notes to these condensed financial statements.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

For the three months ended March 31 (unaudited)

(\$ 000s, except \$ per share)	Note	2025	2024
Revenue			
Oil and gas sales, net of royalties	8	60,723	59,579
Other income		3,736	345
Deferred consideration		245	225
Loss on risk management contracts	10	(1,123)	(2,292)
		63,581	57,857
Expenses			
Production		25,709	23,215
Office and administration		1,496	1,971
Employee compensation		1,944	1,817
Finance costs	9	5,885	6,557
Share-based compensation		873	664
Depletion and depreciation	3	25,834	22,167
Extinguishment of debt	5	11,597	-
		73,338	56,391
Earnings (loss) before income taxes		(9,757)	1,466
Taxes			
Current income tax expense	6	253	3,108
Deferred income tax recovery	6	(2,400)	(2,490)
		(2,147)	618
Net earnings (loss) for the period		(7,610)	848
Other comprehensive loss			
Unrealized loss on investments		-	(186)
Deferred taxes on unrealized loss on investments		-	21
Realized gains on available for sale investments transferred to net earnings		-	(306)
Deferred taxes on realized gains on available for sale investments transferred to net earnings		-	35
Other comprehensive loss for the period		-	(436)
Total comprehensive income (loss) for the period		(7,610)	412
Net earnings (loss) per share - basic	7	(0.20)	0.02
Net earnings (loss) per share - diluted	7	(0.20)	0.02
Comprehensive income (loss) per share - basic	7	(0.20)	0.01
Comprehensive income (loss) per share - diluted	7	(0.20)	0.01

See accompanying notes to these condensed financial statements.

CONDENSED STATEMENT OF CASH FLOW

For the three months ended March 31 (unaudited)

(\$ 000s)	Note	2025	2024
Operating activities			
Net earnings (loss)		(7,610)	848
Items not affecting cash			
Deferred income tax recovery		(2,400)	(2,490)
Share-based compensation		873	664
Investment income		(132)	(132)
Finance costs	9	5,885	6,557
Extinguishment of debt		11,597	-
Unrealized loss on risk management contracts	10	1,516	2,662
Deferred consideration		(245)	(225)
Depletion and depreciation		25,834	22,167
Gain on sale of property		(3,557)	(153)
Decommissioning expenditures		(978)	(1,010)
Interest paid	9	(1,895)	(3,132)
Changes in non-cash working capital accounts	9	726	(4,102)
Cash provided by operating activities		29,614	21,654
Financing activities			
Increase (decrease) of bank debt	4	(22,002)	23,866
Subordinated debentures	5	(62,426)	-
Subordinated term debt	5	(60,452)	(4,750)
Subordinated notes, net of issue costs	5	128,999	-
Purchase of common shares in trust	7	(72)	-
Cash provided by (used in) financing activities		(15,953)	19,116
Investing activities			
Investment income received		132	132
Exploration and evaluation expenditures		(148)	(462)
Property, plant and equipment expenditures	3	(32,302)	(32,462)
Oil and gas property acquisition	3	-	(23,586)
Proceeds on sale of property	3	1,657	-
Proceeds on sale of investments		-	1,448
Changes in non-cash working capital accounts	9	17,000	14,160
Cash used in investing activities		(13,661)	(40,770)
Net change in cash in the period		-	-
Cash, beginning of period		-	-
Cash, end of period		-	-
The following are included in cash flow from operating activities:			
Income taxes paid		1,515	3,452

See accompanying notes to these condensed financial statements.

CONDENSED STATEMENT OF CHANGES IN EQUITY

For the periods ended (unaudited)

(\$ 000's, except number of shares outstanding)

	Numbers of common shares outstanding (Note 7)	Share capital (Note 7)	Contributed surplus ⁽¹⁾	Warrants	Accumulated other comprehensive income (loss) ⁽²⁾	Deficit	Total shareholders' equity
January 1, 2024	37,253,252	783,185	34,023	6,053	436	(295,439)	528,258
Share-based compensation			664				664
Exercise of options	11,723	-					-
Transfer to share capital on exercise of options		60	(60)				-
Comprehensive income (loss)					(165)	848	683
Transfer on realized gain on investments, net of tax					(271)	271	-
March 31, 2024	37,264,975	783,245	34,627	6,053	-	(294,320)	529,605
Share-based compensation			1,629				1,629
Exercise of options	59,905	50					50
Transfer to share capital on exercise of options		71	(71)				-
Comprehensive income						9,355	9,355
December 31, 2024	37,324,880	783,366	36,185	6,053	-	(284,965)	540,639
Share-based compensation			873				873
Purchase of shares in trust	(20,000)	(72)					(72)
Comprehensive loss					-	(7,610)	(7,610)
March 31, 2025	37,304,880	783,294	37,058	6,053	-	(292,575)	533,830

⁽¹⁾ All amounts reported in Contributed Surplus relate to share-base compensation.

⁽²⁾ Accumulated other comprehensive income is comprised of unrealized gains and losses on investments fair value through other comprehensive income.

See accompanying notes to these condensed financial statements.

NOTES TO THE FINANCIAL STATEMENTS

As at March 31, 2025 and December 31, 2024 for the three months ended March 31, 2025 and March 31, 2024 (unaudited).

1. NATURE OF BUSINESS AND SEGMENT INFORMATION

Bonterra Energy Corp. (“Bonterra” or the “Company”) is a public company listed on the Toronto Stock Exchange (the “TSX”) and incorporated under the Business Corporations Act (Alberta). The address of the Company’s registered office is Suite 901, 1015-4th Street SW, Calgary, Alberta, Canada, T2R 1J4. The common shares of the Company (the “Common Shares”) are listed for trading on the TSX under the symbol “BNE”.

Bonterra operates in one industry and has only one reportable segment which is the development and production of oil and natural gas in the Western Canadian Sedimentary Basin.

2. BASIS OF PREPARATION AND FUTURE OPERATIONS

a) Statement of Compliance

The Company prepares its unaudited condensed financial statements in accordance with International Accounting Standard 34 – Interim Financial Reporting (IAS 34).

The accounting policies and method of computation followed in the preparation of the condensed financial statements are the same as those followed in the preparation of Bonterra’s 2024 audited annual financial statements, except as denoted below. These condensed financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the 2024 audited annual financial statements, which have been prepared in accordance with International Financial Reporting Standards (IFRS®).

b) Significant Accounting Policies

The accounting policies, critical accounting judgements and significant estimates used in the preparation of the December 31, 2024, annual financial statements have been applied to the preparation of these condensed financial statements, except for the changes noted below:

Share-based Compensation

Effective this period, the Company has expanded its equity compensation program beyond stock options to include restricted share units (RSUs) and deferred share units (DSUs) or share award plan. Accordingly, the accounting policy previously titled share-option compensation has been updated and renamed to share-based compensation to reflect this broader scope.

All share-based awards are recognized over their respective vesting periods as share-based compensation expense, with a corresponding increase to contributed surplus.

Stock options are measured at grant date using the Black-Scholes option pricing model and expensed over the vesting period. Upon exercise, the proceeds received and the fair value of the exercised options are credited to share capital. The Company also permits cashless equity settlement for vested options.

RSUs were issued to employees of the Company and may be awarded to employees annually. An independent trustee purchases Common shares in the open market and hold these shares until completion of the vesting periods. The unvested portion of the RSU awarded is initially recorded as a reduction in Bonterra’s share capital. The grant date fair value of such awards is then recognized over the vesting period

as share-based compensation expense, with a corresponding increase to contributed surplus. Upon vesting of awards, the related contributed surplus is reclassified to share capital.

DSUs were issued to non-employee directors of the corporation. Each DSU provides the holder with the right to receive common shares after they retire from their position in the Company. The unvested portion of the DSU awarded is initially recorded as a reduction in Bonterra's share capital. The grant date fair value of such awards is then recognized over the vesting period as share-based compensation expense, with a corresponding increase to contributed surplus.

c) Future Accounting Pronouncements

IFRS 18 – Presentation and Disclosure in Financial Statements

On April 9, 2024 the IASB issued IFRS 18, "Presentation and Disclosure in Financial Statements" ("IFRS 18"), which will replace International Accounting Standard 1, "Presentation of Financial Statements". IFRS 18 will establish a revised structure for the Consolidated Statements of Comprehensive Income (Loss) and improve comparability across entities and reporting periods. IFRS 18 is effective for annual periods beginning on or after January 1, 2027, with early adoption permitted. The standard is to be applied retrospectively, with certain transition provisions. The Company is currently evaluating the impact of adopting IFRS 18 on its financial statements.

3. PROPERTY, PLANT AND EQUIPMENT

Cost (\$ 000s)	Oil and gas properties	Production facilities	Furniture fixtures & other equipment	Total property plant & equipment
Balance at December 31, 2024	1,721,698	488,097	2,912	2,212,707
Additions	20,639	11,561	102	32,302
Adjustment to decommissioning liabilities	(784)	-	-	(784)
Disposal	(11,277)	(3,719)	-	(14,996)
Balance at March 31, 2025	1,730,276	495,939	3,014	2,229,229

Accumulated depletion and depreciation (\$ 000s)	Oil and gas properties	Production facilities	Furniture fixtures & other equipment	Total property plant & equipment
Balance at December 31, 2024	(1,039,870)	(234,378)	(2,215)	(1,276,463)
Depletion and depreciation	(21,090)	(4,712)	(32)	(25,834)
Disposal and other	10,606	3,313	-	13,919
Balance at March 31, 2025	(1,050,354)	(235,777)	(2,247)	(1,288,378)

Carrying amounts as at: (\$ 000s)

December 31, 2024	681,828	253,719	697	936,244
March 31, 2025	679,922	260,162	767	940,851

During the quarter, the Company disposed of certain non-core oil and gas assets located in Saskatchewan for total consideration of \$1.8 million, including closing adjustments. The consideration consisted of \$1.7 million in cash and \$0.1 million in non-core mineral rights.

The transaction resulted in a gain on sale of property of \$3.6 million, which has been recognized in the statement of comprehensive loss for the period. As part of the disposition, decommissioning liabilities of approximately \$2.8 million associated with the assets were also derecognized.

Impairment

There were no indicators of impairment losses or reversals identified for each of the three months ended March 31, 2025 and 2024.

4. BANK DEBT

As at March 31, 2025 the Company had a total Bank Facility of \$110,000,000 (December 31, 2024 - \$110,000,000), comprised of a \$85,000,000 syndicated revolving credit facility, and a \$25,000,000 non-syndicated revolving credit facility. The amount drawn under the total Bank Facility at March 31, 2025 was \$24,209,000 (December 31, 2024 - \$46,211,000). The amounts borrowed under the total Bank Facility bear interest at a floating rate based on the applicable Canadian prime rate or CORRA rate, plus between 2.00 percent and 7.00 percent, depending on the type of borrowing and the Company's consolidated debt to EBITDA ratio. EBITDA is defined as net income for the twelve-month trailing period excluding finance costs, provision for current and deferred taxes, depletion and depreciation, share-option compensation, gain or loss on sale of assets, extinguishment of debt, unrealized gain or loss on risk management contracts and impairment of assets. As at March 31, 2025, the terms of the total revolving Bank Facility provided that the loan facility was revolving to April 30, 2025, with a maturity date of April 30, 2026, with no set terms of repayment on the credit facility. Subsequent to March 31, 2025, the Company renewed and increased its Bank Facility of \$110,000,000 to \$125,000,000, comprising of a \$100,000,000 syndicated revolving credit facility and a \$25,000,000 non-syndicated revolving credit facility. The new terms of the Bank provide that the loan facility will revolve to April 30, 2026, with a maturity date of April 30, 2027. The applicable interest rates remain based on the Canadian prime rate or CORRA rate, with a revised margin ranging from 2.00% to 6.25%, depending on the type of borrowing. In addition, the financial covenant described below has been removed.

The amount available for borrowing under the Bank Facility is reduced by outstanding letters of credit. Letters of credit totaling \$1,690,000 were issued as at March 31, 2025 (December 31, 2024 - \$1,990,000). Security for the Bank Facility consists of various floating demand debentures totaling \$750,000,000 (December 31, 2024 - \$750,000,000) over all of the Company's assets and a general security agreement with first ranking over all personal and real property.

Financial Covenants

The Company is subject to the following financial covenant under its Bank Facility:

- II. Consolidated debt to trailing twelve months EBITDA ratio shall not exceed 2.50:1.00

As at March 31, 2025, Bonterra was in compliance with all financial covenants on its Bank Facility.

5. SUBORDINATED NOTES

As at March 31, 2025, the Company has 135,000 Senior Secured Second Lien Notes (the "Notes") outstanding. Each unit consists of one Note with a par value of \$1,000, bearing interest at a fixed annual rate of 10.5%, payable semi-annually on January 28 and July 28, commencing July 28, 2025. The Notes mature on January 28, 2030.

The Notes are non-callable by the Corporation prior to January 28, 2028. On or after January 28, 2028, the Corporation may redeem all or part of the Notes at the redemption prices set forth below, plus any accrued and unpaid interest, for the twelve month period beginning on:

- III. January 28, 2028: 102.625%
- IV. January 28, 2029 and thereafter: 100.000%

The Notes were issued at a discount, with an issue price of \$981.16 per \$1,000 of principal, resulting in gross proceeds of \$131.5 million and initial issue costs of \$3.5 million. The effective interest rate, determined using the effective interest rate method and reflecting both the discount and transaction costs, was 11.4%. The carrying amount of the Notes will accrete to the principal amount over the life of the Notes. For the three months ended March 31, 2025, interest expense recognized was \$2.4 million (March 31, 2024 – \$Nil).

The Notes are secured by a second lien charge over all personal and real property of the Company, ranking behind the Company's first lien credit facilities.

Extinguishment of Subordinated Debt

As part of a capital restructuring completed during Q1 2025, the Company fully repaid two classes of subordinated debt:

(a) Subordinated Term Debt

On January 28, 2025, the Company extinguished its subordinated term debt with the following payments:

- Principal repayment of \$57.0 million
- Accrued and unpaid interest of \$0.5 million
- Early redemption fee of \$3.4 million (recognized in loss on extinguishment of debt)
- Acceleration of unamortized issue costs of \$2.1 million (recognized in loss on extinguishment of debt)

(b) Subordinated Debentures

On February 26, 2025, the Company repaid in full its outstanding subordinated debentures:

- Principal repayment of \$59.0 million
- Accrued and unpaid interest of \$0.8 million
- Early redemption fee of \$3.5 million (recognized in loss on extinguishment of debt)
- Acceleration of unamortized issue costs of \$2.6 million (recognized in loss on extinguishment of debt)

The following table presents the total extinguishment of debt costs

(\$000s)	2025
Cash Extinguishment of debt	6,877
Accretion extinguishment of debt	4,720
Total extinguishment of debt	11,597

6. INCOME TAXES

The Company has the following tax pools, which may be used to reduce taxable income in future years, limited to the applicable rates of utilization:

(\$ 000s)	Rate of Utilization (%)	Amount
Undepreciated capital costs	7-100	84,458
Share issue and financing costs	20	8,359
Canadian oil and gas property expenditures	10	69,894
Canadian development expenditures	30	135,250
Canadian exploration expenditures	100	8,587
		306,548

The Company has \$64,111,000 (December 31, 2024 - \$64,111,000) of capital losses carried forward which can only be claimed against taxable capital gains.

7. SHAREHOLDERS' EQUITY

Authorized

The Company is authorized to issue an unlimited number of common shares without nominal or par value.

	Number	Amount (\$ 000s)
Issued and fully paid - common shares		
Balance, December 31, 2024	37,324,880	783,366
Purchase of shares in trust	(20,000)	(72)
Balance, March 31, 2025	37,304,880	783,294

The Company is authorized to issue an unlimited number of Class "A" redeemable Preferred Shares and an unlimited number of Class "B" Preferred Shares. There are currently no outstanding Class "A" redeemable Preferred Shares or Class "B" Preferred Shares.

The weighted average common shares used to calculate basic and diluted net earnings per share for the three months ended March 31, are as follows:

	2025	2024
Basic shares outstanding	37,323,991	37,255,828
Dilutive effect of share options, share awards and warrants ⁽¹⁾	604,368	66,270
Diluted shares outstanding	37,928,359	37,322,098

⁽¹⁾ The Company did not include 6,481,000 share-options, RSUs and DSUs (or share awards) and warrants (March 31, 2024 - 5,810,500) in the dilutive effect of share-options, share awards and warrants calculations as these were anti-dilutive.

Warrants

A summary of the status of warrants issued by the Company as of March 31, 2025 and changes during the period are presented below:

	Number of warrants	Weighted exercise price
As at March 31, 2025 and December 31, 2024	2,753,000	\$7.75

The Warrants issued entitle the holder to purchase one Common Share of Bonterra for each Warrant at a price of \$7.75, until October 20, 2025.

Restricted and Deferred share units

The Company provides an equity settled stock incentive plan which authorized the Board to grant restricted share units (RSU) and Deferred share units (DSU) to directors, officers and employees of Bonterra. Each RSU entitles the holder to common shares of the Company to be paid on each of the first, second and third anniversaries from the date of Grant.

The Company has a DSU plan pursuant to which it may make an annual grant of DSUs to non-employee directors. Pursuant to the DSU plan, DSUs awarded as part of annual grant vest quarterly from the date of grant. However, the DSU will not be released until the non-employee director has ceased to be a member of the board of directors of the Company. The award value is calculated at the payment date by multiplying the number of DSUs by the fair market value of the common shares of the Company.

RSUs and DSUs are settled at the Company's option in cash and/or common shares acquired by the Company on the stock exchange. The Company's intention is to settle the RSU/DSU plans in common shares and it has therefore accounted for the RSU/DSU awards as equity-settled.

	Number of restricted share units	Number of deferred share units
Balance at December 31, 2024	-	-
Granted	955,000	102,500
Balance at March 31, 2025	955,000	102,500

Options

The Company provides an equity settled option plan for its directors, officers, and employees. Under the plan, the Company may grant options for up to 3,732,488 (December 31, 2024 – 3,732,488 common shares). The exercise price of each option granted cannot be lower than the market price of the common shares on the date of grant and the option's maximum term is five years.

A summary of the status of the Company's stock options as of March 31, 2025 and changes during the year are presented below:

	Number of options	Weighted average exercise price
At December 31, 2024	3,105,500	\$6.90
Options granted	425,000	3.86
Options forfeited	(221,000)	7.15
Options expired	(30,000)	3.89
At March 31, 2025	3,279,500	\$6.52

The following table summarizes information about options outstanding and exercisable as at March 31, 2025:

Options outstanding			Options exercisable		
Range of exercise prices	Number outstanding	Weighted-average remaining contractual life	Weighted-average exercise price	Number exercisable	Weighted-average exercise price
\$ 1.00 - \$ 5.00	560,000	4.4 years	\$ 4.01	35,000	\$ 4.75
5.01 - 10.00	2,910,500	2.8 years	6.98	1,716,133	7.59
10.01 - 15.00	30,000	0.7 years	12.32	15,000	12.32
\$ 1.00 - \$ 15.00	3,500,500	3.1 years	\$ 6.52	1,766,133	\$ 7.57

The Company records compensation expense equally over the annual three-year vesting period, based on the fair value of options granted to directors, officers and employees. In 2025, the Company granted 425,000 options with an estimated fair value of \$387,000 or \$0.91 per option using the Black-Scholes option pricing model with the following key assumptions:

	March 31, 2025
Weighted-average risk free interest rate (%) ⁽¹⁾	2.80
Weighted-average expected life (years)	1.9
Weighted-average volatility (%) ⁽²⁾	40.60
Forfeiture rate (%)	6.43

⁽¹⁾ Risk-free interest rate is based on the weighted average Government of Canada benchmark bond yields for one, two, and three year terms to match corresponding vesting periods.

⁽²⁾ The expected volatility is measured as the standard deviation of expected share price returns based on statistical analysis of historical weekly share prices for a representative period.

8. OIL AND GAS SALES, NET OF ROYALTIES

(\$ 000s)	March 31, 2025	March 31, 2024
Oil and gas sales		
Crude oil	53,742	53,607
Natural gas liquids	6,860	6,157
Natural gas	10,088	8,825
	70,690	68,589
Less royalties:		
Crown	(7,288)	(6,080)
Freehold, gross overriding royalties and other	(2,679)	(2,930)
	(9,967)	(9,010)
Oil and gas sales, net of royalties	60,723	59,579

9. SUPPLEMENTAL CASH FLOW INFORMATION

(\$ 000s)	March 31, 2025	March 31, 2024
Change in non-cash working capital:		
Accounts receivable	(704)	(2,113)
Crude oil inventory	(122)	(42)
Prepaid expenses	1,194	599
Abandonment deposit	(847)	-
Accounts payable and accrued liabilities	18,205	11,614
	17,726	10,058
Changes related to:		
Operating activities	726	(4,102)
Investing activities	17,000	14,160
	17,726	10,058

Finance expense

(\$ 000s)	March 31, 2025	March 31, 2024
Interest expense:		
Bank debt	557	746
Subordinated debenture	826	1,328
Subordinated term debt	512	2,386
Subordinated notes	2,363	-
	4,258	4,460
Accretion:		
Decommissioning liabilities	938	890
Subordinated debentures	537	737
Subordinated term debt	121	470
Subordinated notes	31	-
	1,627	2,097
Total finance costs	5,885	6,557
Expense	4,258	4,460
Change in interest accrued	(2,363)	(1,328)
Interest paid	1,895	3,132

10. FINANCIAL RISK MANAGEMENT

Financial Risk Factors

The Company undertakes transactions in a range of financial instruments including:

- Accounts receivable
- Accounts payable and accrued liabilities
- Bank debt
- Subordinated notes

The Company's activities result in exposure to a number of financial risks including market risk (commodity price risk, interest rate risk, and foreign exchange risk), credit risk and liquidity risk.

The Company's overall risk management program seeks to mitigate these risks and reduce the volatility on Bonterra's financial performance. Financial risk is managed by senior management under the direction of the Board of Directors.

Bonterra is exposed to credit risk, liquidity risk and market risk as part of its normal course of business. The Company's overall risk management program seeks to mitigate these risks and reduce the volatility of Bonterra's financial performance. The Company does not speculatively trade in risk management contracts. Bonterra's risk management contracts are entered into in order to manage the risks relating to commodity prices from its business activities.

Liquidity Risk Management

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company's financial performance and position are largely dependent on the commodity prices received for its oil and natural gas production. Commodity prices have fluctuated widely in recent years due to crude oil inventory levels, domestic infrastructure constraints, global economic and geopolitical factors. Bonterra continues to retain available committed borrowing capacity that provides it with financial flexibility and the ability to meet ongoing obligations as they become due.

After examining the economic factors that are causing the liquidity risk facing the Company, the judgment applied to these factors, and the various initiatives that Bonterra has and will undertake to strengthen its financial position, the Company believes it will have sufficient liquidity to support its ongoing operations and meet its financial obligations as they come due for at least the next twelve months. There can be no assurance that the next borrowing base redetermination will not result in a borrowing base shortfall, and that the necessary funds or additional security will be available to eliminate the shortfall. Upon receipt of notice from the lenders, the shortfall would have to be remedied within 30 days or by such other means as acceptable to the lenders.

Credit Risk

Credit risk is the risk that a contracting party will not complete its obligations under a financial instrument and cause the Company to incur a financial loss. Bonterra is exposed to credit risk on all financial assets included on the statement of financial position. To help mitigate this risk:

- The Company only enters into material agreements with credit worthy counterparties. These include major oil and gas companies or major Canadian chartered banks; and
- Agreements for product sales are primarily on 30-day renewal terms. Of the \$26,482,000 accounts receivable balance at March 31, 2025 (December 31, 2024 - \$25,778,000) over 81 percent (December 31, 2024 – 84 percent) relate to product sales or risk management contracts with national and international banks and oil and gas companies.

On a quarterly basis, Bonterra assesses if there has been any impairment of the financial assets of the Company. During the three months ended March 31, 2025, there was no material impairment provision required on any of the financial assets of the Company. Bonterra does have credit risk exposure, as the majority of the Company's accounts receivable are with counterparties having similar characteristics. However, payments from Bonterra's largest accounts receivable counterparties have consistently been received within 30 days and the sales agreements with these parties are cancellable with 30 days' notice if payments are not received.

As at March 31, 2025, approximately \$124,000 or 0.5 percent of the Company's total accounts receivable are aged over 90 days and considered past due (December 31, 2024 - \$196,000 or 0.8 percent). The majority of these accounts are due from various joint venture partners. Bonterra actively monitors past due accounts

and takes the necessary actions to expedite collection, which can include withholding production or netting payables when the accounts are with joint venture partners. Should the Company determine that the ultimate collection of a receivable is in doubt, it will provide the necessary provision in its allowance for doubtful accounts with a corresponding charge to earnings.

If Bonterra subsequently determines an account is uncollectable, the account is written off with a corresponding charge to the allowance account. The Company's allowance for doubtful accounts balance at March 31, 2025 is \$1,847,000 (December 31, 2024 - \$1,733,000) with the expense being included in general and administrative expenses. There were no material accounts written off during the period.

The maximum exposure to credit risk is represented by the carrying amounts of accounts receivable. There are no material financial assets that Bonterra considers past due.

Capital Risk Management

The Company's objectives when managing capital, which it defines to include shareholders' equity, debt and working capital balances, are to safeguard Bonterra's ability to continue as a going concern, so that it can continue to provide returns to its shareholders and benefits for other stakeholders and to maintain a capital structure that provides a low cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the current debt structure and/or issue common shares.

The Company monitors its capital structure based on the ratio of net debt (total debt adjusted for working capital) to EBITDA. This ratio is calculated using each quarter end net debt divided by the preceding twelve months' EBITDA. At March 31, 2025, the Company had a net debt to EBITDA level of 1.3:1 as compared to 1.2:1 as at December 31, 2024. The increase in Bonterra's net debt to EBITDA ratio is primarily due to primarily due to a front-loaded capital program and the one-time debt restructuring costs. To provide cashflow protection the Company has hedged at least 30 percent of its forecasted oil and natural gas production (net of royalties payable) over the next nine months.

Section (a) of this note provides Bonterra's net debt to EBITDA ratio.

Section (b) addresses in more detail the key financial risk factors that arise from the Company's activities, including its policies for managing these risks.

a) Net debt to EBITDA ratio

The net debt and EBITDA amounts are as follows:

(\$ 000s)	March 31, 2025	December 31, 2024
Bank debt	24,209	46,211
Subordinated term debt ⁽¹⁾	-	35,750
Subordinated debentures	-	55,872
Subordinated notes	131,393	-
Current liabilities	61,372	61,389
Current assets	(30,872)	(32,012)
Net debt	186,102	167,210
Net earnings	\$1,745	10,203
Adjustments to net earnings:		
Unrealized gain on risk management contracts	379	1,525
Unrealized gain on sale of property	(3,557)	-
Deferred consideration	(978)	(958)
Finance costs	25,860	26,532
Share-option compensation	2,502	2,293
Depletion and depreciation	100,804	97,137
Extinguishment of debt	11,597	-
Current income tax expense	2,312	5,167
Deferred income tax expense	(1,423)	(1,513)
EBITDA (trailing twelve months)	\$139,241	140,386
Net debt to EBITDA ratio	1.3	1.2

⁽¹⁾ Included in current liabilities is the current portion of the Subordinated Term Debt of \$Nil (December 31, 2024 - \$19,000,000).

b) Risks and mitigation

Market risk is the risk that the fair value or future cash flow of the Company's financial instruments will fluctuate because of changes in market prices. Components of market risk to which Bonterra is exposed are discussed below.

Commodity Price Risk

The Company's principal operation is the production and sale of crude oil, natural gas and natural gas liquids. Fluctuations in prices of these commodities directly impact Bonterra's performance and ability to continue with its dividends.

The Company has used various risk management contracts to set price parameters for a portion of its production. Bonterra has assumed the risk in respect of commodity prices, except for a small portion of physical delivery sales and risk management contracts to manage commodity risk on the Company's higher operating cost areas.

Bonterra is exposed to credit risk, liquidity risk and market risk as part of its normal course of business. The Company's overall risk management program seeks to mitigate these risks and reduce the volatility of Bonterra's financial performance. Financial risk is managed by senior management under a risk management program approved by the Company's Board of Directors.

Physical Delivery Sales Contracts

Bonterra enters into physical delivery sales contracts to manage commodity price risk. These contracts are considered normal executory sales contracts and are not recorded at fair value in the financial statements. As of March 31, 2025, the Company has the following physical delivery sales contracts in place.

Product	Type of contract	Volume	Term	Contract price (\$)
Gas	Fixed Price - AECO Daily ⁽⁴⁾	2,500 GJ/day	Apr 1, 2025 to Oct 31, 2025	- 2.39 CAD/GJ
Gas	Physical collar - AECO Monthly ⁽⁵⁾	2,500 GJ/day	Apr 1, 2025 to Mar 31, 2026	1.75 to 2.70 CAD/GJ
Gas	Physical collar - AECO Monthly ⁽⁵⁾	2,500 GJ/day	Apr 1, 2025 to Dec 31, 2025	1.75 to 2.38 CAD/GJ
Gas	Physical collar - AECO Monthly ⁽⁵⁾	4,000 GJ/day	Jul 1, 2025 to Mar 31, 2026	2.00 to 3.20 CAD/GJ

⁽¹⁾ "WTI" refers to West Texas Intermediate, a grade of light sweet crude oil used as benchmark pricing in the United States.

⁽²⁾ "MSW Stream index" or "Edmonton Par" refers to the mixed sweet blend that is the benchmark price for conventionally produced light sweet crude oil in Western Canada.

⁽³⁾ "MSW differential" is the primary difference between WTI and MSW steam index benchmark pricing.

⁽⁴⁾ "AECO Daily" refers to a grade or heating content of natural gas used as daily index benchmark pricing in Alberta, Canada.

⁽⁵⁾ "AECO Monthly" refers to a grade or heating content of natural gas used as monthly index benchmark pricing in Alberta, Canada.

Risk Management Contracts

(\$ 000s)	March 31, 2025	March 31, 2024
Risk management contracts		
Realized gain	393	370
Unrealized loss	(1,516)	(2,662)
	(1,123)	(2,292)

The Company also enters into financial derivative instruments or risk management contracts to manage commodity price risk. These contracts are not considered normal executory sales contracts and are recorded at fair value in the financial statements.

As of March 31, 2025, the Company has the following risk management contracts in place.

Product	Type of contract	Volume	Term	Contract price (\$)
Oil	Financial collar - WTI	500 BBL/day	Apr 1, 2025 to Jun 30, 2025	65.00 to 80.00 USD/BBL
Oil	Financial collar - WTI	500 BBL/day	Apr 1, 2025 to Jun 30, 2025	65.00 to 77.50 USD/BBL
Oil	Financial collar - WTI	500 BBL/day	Apr 1, 2025 to Jun 30, 2025	60.00 to 74.00 USD/BBL
Oil	Financial collar - WTI	500 BBL/day	Apr 1, 2025 to Dec 31, 2025	65.00 to 75.00 USD/BBL
Oil	Financial collar - WTI	500 BBL/day	Jul 1, 2025 to Dec 31, 2025	65.00 to 75.50 USD/BBL
Oil	Fixed price - WTI	250 BBL/day	Apr 1, 2025 to Dec 31, 2025	- 71.75 USD/BBL
Oil	Financial collar - WTI	250 BBL/day	Apr 1, 2025 to Dec 31, 2025	60.00 to 70.50 USD/BBL
Oil	Fixed price - MSW differential	500 BBL/day	Apr 1, 2025 to Sep 30, 2025	(5.25) USD/BBL
Gas	Financial collar - AECO Monthly	7,500 GJ/day	Jan 1, 2025 to Jun 30, 2025	1.75 to 2.43 CAD/GJ
Gas	Financial collar - AECO Monthly	5,000 GJ/day	Apr 1, 2025 to Mar 31, 2026	1.75 to 2.70 CAD/GJ

Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that the Company uses. Bonterra's principal exposure is its borrowings which have a variable interest rate which gives rise to a cash flow interest rate risk.

As of March 31, 2025, the Company's debt facilities consist of a \$85,000,000 syndicated revolving credit facility, and a \$25,000,000 non-syndicated revolving credit facility, and \$135,000,000 senior second lien subordinated notes. The borrowings under the total bank facilities are at bank prime plus or minus various percentages as well as by means of the Canadian Overnight Repo Rate Average ("CORRA") within Bonterra's credit facility.

The subordinated notes are at a fixed interest rate of 10.5 percent. Bonterra manages its exposure to interest rate risk on its floating interest rate debt through entering into various term lengths on its term CORRA's but in no circumstances do the terms exceed six months.

Sensitivity Analysis

Based on historic movements and volatilities in the interest rate markets and management's current assessment of the financial markets, the Company believes that a one percent variation in the Canadian prime interest rate is reasonably possible over a 12-month period. A one percent increase (decrease) in the Canadian prime rate would decrease (increase) both annual net earnings and comprehensive income by \$186,000.

Foreign Exchange Risk

The Company has no foreign operations and currently sells all of its product sales in Canadian currency. However, Bonterra is exposed to currency risk in that crude oil is priced in US currency, then converted to Canadian currency. The Company currently has no outstanding risk management agreements. It will assume full risk in respect of foreign exchange fluctuations.

11. COMMITMENTS AND FINANCIAL LIABILITIES

Bonterra has the following maturity schedule for its financial liabilities and commitments:

(\$ 000s)	Recognized on Financial Statements	Less than 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Total
Accounts payable and accrued liabilities	Yes - Liability	54,576	-	-	-	54,576
Bank debt	Yes - Liability	-	24,209	-	-	24,209
Subordinated notes ⁽¹⁾	Yes - Liability	-	-	135,000	-	135,000
Future interest	No	14,175	28,350	25,873	-	68,398
Firm service commitments	No	1,323	2,402	1,452	220	5,397
Office lease commitments	No	742	1,831	1,753	553	4,879
Total		70,816	56,792	164,078	773	292,459

⁽¹⁾ Principal amount.

The Company has entered into firm service gas transportation agreements in which it guarantees certain minimum volumes of natural gas will be shipped on various gas transportation systems. The terms of the various agreements expire in one to seven years. The future minimum payment amounts for the firm service gas transportation agreements are calculated using current tariff rates.

Bonterra also has non-cancellable office lease commitments for building and office equipment. The building and office equipment leases have an average remaining life of 5.0 years.

12. SUBSEQUENT EVENT

Normal Course Issuer Bid ("NCIB")

On April 11, 2025, the Company announced that the Toronto Stock Exchange approved a NCIB, under which Bonterra may repurchase for cancellation up to 3,199,449 common shares, representing approximately 10% of its public float, during the 12-month period from April 15, 2025, to April 14, 2026.

Repurchases will be made through the TSX and/or alternative Canadian trading systems at prevailing market prices, funded by the Company's cash resources or credit facilities. To facilitate purchases during blackout periods, Bonterra has entered into an automatic share purchase plan with a broker, which operates independently in accordance with predetermined parameters, TSX rules, and applicable securities laws.

CORPORATE INFORMATION

Board of Directors

D. Michael G. Stewart - Chair

John J. Campbell

David M. Humphreys

Stacey E. McDonald

Patrick G. Oliver

Jacqueline R. Ricci

Officers

Patrick G. Oliver, President and CEO

Scott A. Johnston, CFO and Corporate Secretary

Brad A. Curtis, Senior VP, Business Development

Registrar and Transfer Agent

Odyssey Trust Company

Auditors

Deloitte LLP

Solicitors

Borden Ladner Gervais LLP

Bankers

CIBC

ATB Financial

Business Development Bank of Canada

Head Office

901, 1015 – 4th Street SW

Calgary, Alberta T2R 1J4

Telephone: 403.262.5307

Fax: 403.265.7488

Email: info@bonterraenergy.com

Website

www.bonterraenergy.com