

2025 LETTER TO SHAREHOLDERS

Dear valued Shareholders,

I am pleased to report that Bonterra Energy delivered a breakthrough year in 2025, achieving or exceeding nearly every objective we set at the start of the year. Through disciplined execution and continued operational excellence, we enhanced capital efficiency and strengthened our balance sheet liquidity. Strategic acquisitions further expanded and strengthened our asset base, positioning the Company and our shareholders for sustained growth and long-term value creation.

A Breakthrough Year

In 2025, we continued to advance the strategic transformation initiated in prior years, pivoting from a pure-play Cardium producer to a more diversified portfolio focused on high-impact Charlie Lake and Montney resource plays. This transition has materially reshaped our business, with these emerging assets contributing to approximately one-third of corporate production in just two years, while significantly expanding our tier-1 drilling inventory and expanding our long-term development runway.

Our operational execution continued to be a defining feature of the year. We surpassed the high end of our revised production guidance, achieving a record annual production of 15,513 BOE per day, despite a challenging commodity price environment. This growth was driven by the successful execution of our Charlie Lake drilling program, reactivation of wells and ongoing optimization of our base Cardium assets.

Importantly, this production growth was achieved with \$69.9 million of capital, within our revised guidance and substantially below historical levels. This performance demonstrates our improved capital efficiency and underscores the strength and resilience of our high-impact asset base.

Strategic Growth and Asset Expansion

A key highlight in 2025 was the continued expansion of our Charlie Lake core area. In December, we completed the acquisition of the Bonanza assets for \$15.3 million, adding approximately 760 BOE per day of low-decline production, 41 net sections of land, and 21 top-tier drilling locations that complement our existing inventory. This acquisition further strengthened our position in one of our most capital-efficient plays while creating immediate development synergies through strategically located infrastructure and gathering systems.

Operationally, we were encouraged by the strong performance of our Charlie Lake wells, including two three-mile horizontal wells drilled in November that ranked in the top 20 wells drilled industry-wide for the month. Together, they achieved a combined peak IP30 rate of approximately 2,700 BOE per day. These results reinforce the quality of the resource and underscore our technical team's ability to execute complex drilling programs efficiently and safely.

We also continued advancing the delineation of our 55+ sections of contiguous Montney land base, drilling our third Montney well and our first three-mile horizontal well in this play. The well was completed in January 2026, with production testing commencing in mid-February, representing an important step in unlocking the significant long-term potential of our contiguous Montney acreage.

Further supporting our asset expansion strategy, Bonterra grew its reserves across the TP and TPP reserve categories by 3%, underpinning a TPP Reserve Life Index of 19.4 years. At the same time, we reduced our TP and TPP F&D costs to \$12.72 per BOE and \$14.93 per BOE, driving recycle ratios of 2.1x and 1.8x, respectively.

Financial Strength and Capital Discipline

Over the course of 2025, we took additional steps to enhance our financial flexibility and simplify our capital structure. Through our high-yield debt refinancing, we strengthened liquidity and created a covenant-friendly framework that allowed for renewal and subsequent expansions of our credit facility from \$110 million to \$150 million. As a result, we exited the year with approximately \$110 million of liquidity on our balance sheet, providing a solid foundation to support our growth plans.

Funds flow totaled \$94.2 million, while adjusted free funds flow increased by 65% year-over-year to \$17.2 million, despite lower crude oil prices, highlighting the impact of the improved capital efficiency realized from the Charlie Lake drilling program. Field netbacks averaged \$22.05 per BOE and cash netbacks averaged \$16.63 per BOE, demonstrating the resiliency of our asset base in a mid-cycle pricing environment.

We also maintained a disciplined approach to capital allocation and shareholder returns. During 2025, we repurchased 749,900 shares, or approximately 2% of our outstanding common shares under our Normal Course Issuer Bid, reflecting our confidence in the intrinsic value of the Company and our commitment to long-term value creation for shareholders.

Operational Momentum and Team Excellence

The successes Bonterra achieved in 2025 are a testament to the strength, expertise, and dedication of our people, unlocking a key competitive advantage. We saw exceptional performance from our technical and operational teams, while executing complex drilling and development programs safely and efficiently. Our team's disciplined approach enabled record quarterly production while deploying significantly less capital than in prior years, demonstrating operational excellence and a culture of continuous improvement to support sustainable, long-term growth.

Carrying Momentum into 2026

We entered 2026 with strong operational momentum and an active capital program already underway. In the first quarter, we drilled three Charlie Lake wells, including two two-mile wells at 13-20 and 12-20, and a three-mile well at 03-25. The DUCs drilled in December 2025 have since been completed, including the 12-30 three-mile well in the Charlie Lake, along with our 16-12 three-mile Montney well. These wells position the Company for continued production growth throughout 2026.

Our 2026 capital program is designed to grow production through disciplined allocation across our three core assets. New well activity and waterflood capital directed to the Cardium will further optimize our base cash flow stream, while drilling programs in the Charlie Lake and Montney are expected to increase production exposure and further prove out the value of these high-impact assets. M&A will continue to be an integral component of our growth strategy, targeting attractive opportunities within our three core areas.

We reaffirm our 2026 guidance of average production between 16,200 and 16,400 BOE per day and capital expenditures between \$75 million and \$80 million. We remain committed to a disciplined balance sheet strategy, prioritizing the use of free funds flow for debt repayment and opportunistic share buybacks, while maintaining flexibility to respond to a potential challenging commodity price environment.

Closing Remarks

Reflecting on 2025, I want to extend my sincere gratitude to our employees, Board of Directors, and partners. We could not have achieved this breakthrough year without your dedication, support, and commitment to excellence. I would also like to welcome Andy Mah to our Board of Directors and thank Michael Stewart for his many years of service and contributions to Bonterra.

Fundamental to our success is the continued trust and support of our shareholders. We thank you for your confidence and trust as we build Bonterra thoughtfully and responsibly for the long-term. Your support enables us to pursue growth, execute our strategy, and create lasting value, and we are proud to have you with us on this journey.

Sincerely,

A handwritten signature in blue ink, appearing to read "Patrick Oliver". The signature is stylized and includes a long vertical line extending downwards from the end of the name.

Patrick Oliver
President & Chief Executive Officer



Advisories

Forward Looking Information

Certain statements contained in this letter include statements relating to matters that are not historical facts, and such statements of our beliefs, intentions and expectations about developments, 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 letter includes, but is not limited to: Bonterra's 2026 financial and operating guidance relating to production and capital expenditures; Bonterra's 2026 priorities and outlook; exploration and development activities; plans relating to repayment of indebtedness and share buybacks; reserve estimates; future net revenue; F&D costs and future development capital; 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 Bonterra 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.

Non-IFRS and Other Financial Measures

In this letter we refer 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 letter contains the terms "funds flow", "capital expenditures", "adjusted free funds flow", "field netback" and "cash netback" to analyze operating performance. For a description of these non-IFRS measures and reconciliations to the most directly comparable IFRS measures, please refer to our management's discussion and analysis for the year ended December 31, 2025.

Oil and Gas Disclosure

Bonterra's oil and gas reserves statement for the year ended December 31, 2025, which includes complete disclosure of its oil and gas reserves and other oil and gas information in accordance with NI 51-101, is contained within its Annual Information Form which is available on Bonterra's SEDAR profile at www.sedarplus.ca or on the Company's website.

This letter contains metrics commonly used in the oil and natural gas industry, such as "reserve life index" and "recycle ratio". These terms do not have standardized meanings or standardized methods of calculation and therefore may not be comparable to similar measures presented by other companies, and therefore should not be used to make such comparisons. Such metrics have been included to provide readers with additional information to evaluate Bonterra's performance, however, such metrics should not be unduly relied upon for investment or other purposes. Management uses these metrics for its own performance measurements and to provide readers with measures to compare Bonterra's performance over time. For a description of the oil and gas metrics used in this letter, please refer to our management's discussion and analysis for the year ended December 31, 2025.