



BONTERRA ENERGY CORP.

ANNUAL INFORMATION FORM

For the year ended December 31, 2025

March 12, 2026

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The information in this AIF is given as of December 31, 2025 unless otherwise indicated.

GLOSSARY OF TERMS

Unless the context otherwise requires, in this Annual Information Form, the following terms and abbreviations have the meanings set forth below.

"Bonterra" means Bonterra Energy Corp. the Company formed on amalgamation of Bonterra Corp. and Bonterra Oil & Gas Ltd. effective January 1, 2010;

"Bonterra Corp." means Bonterra Energy Corp. a former wholly owned subsidiary of Bonterra Trust which was wound-up and dissolved January 1, 2010;

"Bonterra Oil & Gas Ltd." means the former corporation whose assets consisted of all the issued and outstanding trust units of Bonterra Trust;

"Bonterra Trust" means Bonterra Energy Income Trust;

"CBCA" means the Canada Business Corporations Act;

"Economic Life" means, with respect to an oil and gas property, the time remaining before production of petroleum substances from the property is forecast to be uneconomic;

"Proved Reserves" are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves;

"Probable Reserves" are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves;

"Reserve Life Index" or "RLI" is an index reflecting the theoretical production life of a property if the remaining reserves were to be produced out at current production rates. The index is calculated by dividing the reserves in the selected reserve category at a certain date by the annual production from that period;

"Shareholder" means a holder of Bonterra common shares;

"Sproule" or "Sproule ERCE" means Sproule International Limited, independent petroleum consultants;

"Sproule Report" means the independent engineering evaluation of Bonterra's oil, natural gas and NGLs interests prepared by Sproule dated February 9, 2026 and effective December 31, 2025 utilizing the average commodity price forecasts of Sproule ERCE, GLJ Petroleum Consultants and McDaniels & Associates Consultants Ltd. dated December 31, 2025; and

ABBREVIATIONS

Oil and Natural Gas Liquids

Bbl – barrels
 MBbl – thousand barrels
 Bbl/d – barrels per day
 NGLs – natural gas liquids

Natural Gas

GJ – gigajoules
 GJ/d – gigajoules per day
 Mcf – thousand cubic feet
 MMcf – million cubic feet
 MMBtu – million British thermal units
 Bcf – billion cubic feet
 Mcf/d – thousand cubic feet per day

Other

AECO means Alberta Energy Company interconnect with the NOVA System.
 BOE means barrel of oil equivalent. In all cases of this document, a BOE conversion ratio for natural gas of 6 Mcf:1Bbl has been used. The conversion is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead and as such may be misleading, particularly if used in isolation.
 MBOE means thousand BOE.
 BOE/d means BOE per day.
 WTI means West Texas Intermediate at Cushing, Oklahoma, the benchmark crude oil for pricing purposes.
 GCA means gas cost allowance deduction taken off of provincial (Crown) royalties, to offset the capital and direct operating costs associated with processing the Crown's share of raw gas at a gas plant and transporting the Crown's share of residue gas through a sales line.

CONVERSIONS

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

<u>To convert from</u>	<u>To</u>	<u>Multiply By</u>
Mcf	Cubic Metres	28.174
Cubic Metres	Cubic Feet	35.494
Bbl	Cubic Metres	0.159
Cubic Metres	Bbl	6.293
Feet	Metres	0.305
Metres	Feet	3.281
Miles	Kilometres	1.609
Kilometres	Miles	0.621
Acres	Hectares	0.405
Hectares	Acres	2.471

ADVISORY

In this Annual Information Form where amounts are expressed on a barrel of oil equivalent basis, natural gas volumes have been converted to oil equivalence at six thousand cubic feet per barrel. The term BOE may be misleading, particularly if used in isolation. A BOE conversion ratio of six thousand cubic feet per barrel is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. As the value ratio between natural gas and crude oil, based on the current market prices thereof, is significantly different from the energy equivalency ratio of six to one, utilizing a BOE conversion ratio on this basis may be misleading as an indication of value.

Unless otherwise specified, references to oil include oil and NGLs. NGLs include condensate, propane, butane and ethane.

Where any disclosure of reserves data is made in this Annual Information Form or the documents incorporated by reference herein that does not reflect all of the reserves of Bonterra, the reader should note that the estimates of reserves and future net revenue for individual properties or groups of properties may not reflect the same confidence level as estimates of the reserves and future net revenue for all properties, due to the effects of aggregation.

PRESENTATION OF OIL AND GAS INFORMATION

All oil and gas information contained in this Annual Information Form or the documents incorporated by reference herein, has been prepared and presented in accordance with National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* (NI 51-101). The actual oil and gas reserves and future production will be greater than or less than the estimates provided herein. The estimated value of future net revenue from the production of the disclosed oil and gas reserves does not represent the fair market value of these reserves. There is no assurance that the forecast prices and costs or other assumptions made in connection with the reserves disclosed herein will be attained and variances could be material.

DEFINITIONS AND NOTES TO RESERVE DATA TABLES

Certain terms used herein are defined in NI 51-101 or the Canadian Oil and Gas Evaluation Handbook (COGE Handbook) and, unless the context otherwise requires, shall have the same meanings in this Annual Information Form as in NI 51-101 or the COGE Handbook.

The following definitions form the basis of the classification of reserves and values presented in the Sproule Report. Reserve data tables may not add due to rounding.

The determination of oil and gas reserves involves the preparation of estimates that have an inherent degree of associated uncertainty. Categories of proved, probable, and possible reserves have been established to reflect the level of these uncertainties and to provide an indication of the probability of recovery.

The estimation and classification of reserves requires the application of professional judgement combined with geological and engineering knowledge to assess whether or not specific reserves classification criteria have been satisfied. Knowledge of concepts including uncertainty and risk, probability and statistics, and deterministic and probabilistic estimation methods is required to properly use and apply reserves definitions. These concepts are presented and discussed in greater detail within the guidelines in Section 5.5 of the COGE Handbook.

The following definitions apply to both estimates of individual reserves entities and the aggregate of reserves for multiple entities.

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recovered from known accumulations, from a given date forward, based on:

- analysis of drilling, geological, geophysical and engineering data;
- the use of established technology; and
- specified economic conditions, which are generally accepted as being reasonable, and shall be disclosed.

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

1. Proved Reserves

Proved reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

2. Probable Reserves

Probable reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

3. Possible Reserves

Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves. Possible reserves have not been considered in this Annual Information Form.

Other criteria that must also be met for categorization of reserves are provided in Section 5.5.4 of the COGE Handbook.

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

4. Developed Reserves

Developed reserves are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g., when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing.

5. Developed Producing Reserves

Developed producing reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

6. Developed Non-Producing Reserves

Developed non-producing reserves are those reserves that either have not been on production, or have previously been on production, but are shut in, and the date of resumption of production is unknown.

7. Undeveloped Reserves

Undeveloped reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable or possible) to which they are assigned.

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

8. Levels of Certainty for Reported Reserves

The qualitative certainty levels contained in the definitions in Sections 1, 2 and 3 above are applicable to individual reserves entities, which refers to the lowest level at which reserves calculations are performed, and to reported reserves, which refers to the highest level sum of individual entity estimates for which reserve estimates are presented.

Reported reserves should target the following levels of certainty under a specific set of economic conditions:

- a) At least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated proved reserves;
- b) At least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves; and
- c) At least a 10 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves plus possible reserves.

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

Additional clarification of certainty levels associated with reserves estimates and the effect of aggregation is provided in Section 5 of the COGE Handbook.

CURRENCY

In this Annual Information Form, unless otherwise noted, all dollar amounts are expressed in Canadian dollars.

FORWARD-LOOKING STATEMENTS

This Annual Information Form, including documents incorporated by reference herein, contains forward-looking statements. These statements relate to future events or Bonterra's future performance. All statements other than statements of historical fact may be forward-looking statements. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", or the negative of these terms or other comparable terminology. These statements are only predictions. Actual events or results may differ materially. In addition, this Annual Information Form and documents incorporated by reference herein may contain forward-looking statements attributed to third party industry sources. Undue reliance should not be placed on these forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur. Forward-looking statements in this Annual Information Form and the

documents incorporated by reference herein include, but are not limited to, statements with respect to:

- the quantity and quality of the oil and natural gas reserves;
- the performance and characteristics of Bonterra's oil and natural gas properties;
- future development and exploration activities and the timing thereof;
- future land expiries;
- results of various projects of Bonterra;
- timing of receipt of regulatory approvals;
- timing of development of undeveloped reserves;
- the tax horizon and taxability of Bonterra;
- supply and demand for oil, NGLs and natural gas;
- expectations regarding Bonterra's ability to raise capital and to continually add to reserves through development and acquisitions;
- the impact of Canadian federal and provincial governmental regulation on Bonterra relative to other natural resource issuers of similar size;
- realization of the anticipated benefits of acquisitions and dispositions;
- weighting of production between different commodities;
- projections of commodity prices and costs;
- expected levels of royalty rates, operating costs, general and administrative costs, costs of services and other costs and expenses;
- capital expenditure programs and the timing and method of financing thereof; and
- treatment under government regulation and taxation regimes.

Although Bonterra believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Bonterra cannot guarantee future results, levels of activity, performance, or achievements. Moreover, neither Bonterra nor any other person assumes responsibility for the outcome of the forward-looking statements. Many of the risks and other factors are beyond Bonterra's control, which could cause results to differ materially from those expressed in the forward-looking statements contained in this Annual Information Form and the documents incorporated by reference herein. The risks and other factors include, but are not limited to:

- general economic conditions in Canada, the United States and globally, including reduced availability of debt and equity financing generally;
- industry conditions, including fluctuations in the price of oil, NGLs and natural gas;
- liabilities inherent in oil and natural gas operations;
- the ability to generate sufficient cash flow from operations and other sources to meet current and future obligations, including costs of projects and repayment of debt;
- governmental regulation of the oil and gas industry, including environmental regulation;
- fluctuation in foreign exchange or interest rates;
- geological, technical, drilling and processing problems and other difficulties in producing reserves;
- the uncertainty of reserve estimates and reserve life;
- weather;
- unanticipated operating events which can reduce production or cause production to be shut in or delayed;
- failure to realize anticipated benefits of acquisitions;
- failure to obtain industry partner and other third party consents and approvals, when required;
- health, safety and environmental risks;
- stock market volatility and market valuations;
- competition for, among other things, capital, acquisitions or reserves, deposits, undeveloped land and skilled personnel;
- competition for and inability to retain drilling rigs and other services;

- rights to surface access;
- the ability of management to execute its business plan;
- the need to obtain required approvals from regulatory authorities; and
- the other factors considered under “Risk Factors” in this Annual Information Form.

These factors should not be considered as exhaustive. Statements relating to “reserves” are by their nature forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the resources, reserves and deposits described can be profitably produced in the future. With respect to forward-looking statements contained in this Annual Information Form and the documents incorporated by reference herein, Bonterra has made assumptions regarding: future exchange rates; the impact of increasing competition; conditions in general economic and financial markets; availability of drilling and related equipment; availability of skilled labour; current technology; cash flow; production rates; timing and amount of capital expenditures; the prices and marketability of oil, NGLs and natural gas; royalty rates; effects of regulation by governmental agencies; future operating costs; the company’s ability to obtain financing on acceptable terms; and the company’s ability to secure processing and pipeline capacity for its production. Readers are cautioned that the foregoing list of factors is not exhaustive.

The above summary of assumptions and risks related to forward-looking information has been provided in this Annual Information Form and the documents incorporated by reference herein in order to provide readers with a more complete perspective on Bonterra’s future operations. Readers are cautioned that this information may not be appropriate for other purposes.

The forward-looking statements contained in this Annual Information Form and the documents incorporated by reference herein are expressly qualified by this cautionary statement. Bonterra is not under any duty to update or revise any of the forward-looking statements except as expressly required by applicable securities laws.

STRUCTURE OF BONTERRA ENERGY CORP.

Bonterra Energy Corp.

Bonterra Energy Corp. (“Bonterra” or “the Company”) is an oil and gas company headquartered in Calgary, Alberta. The Company’s assets consist of crude oil and natural gas assets.

The head and principal office of Bonterra is located at: Suite 800, 215-9th Avenue S.W Calgary, AB T2P 1K3.

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.

Transfer Agent and Registrar

The Registrar and Transfer Agent for the common shares is Odyssey Trust Company at 1230, 300 5th Ave SW Calgary, Alberta T2P 3C4

Organization Chart

At December 31, 2025, the structure of Bonterra was as set forth below:

Shareholder



Bonterra Energy Corp.

The common shares trade under the symbol BNE on the Toronto Stock Exchange (TSX).

Bonterra Energy Corp. was formed effective January 1, 2010 when Bonterra Oil & Gas Ltd. wound up Bonterra Energy Income Trust (“Bonterra Trust”) and amalgamated with its wholly owned subsidiary Bonterra Energy Corp. pursuant to the provisions of the Canada Business Corporations Act to continue as one corporation under the name Bonterra Energy Corp. effective January 1, 2010.

Prior to the amalgamation, Bonterra Trust (a trust which was wholly owned by Bonterra Oil & Gas Ltd.) was wound-up and dissolved in accordance with subsection 88.1 of the Income Tax Act (Canada). As a result of the amalgamation and dissolution of Bonterra Trust, Bonterra holds all of the assets formerly held by the former subsidiaries.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

The significant activities of the Corporation over the last three completed financial years that have influenced the general development of its business are as set forth below:

On December 18, 2025, the Company acquired the Bonanza Assets adjacent to the Company’s Charlie Lake area assets for cash considerations of \$15.3 million in mineral rights, including closing adjustments. This acquisition has been accounted for as an asset acquisition, which resulted in a \$16.0 million increase in PP&E and the assumption of \$0.7 million in decommissioning liabilities.

On April 11, 2025, Bonterra announced that the TSX accepted its notice of intention to make a normal course issuer bid (the “NCIB”) for its outstanding Common Shares, in accordance with the rules and policies of the TSX. The NCIB allows Bonterra to repurchase up to 3,199,449 Common Shares (representing approximately 10 percent of the 31,994,497 issued and outstanding Common Shares that comprised the public float as of April 7, 2025) over a period of 12 months commencing on April 15, 2025. The NCIB expires no later than April 14, 2026. Pursuant to the NCIB, during 2025, Bonterra repurchased for cancellation 749,900 Common Shares for approximately \$2.7 million at a weighted average price of \$3.56 per Common Share.

On February 26, 2025, Bonterra redeemed all 59,000 outstanding senior unsecured subordinated debentures (the “Subordinated Debentures”), each with a principal amount of \$1,000 and bearing interest at 9% per annum. The Subordinated Debentures were redeemed at a price of \$1,072.50 per \$1,000 principal amount, representing the principal amount together with accrued and unpaid interest and the applicable redemption premium. The Subordinated Debentures were originally scheduled to mature on October 20, 2025.

On January 28, 2025, the Company also repaid in full its second lien subordinated term debt (the “Subordinated Term Debt”), which was originally scheduled to mature on November 30, 2026. The extinguishment of the Subordinated Term Debt included repayment of \$57 million of principal, \$0.4 million of accrued and unpaid interest, and an early redemption fee of \$3.4 million.

On January 28, 2025, Bonterra issued \$135 million aggregate principal amount of senior secured second lien notes (the “Notes” or “Subordinated Notes”) pursuant to a private placement offering.

The Notes mature on January 28, 2030 and bear interest at a rate of 10.50% per annum. See “Description of Capital Structure – Senior Secured Lien Notes.”

On March 1, 2024, Bonterra closed an acquisition to purchase largely undeveloped petroleum and natural gas assets in northern Alberta, specifically targeting the prospective Charlie Lake formation in the Bonanza area for light oil and natural gas, for cash consideration of \$23.6 million and \$0.3 million in non-core land and leases, after closing adjustments. The Charlie Lake Asset Acquisition has been accounted for as an asset acquisition, which resulted in a \$24.2 million increase in PP&E and the assumption of \$0.3 million in decommissioning liabilities.

There were no material acquisitions or dispositions for the years ending December 31, 2023.

Legal Proceedings

There are no material legal proceedings to which Bonterra is subject or which is known by the Company to be contemplated.

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

PART I – DATE OF STATEMENT

The reserves data and other oil and gas information set forth below is based upon an evaluation by Sproule International Limited (Sproule), an independent qualified reserves evaluator within the meaning of National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* (NI 51-101) with an effective date of December 31, 2025 contained in the Sproule Report dated February 9, 2026.

PART II – DISCLOSURE OF RESERVE DATA

The reserves data summarizes the oil, liquids and natural gas reserves of Bonterra and the net present values of future net revenue for these reserves using forecast prices and costs. The reserves data conforms to the requirements of NI 51-101. Additional information not required by NI 51-101 has been presented to provide continuity and additional information which Bonterra believes is important to the readers of this information. Bonterra engaged Sproule to provide an evaluation of Proved and Probable Reserves and no attempt was made to evaluate possible reserves.

Readers should not assume that the estimates of future net revenues presented in the tables below represent the fair market value of the reserves. There is no assurance that the forecast prices and costs assumptions will be attained and variances could be material. The recovery and reserve estimates of crude oil, natural gas liquids and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas and natural gas liquid reserves may be greater than or less than the estimates provided herein. For more information as to the risks involved see "Risk Factors – Oil and Natural Gas Prices" and "Risk Factors – Reserves".

In accordance with the requirements of NI 51-101, attached hereto are the following appendices: 1) Appendix A: Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor in Form 51-101F2 containing certain information estimated using forecast prices and costs based on December 31, 2025 pricing assumptions; and 2) Appendix B: Report of Management and Directors on Oil and Gas Disclosure in Form 51-101F3.

FORM 51-101F1 PART 2.1(1) SUMMARY OF OIL AND GAS RESERVES AS OF DECEMBER 31, 2025 FORECAST PRICES AND COSTS

Reserves Category:	Light and Medium Crude Oil		Conventional Natural Gas		Natural Gas Liquids		Total	
	Gross (MBbl)	Net (MBbl)	Gross (MMcf)	Net (MMcf)	Gross (MBbl)	Net (Mbbbl)	Gross (MBoe)	Net (MBoe)
PROVED								
Developed Producing	15,418.6	13,645.4	93,403	86,439	3,340.3	2,944.0	34,325.9	30,996.0
Developed Non-Producing	1,619.3	1,474.0	7,081	6,600	247.1	222.9	3,046.6	2,796.8
Undeveloped	23,033.0	19,798.9	137,204	125,885	4,547.8	3,956.9	50,448.2	44,736.7
TOTAL PROVED	40,070.9	34,918.3	237,688	218,925	8,135.1	7,123.8	87,820.7	78,529.5
PROBABLE	10,001.3	7,879.4	59,240	53,566	2,013.1	1,633.1	21,887.6	18,440.1
TOTAL PROVED PLUS PROBABLE	50,072.2	42,797.7	296,927	272,491	10,148.2	8,756.9	109,708.3	96,969.7

The Company only operates in Canada.

FORM 51-101F1 PART 2.1(2)
SUMMARY OF NET PRESENT VALUES OF FUTURE NET REVENUE
AS OF DECEMBER 31, 2025
FORECAST PRICES AND COSTS

Net Present Values of Future Net Revenue Before Income Taxes
Discounted at (%/Year)

(\$ Millions)						Unit Value Discounted at 10%/YR
Reserves Category ⁽¹⁾	0%	5%	10%	15%	20%	(\$/BOE)
PROVED						
Developed Producing	749,746	577,152	468,500	396,003	344,617	15.11
Developed Non-Producing	65,627	47,608	36,640	29,441	24,409	13.10
Undeveloped	909,732	554,798	354,036	233,462	156,868	7.91
TOTAL PROVED	1,725,105	1,179,557	859,176	658,906	525,894	10.94
PROBABLE	700,234	437,670	308,892	234,976	187,607	16.75
TOTAL PROVED PLUS PROBABLE	2,425,339	1,617,227	1,168,068	893,882	713,500	12.05

⁽¹⁾ Unit values are based on net reserves.

The Company only operates in Canada.

FORM 51-101F1 PART 2.1(2)
SUMMARY OF NET PRESENT VALUES OF
FUTURE NET REVENUE
AS OF DECEMBER 31, 2025
FORECAST PRICES AND COSTS

Net Present Values of Future Net Revenue After Income Taxes
Discounted at (%/Year)

(\$ Millions)					
Reserves Category	0%	5%	10%	15%	20%
PROVED					
Developed Producing	633,255	492,483	402,576	342,124	299,021
Developed Non-Producing	50,624	36,565	28,000	22,382	18,456
Undeveloped	696,055	409,716	246,957	149,872	89,043
TOTAL PROVED	1,379,934	938,764	677,532	514,378	406,520
PROBABLE	542,116	337,151	237,282	180,159	143,619
TOTAL PROVED PLUS PROBABLE	1,922,050	1,275,915	914,815	694,537	550,139

The Company only operates in Canada.

FORM 51-101F1 PART 2.1(3)(b)
TOTAL FUTURE NET REVENUE
(UNDISCOUNTED)
AS OF DECEMBER 31, 2025
FORECAST PRICES AND COSTS

(\$ Millions)						Abandonment	Future Net	Future Net
	Revenue	Royalties	Operating	Development	and	Revenue	Revenue	
Reserves Category:			Costs	Costs	Reclamation	Before	Income	After
					Costs	Income	Taxes	Income
						Taxes	Taxes	Taxes
PROVED	5,461,212	613,255	2,115,067	804,264	203,521	1,725,105	345,171	1,379,934
PROVED PLUS PROBABLE	6,956,642	872,347	2,624,516	822,562	211,878	2,425,339	503,289	1,922,050

The Company only operates in Canada

FORM 51-101F1 PART 2.1(3)(c)
NET PRESENT VALUE OF FUTURE NET REVENUE
BY PRODUCTION GROUP
AS OF DECEMBER 31, 2025
FORECAST PRICES AND COSTS

Reserve Category	Production Group	Future Net	Unit Value
		Revenue	Before
		Before Income	Income
		Taxes	Taxes
		(Discounted at	(Discounted
		10%/Year)	at 10%/Year)
		(\$ Millions)	(\$/BOE) ⁽¹⁾
Proved	Light And Medium Crude Oil (Including solution gas and associated by-products)	849,503	10.89
	Conventional Natural Gas (Including associated by-products) ⁽²⁾	9,673	18.93
Total		859,176	
Proved Plus Probable	Light And Medium Crude Oil (Including solution gas and associated by-products)	1,155,920	12.00
	Conventional Natural Gas (Including associated by-products) ⁽²⁾	12,147	17.84
Total		1,168,068	

⁽¹⁾ Unit values are based on net reserves.

⁽²⁾ Includes corporate GCA, if applicable.

The Company only operates in Canada.

PART III – PRICING ASSUMPTIONS

Forecast Prices

The Forecast Prices used in the appendix are:

Year	Canadian Light Sweet Crude 40° API (\$Cdn/bbl)	Natural Gas AECO-C Spot (\$Cdn/MMbtu)	NGL Pentanes Edmonton (\$Cdn/bbl)	NGL Butanes Edmonton (\$Cdn/ bbl)	NGL Propane Edmonton (\$Cdn/ bbl)	Operating Cost Inflation Rate (%/Yr)	Capital Cost Inflation Rate (%/Yr)	Exchange Rate (\$US/\$Cdn)
HISTORICAL								
2021	80.31	3.64	85.88	51.64	43.39	4.1	7.9	0.80
2022	119.79	5.43	121.28	61.68	50.11	9.4	12.0	0.77
2023	99.87	2.64	102.80	45.62	29.59	5.0	5.0	0.74
2024	98.13	1.39	100.64	48.38	30.40	1.5	(0.3)	0.73
2025	85.66	1.69	88.78	40.60	29.43	2.4	1.5	0.72
FORECAST ⁽¹⁾⁽²⁾								
2026	77.54	3.00	80.01	36.95	25.10	-	-	0.73
2027	83.60	3.30	86.19	39.79	27.28	2.0	2.0	0.74
2028	90.17	3.49	92.85	42.87	29.68	2.0	2.0	0.74
2029	92.32	3.58	95.06	43.89	30.38	2.0	2.0	0.74
2030	94.17	3.65	96.96	44.77	30.99	2.0	2.0	0.74
2031	96.06	3.72	98.91	45.66	31.61	2.0	2.0	0.74
2032	97.98	3.80	100.88	46.58	32.24	2.0	2.0	0.74
2033	99.93	3.88	102.90	47.51	32.88	2.0	2.0	0.74
2034	101.93	3.95	104.96	48.46	33.54	2.0	2.0	0.74
2035	103.97	4.03	107.06	49.43	34.21	2.0	2.0	0.74

⁽¹⁾ Crude oil, natural gas and liquid prices escalate at 2.0 percent thereafter.

⁽²⁾ The forecasted of product prices is an average of independent reserve evaluators Sproule ERCE, GLJ Petroleum Consultants and McDaniel & Associates Consultants Ltd.

The Company's weighted average realized prices by production type for the 2025 financial year are as follows:

Light and Medium Crude Oil (\$ per barrel)	81.24
Conventional Natural Gas (\$ per Mcf)	2.09
Natural Gas Liquids (\$ per barrel)	41.61

PART IV – RECONCILIATION OF CHANGES IN RESERVES

RECONCILIATION OF COMPANY GROSS RESERVES (BEFORE ROYALTY) BY PRINCIPAL PRODUCT TYPE AS OF DECEMBER 31, 2025 FORECAST PRICES AND COSTS

	Light and Medium Crude Oil (MBbl)	Conventional Natural Gas (MMcf)	Natural Gas Liquids (MBbl)	Total (MBOE)
PROVED				
December 31, 2024	41,438.3	214,580.0	7,795.5	84,997.1
Extensions ⁽¹⁾	2,132.0	27,437.0	790.2	7,494.9
Acquisitions ⁽²⁾	762.3	9,605.0	196.2	2,559.3
Dispositions ⁽³⁾	(169.3)	(32.0)	(0.1)	(174.7)
Economic Factors ⁽⁴⁾	(833.7)	(3,251.0)	(127.1)	(1,502.7)
Technical Revisions ⁽⁵⁾	(917.2)	5,965.0	31.9	108.9
Production	(2,341.3)	(16,616.0)	(551.4)	(5,662.1)
December 31, 2025	40,070.9	237,688.0	8,135.1	87,820.7
PROBABLE				
December 31, 2024	10,286.0	53,211.0	1,918.6	21,073.1
Extensions	693.6	7,593.0	212.3	2,171.3
Acquisitions	190.0	2,417.0	49.4	642.2
Dispositions	(49.0)	(10.0)	(0.1)	(50.8)
Economic Factors	75.7	367.0	21.0	157.9
Technical Revisions	(1,195.0)	(4,338.0)	(188.1)	(2,106.1)
December 31, 2025	10,001.3	59,239.0	2,013.1	21,887.6
PROVED PLUS PROBABLE				
December 31, 2024	51,724.3	267,790.0	9,714.1	106,070.2
Extensions	2,825.6	35,030.0	1,002.4	9,666.2
Acquisitions	952.3	12,022.0	245.6	3,201.5
Dispositions	(218.3)	(42.0)	(0.1)	(225.5)
Economic Factors	(758.0)	(2,884.0)	(106.1)	(1,344.8)
Technical Revisions	(2,112.3)	1,627.0	(156.2)	(1,997.2)
Production	(2,341.3)	(16,616.0)	(551.4)	(5,662.1)
December 31, 2025	50,072.2	296,927.0	10,148.2	109,708.3

(1) Includes the drilling of step-out and infill wells in 2025 and the booking of new step-out future drilling locations.

(2) Additions in volumes relating to the acquisition of an asset in the Greater Bonanza Area.

(3) Reduction in volumes due to the selling of non-core assets. In 2025, properties in Saskatchewan and Eastern Alberta were divested in their entirety.

(4) The economic factors reflect the change in reserves due to the changes in product pricing between the December 31, 2024 price forecast and the December 31, 2025 price forecast.

(5) Technical revisions are attributable to changes in previously booked estimates. In 2025, positive technical revisions were recorded in developed producing entities, primarily associated with improved well performance, as well as in the majority of pre-booked locations due to improved offset and analogue production performance. Negative technical revisions were recorded in the Montney play related to revisions to pre-booked locations to better align with future development plans and not due to well performance expectations.

(6) Gross Reserves means the Company's working interest reserves before calculation of royalties and before considerations of the Company's royalty interests.

The Company only operates in Canada.

PART V – ADDITIONAL INFORMATION RELATED TO RESERVE DATA

Undeveloped Reserves

Company Gross Reserves – First Attributed by Year ⁽¹⁾

Proved Undeveloped Reserves

	Light and Medium Crude Oil (MBbl)		Conventional Natural Gas (MMcf)		Natural Gas Liquids (MBbl)		Total (MBOE)	
	First	Total at	First	Total at	First	Total at	First	Total at
	Attributed	Year End	Attributed	Year End	Attributed	Year End	Attributed	Year End
2023	4,195	23,245	14,900	91,458	638	3,633	7,316	42,121
2024	2,264	23,076	29,951	118,684	752	4,122	8,008	46,978
2025	2,177	23,033	29,560	137,204	801	4,548	7,905	50,448

Probable Undeveloped Reserves

	Light and Medium Crude Oil (MBbl)		Conventional Natural Gas (MMcf)		Natural Gas Liquids (MBbl)		Total (MBOE)	
	First	Total at	First	Total at	First	Total at	First	Total at
	Attributed	Year End	Attributed	Year End	Attributed	Year End	Attributed	Year End
2023	1,280	6,112	4,111	23,215	175	931	2,140	10,912
2024	589	5,983	7,813	29,520	195	1,023	2,086	11,926
2025	730	6,125	8,501	35,581	222	1,175	2,368	13,230

⁽¹⁾ First attributed refers to reserves first attributed at year end of the corresponding fiscal year.

Sproule's evaluation of Bonterra's reserves as of December 31, 2025 is in accordance with the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook").

Bonterra's proved undeveloped reserves amount to 50,448 MBOE and represent approximately 57.4 percent of the total proved reserves and 46.0 percent of total proved plus probable reserves. Proved Undeveloped reserves are those reserves that can be estimated with a high degree of certainty and are expected to be recovered from known accumulations. In general, proved undeveloped reserves were assigned to certain properties as a result of Bonterra's capital program. Bonterra plans to convert the undeveloped reserves to proved developed producing reserves over the next five years.

Bonterra's probable undeveloped reserves amount to 13,230 MBOE and represent approximately 12.1 percent of the total proved plus probable reserves. Probable undeveloped reserves are assigned for similar reasons and generally to the same properties as proved undeveloped reserves. Probable undeveloped reserves are those reserves that are less certain to be recovered than proved reserves and are expected to be recovered from known accumulations.

Bonterra's proved plus probable undeveloped reserves are primarily comprised of Cardium horizontal locations.

Significant Factors or Uncertainties

For significant factors and uncertainties affecting components of reserves data please see discussions under "Risk Factors" in this Annual Information Form and "Management's Discussion and Analysis" as contained in the Company's 2025 Annual Report.

Future Development Costs

\$ 000s	Forecast	
	Prices and Costs	
Year	Proved	Proved Plus Probable
2026	60,516	60,528
2027	116,316	116,554
2028	154,382	154,382
2029	212,178	219,131
2030	260,872	271,966
Total Undiscounted	804,264	822,562

The above future development costs will be funded primarily from 2026 to 2030 cash flow from operations and if required from the Company's line of credit. Should these sources of funds be insufficient the Company will access the public markets as required.

PART VI – OTHER OIL AND GAS INFORMATION

Oil and Gas Properties

All of Bonterra's oil and natural gas properties are primarily located in the Province of Alberta. The Company also has non-core properties located in the Provinces of Saskatchewan and British Columbia. In 2025, production volumes from Bonterra's properties were approximately 51 percent light and medium crude oil and NGLs and 49 percent conventional natural gas on a BOE basis. During the year ended December 31, 2025, Bonterra's oil and natural gas properties yielded average annual production of 15,513 BOE per day (2024 – 14,846 BOE per day, 2023 – 14,204 BOE per day). As at December 31, 2025 the oil and natural gas property interests held by Bonterra are estimated to contain Proved plus Probable Reserves of 109,708 MBOE.

Pembina and Willesden Green, West Central Alberta

The Company's principal asset is geographically concentrated predominantly in the Pembina and Willesden Green fields. Combined, these fields are the Company's largest producing asset.

The Pembina Cardium field is the largest conventional oil field in Canada containing an estimate of original oil in place (OOIP) of 10.6 billion barrels with less than 20 percent produced to date. This field has proven to be a significant area for multi-zone oil and natural gas exploration with predictable results. Horizontal drilling with multistage fracking improves recoveries from areas historically developed with vertical drilling and extends the economic edges of the reservoir. The Cardium asset offers predictable and stable production, quality light oil and robust netbacks. Bonterra operates approximately 93% of its Cardium production and has ownership and operates the majority of the related oil and gas processing facilities. Production from the Cardium assets is primarily light crude oil (55% oil and NGLs) ranging from 35° to 38° API. The Cardium area presently represents approximately 87% of Bonterra's total corporate 2P NPV10 value as independently evaluated by Sproule.

Some benefits of the Cardium area include:

- located in a large, well established oil producing fairway in Western Canada;
- predictable results and per well economics that support quick payouts;

- conventional sandstone reservoirs that support good capital efficiencies;
- shallow depth (~1,500 metres);
- low geological risk due to thousands of vertical penetrations;
- geographic concentration improves operational efficiencies; and
- established area infrastructure.

Bonterra's 2025 production from the Cardium assets was approximately 12,060 boe per day (55% oil and NGLs) representing approximately 78% of the Corporation's production. In 2025, the Company drilled 2 gross (2.0 net) horizontal Cardium oil wells and placed 2 gross (2.0 net) wells on production. In 2026, the Corporation intends to focus on operational efficiencies to enhance free funds flow generation from these assets.

Facilities

Bonterra operates approximately 96 oil batteries of various capacities in the Pembina area. Oil is gathered via pipeline or trucked to the batteries for processing. Treated oil is transferred into the Pembina midstream gathering system for transportation to Edmonton. Solution gas is separated at the batteries and pipeline connected to either four gas plants the Company operates or other non-operated gas plants, most of which Bonterra has ownership in.

Bonanza Charlie Lake, Northern Alberta

The Bonanza Charlie Lake field is Bonterra's second and newest core area located in northwest Alberta. The Company has been building a land base in the region since 2022 and in the last two years, completed key acquisitions to solidify it as a new core area. During 2025, the Company drilled 6 gross (5.4 net) operated horizontal wells and completed, equipped and tied in 5 gross (4.5 net) operated horizontal wells. The remaining well is expected to be placed on production in the first quarter of 2026.

Production from the Charlie Lake assets is primarily light crude oil (40% oil and NGLs) ranging from 38° to 40° API. The Company anticipates the Charlie Lake to become the growth engine of the Company and provide steady reserve growth into the future.

Some benefits of the Charlie Lake area include:

- organic growth opportunities;
- per well economics that support quick payouts and exceptional capital efficiencies; and
- shallow depth (~1,350 metres).

The Charlie Lake asset provides the Company with a long-term light oil development runway with highly economic horizontal drilling inventory. Quick payouts and exceptional capital efficiencies from these locations are expected to enhance the Corporation's free funds flow generating capacity and enhance corporate sustainability.

Valhalla Montney, Northern Alberta

The Valhalla Montney field is an emerging light oil resource play in Bonterra's portfolio located Northeast of Grande Prairie, Alberta. The Company began building a land base in the region in 2019 and has since drilled 3 gross (3.0 net) wells. The Montney is recognized as one of Canada's highest impact and most economic plays and is expected to provide the Company with a large development runway, scalable reserve growth and significant production growth potential.

In 2025 the Company drilled 1 gross (1.0 net) well, which will be completed, equipped and placed on production in Q1 2026.

Production from the Montney asset is light crude oil, natural gas liquids and natural gas (43% oil and natural gas liquids), with oil quality ranging from 39° to 40° API. The Montney production is

flowing to an industry partner natural gas processing facility on an interruptible basis which has sufficient estimated capacity to flow all three wells on an unrestricted basis. The Montney is expected to provide steady reserve growth into the future as the Corporation delineates the land base and begins to book locations.

Some benefits of the Montney area include:

- significant potential light oil drilling inventory;
- organic, high impact production and reserve growth potential;
- favorable land tenure situation; and
- medium depth (~1,950 metres).

The Montney asset provides exceptional optionality to the Corporation, providing a long-term light oil development runway with highly economic horizontal drilling inventory in a world class resource play.

Well Count

The wells in which Bonterra had an interest as at December 31, 2025 that it considers capable of production are set out in the following table:

	Producing Wells				Non-Producing Wells				Total			
	Oil Wells		Gas Wells		Oil Wells		Gas Wells		Oil Wells		Gas Wells	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
AB	1,111	742.2	109	24.4	606	373.0	67	43.3	1,717	1,115.2	176	67.7
BC	-	-	-	-	-	-	-	-	-	-	-	-
SK	-	-	5	2.9	-	-	32	16.6	-	-	37	19.5
Total	1,111	742.2	114	27.2	606	373.0	99	59.9	1,717	1,115.2	213	87.2

Properties with No Attributable Reserves

Bonterra's properties, all located in Canada, with no attributable reserves consist of approximately 177,807 gross and 146,865 net undeveloped acres in 2025.

Expiring acreage in the next twelve months consists of 19,680 gross (16,593 net) acres. The Company will continue to maximize their value and actively manage pending expiries.

The Company is currently reviewing these properties with a focus on maximizing their value.

Financial Risk Management

The Company utilizes a range of financial risk management contracts to mitigate commodity price risk, including physical delivery sales and risk management contracts that establish price parameters for a portion of its production. Through its hedging program, the Company actively manages price risk by employing both physical and financial contracts, with contracted volumes typically ranging from 20% to 50% for oil and natural gas on terms primarily lasting from 9 to 12 months from each reporting period.

Additional Information Concerning Abandonment and Reclamation Costs

In connection with its operations, the Company will incur abandonment and reclamation costs for surface leases, wells, facilities and pipelines. The Company budgets for and recognizes as a liability the estimated present value of the future decommissioning liabilities associated with its property, plant and equipment. The Company estimates such costs through a model that incorporates data from the Company's operating history, industry sources and cost formulas used by Alberta Energy

Regulator, together with other operating assumptions. The Company expects all of its net wells to incur these costs. The Company anticipates the total amount of such costs, excluding inflation, to be approximately \$193.3 million on an undiscounted basis and \$55.2 million with inflation at approximately 2% and discounted at 10% in accordance with NI 51-101. These incurred abandonment and reclamation obligations are included in the calculations of future net revenue associated with proved plus probable developed reserves under “Oil and Natural Gas Reserves” in this Annual Information Form.

Also included in this Annual Information under “Oil and Natural Gas Reserves” are the calculations of future net revenue associated with proved plus probable reserves. In addition to the estimated future abandonment and reclamation costs of proved plus probable developed reserves above, is the abandonment and reclamation of proved plus probable undeveloped reserves that includes the obligation of future wells and facilities that has not yet occurred. The Company estimates the costs associated with the abandonment and reclamation obligations that has not occurred to be approximately \$36.9 million on an uninflated and undiscounted basis and \$1.4 million with inflation at approximately 2% and discounted at 10%.

In the next three financial years, the Company anticipates that a total of approximately \$17.4 million on an uninflated and undiscounted basis and \$14.7 million with inflation at approximately 2% and discounted at 10% will be incurred in respect of abandonment and reclamation costs.

Tax Horizon

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	87,491
Share issue costs	20	4,801
Canadian oil and gas property expenditures	10	77,222
Canadian development expenditures	30	114,582
Canadian exploration expenditures	100	8,587
		292,683

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.

Capital Expenditures Incurred

The following table summarizes petroleum and natural gas capital expenditures incurred by Bonterra on acquisitions, land, seismic, exploration and development drilling and production facilities for the years ended December 31:

(\$ 000s)	2025	2024
Land	2,304	1,190
Acquisitions - Oil and Gas property	16,030	24,234
Exploration and development costs	67,628	99,886
Disposition - Oil and Gas property	(2,035)	-
Net petroleum and natural gas capital expenditures	83,927	125,310

Exploration and Development Activities

The following tables summarize Bonterra's gross and net drilling activity and success:

	2025					
	Development		Exploratory		Total	
	Gross	Net	Gross	Net	Gross	Net
Oil wells	17	8.9	-	-	17	8.9
Natural gas wells	1	1.0	-	-	1	1.0
Total	18	9.9	-	-	18	9.9
Success rate	100%	100%	100%	100%	100%	100%

	2024					
	Development		Exploratory		Total	
	Gross	Net	Gross	Net	Gross	Net
Oil wells	23	18.5	-	-	23	18.5
Natural gas wells	1	1.0	-	-	1	1.0
Total	24	19.5	-	-	24	19.5
Success rate	100%	100%	100.0	100.0	100%	100%

Please see discussion under Undeveloped Reserves for important current and likely exploration and development activities.

Production Estimates 2026

	2026			
	Light and Medium	Conventional		Total
	Crude Oil (Bbl/d)	Natural Gas (Mcf/d)	NGLs (Bbl/d)	(BOE/d)
Alberta ⁽¹⁾	6,873	47,943	1,522	16,801
British Columbia	-	-	-	-
Saskatchewan	-	-	-	-
	6,873	47,942	1,522	16,801

⁽¹⁾ Substantially all of Alberta's production is from the Pembina, Willesden Green and Charlie Lake fields.

The above production estimates are based on the proved and probable reserve estimates using forecasted prices and costs contained in the Sproule Report.

Production History 2025

The following table provides a summary of the average production volumes from Bonterra's producing areas.

Product Type Yearly Quarter	Average per Unit of Volume (\$/Bbl and \$/Mcf)				
	Production Volume per day	Price	Royalties	Production Costs	Netbacks
Light and Medium Crude Oil (Bbl)					
1 Quarter	6,546	91.22	6.94	31.26	53.02
2 Quarter	6,794	79.85	5.62	26.68	47.55
3 Quarter	6,051	81.92	5.27	28.07	48.58
4 Quarter	6,274	71.90	4.37	28.12	39.41
Conventional Natural Gas (Mcf)					
1 Quarter	46,390	2.42	1.16	1.01	0.25
2 Quarter	48,584	2.03	0.94	1.11	(0.02)
3 Quarter	42,336	1.16	0.88	0.85	(0.57)
4 Quarter	44,839	2.69	0.73	0.80	1.16
Natural Gas Liquids (Bbl)					
1 Quarter	1,679	45.39	6.94	20.38	18.07
2 Quarter	1,508	42.58	5.62	22.72	14.24
3 Quarter	1,353	40.42	5.27	23.12	12.03
4 Quarter	1,507	37.61	4.37	20.83	12.41

⁽¹⁾ The Company disposed of its Saskatchewan assets in the first quarter of 2025.

Lease Holdings

Bonterra's holdings of petroleum and natural gas leases and rights are as follows:

	2025		2024	
	Gross Acres	Net Acres	Gross Acres	Net Acres
Alberta	451,455	323,051	408,928	282,482
Saskatchewan	-	-	5,842	3,704
British Columbia	67,258	30,307	65,208	28,257
	518,713	353,358	479,978	314,443

INFORMATION RESPECTING BONTERRA ENERGY CORP.

Operations of Bonterra Energy Corp.

Management Policies and Acquisition Strategy

The objectives of the management of Bonterra are to maximize total return to shareholders over the long-term by growing production, debt reduction and potentially returning capital to shareholders. These objectives are met through the optimum utilization and development of existing crude oil and natural gas properties and acquisition or development of new producing or undeveloped properties.

Bonterra selectively acquires producing and non-producing oil and natural gas properties with exploration, development or operational enhancement opportunities. The development and exploration opportunities acquired are generally of a low risk nature. Where higher risk oil and gas prospects are acquired as part of a package of properties, Bonterra may sell, farm out or develop the exploration prospects, depending on management's assessment of the prospects' potential, costs involved and Bonterra's own technical expertise.

Environmental Obligations

Bonterra emphasizes the importance of creating and maintaining a safe and environmentally sound operation. The Company focuses on having management involvement in establishing safety policies, proper training of field operators, continuous and thorough review of operating procedures and policies conducted by the field operation's staff and management and by monitoring and ensuring compliance with safety and environmental regulations.

Acquisition Due Diligence

Bonterra conducts due diligence on all prospective acquisitions. Site inspections and file reviews are conducted by an internal team. Potential contamination and operational issues are identified at this stage to help protect Bonterra from purchasing properties with significant environmental liabilities.

Spill and Incident Control

Bonterra has a comprehensive pipeline integrity program in place designed to proactively manage pipeline spills and provide early detection on occurrence. Bonterra field operators and staff are required to report all spills, incidents and near misses to the management of Bonterra for review and to the regulatory agency when required. The investigation of all such incidents allows Bonterra, including management, to determine the factors responsible and assist in the identification of other similar situations prior to incidents occurring and ensuring proper actions are taken. Overall, Bonterra is confident that the program will reduce the occurrence of spills and assist in reducing future losses.

Insurance

Bonterra carries insurance coverage to protect its assets. Insurance coverage is subject to policy limitations and deductibles. Coverage is determined and placed by Bonterra subsequent to giving consideration to the perceived risk of loss, limit of coverage determined appropriate and the cost of coverage. Coverage currently in place includes protection against third party liability and pollution, property damage or loss, director and officer liability, cyber and business interruption.

Borrowing

The Company's debt obligations consist of a bank facility and subordinated notes. Details of the banking arrangement is contained in Note 8 of Bonterra's audited annual financial statements for the year ended December 31, 2025, contained in the Company's 2025 Annual Report. The financial statements and management discussion and analysis are incorporated herein for reference.

Personnel

At the date of this report, Bonterra employed a total of 43 persons at the head office and field offices, and contracted numerous office and field operations personnel.

INDUSTRY CONDITIONS

Production and Operation Regulations

The oil and natural gas industry is subject to extensive controls, laws and regulations imposed by various levels of government. These laws and regulations may be changed in response to economic or political conditions, and regulate among other things, land tenure and the exploration, development, production, handling, storage, transportation, and disposal of oil and gas, oil and gas by-products, and other substances and materials produced or used in connection with oil and gas operations. While it is not expected that any of these controls or regulations will affect the operations of the Company in a manner materially different than they would affect other oil and gas corporations of similar size, the controls and regulations should be considered carefully by investors. All current legislation is a matter of public record and the Company is unable to predict what additional legislation or amendments may be enacted. Outlined below are some of the principal aspects of legislation, regulations and agreements governing the oil and gas industry in Western Canada.

Pricing and Marketing in Canada

Crude Oil

In Canada, the producers of oil are entitled to negotiate sales contracts directly with oil purchasers. As a result, macroeconomic and microeconomic market forces determine the price of crude oil. Oil prices are primarily based on worldwide supply and demand; however, regional market and transportation issues also influence prices. Specific prices depend in part on oil quality, prices of competing fuels, distance to market, access to downstream transportation, value of refined products, length of contract term, weather conditions, the balance of supply and demand and other contractual terms.

Natural Gas

Negotiation between buyers and sellers determines the price of natural gas sold in intra-provincial, interprovincial and international trade. The price received by a natural gas producer depends, in part, on the price of competing natural gas supplies and other fuels, natural gas quality, distance to market, availability of transportation, length of contract term, weather conditions, supply and

demand balance and other contractual terms. Spot and futures prices can also be influenced by supply and demand fundamentals on various trading platforms.

Natural Gas Liquids

The pricing of condensates and other NGLs such as ethane, butane, propane and pentane plus sold in intra-provincial, interprovincial and international trade is determined by negotiation between buyers and sellers. Such prices depend, in part, on the quality of the NGL, price of competing chemical stock, distance to market, access to downstream transportation, length of contract term, supply and demand balance and other contractual terms.

Transportation Constraints, Pipeline Capacity and Market Access

As discussed in more detail below, one major constraint to the export of crude oil, natural gas and NGLs outside of Canada is the deficit of overall pipeline and other transportation capacity to transport production from Western Canada to the United States and other international markets. Although the Trans Mountain pipeline expansion has been completed, many contemplated projects have been cancelled or are delayed due to regulatory hurdles, court challenges and economic and other socio-political factors.

Oil Pipelines

Producers negotiate with pipeline operators (or other transport providers) to transport their products to market on a firm or interruptible basis. Transportation availability is highly variable across different areas and regions. This variability can determine the nature of transportation commitments available, the number of potential customers that can be reached in a cost-effective manner and the price received.

Under the Canadian constitution, interprovincial and international pipelines fall within the federal government's jurisdiction and, under the Canadian Energy Regulator Act ("**CERA**"), new interprovincial and international pipelines require a federal regulatory review and approval by Cabinet. However, recent years have seen a perceived lack of policy and regulatory certainty such that, even when projects are approved, they often face delays due to actions taken by provincial and municipal governments. Additional delays causing further uncertainty result from legal opposition related to issues such as Indigenous rights and title, the government's duty to consult and accommodate Indigenous peoples, and the sufficiency of all relevant environmental review processes. Export pipelines from Canada to the United States face additional unpredictability as such pipelines require approvals of several levels of government in the United States.

In the face of this regulatory uncertainty, the Canadian oil and natural gas industry has experienced significant difficulty expanding the existing network of transportation infrastructure for crude oil, natural gas and NGLs, including pipelines, rail, trucks and marine transport. Improved access to global markets, especially the Midwest United States and export shipping terminals on the west coast of Canada, could help to alleviate the downward pressures affecting commodity prices. Several proposals have been announced to increase pipeline capacity out of Western Canada to reach Eastern Canada, the United States and international markets via export terminals. While certain projects are proceeding, the regulatory approval process and other economic and socio-political factors related to transportation and export infrastructure has led to the delay, suspension or cancellation of many pipeline projects.

The federal government has introduced the Building Canada Act and Major Projects Office (the MPO) to assist with fast-tracking projects of national interest through regulatory barriers. In a memorandum of understanding signed by the federal government and Province of Alberta on November 27, 2025 (the Canada-Alberta MOU), the federal government committed to supporting a new pipeline that will deliver low-emission bitumen to the northern British Columbia coast for shipping to Asian markets, if certain conditions are met by the Alberta government. The Alberta

government has agreed to prepare an application for the pipeline project and submit it to the MPO before July 1, 2026.

Natural Gas and Liquefied Natural Gas

Natural gas prices in Alberta and British Columbia have also been constrained in recent years due to increasing North American supply, limited access to markets and limited storage capacity. While companies that secure firm access to transport their natural gas production out of Western Canada may be able to access more markets and obtain better pricing, other companies may be forced to accept spot pricing in Western Canada for their natural gas, which is generally lower than the prices received in other North American regions.

In October 2020, TC Energy Corporation received federal approval to expand the Nova Gas Transmission Line system (the "**NGTL System**"). The NGTL System has a \$9.9 billion infrastructure program underway, to add 3.5 billion cubic feet per day of incremental delivery capacity.

In 2025, LNG Canada became fully operational as the country's first large-scale LNG export terminal, marking a significant milestone in Canada's emergence as a global LNG supplier. The project exported its first cargo from the Kitimat terminal in June 2025, and by September had already shipped ten cargoes to international markets, with export volumes continuing to rise thereafter. In addition, in August 2025, contracts were awarded to update the Front-End Engineering and Design for the proposed Phase 2 expansion, which aims to double the facility's annual LNG production capacity.

A wide range of energy infrastructure projects, including natural gas pipelines, oil pipelines, LNG export facilities, and related transmission upgrades, remain in various stages of development across Canada. These include projects that are under construction, as well as others that are proposed, awaiting regulatory approvals, or still pending final investment decisions. Together, these projects reflect a significant pipeline of potential development subject to evolving market conditions, regulatory processes, and investment decisions.

Exports of Crude Oil, Natural Gas and NGLs from Canada

Over the past year, U.S. tariffs on certain Canadian products, including energy, along with Canada's reciprocal measures, have added complexity to cross-border energy trade. The U.S.-Canada tariff environment remains volatile, with duties affecting products that do not qualify for United States-Mexico-Canada Agreement ("**USMCA**") exemptions. On February 20, 2026, the U.S. Supreme Court ("**SCOTUS**") held that the Trump administration lacked legal authority to impose certain tariffs under the International Emergency Economic Powers Act and U.S. Customs and Border Protection announced that it would cease collecting the affected tariffs. In response to the SCOTUS decision, the Trump administration has indicated that it intends to impose alternative tariffs or adopt other trade measures on its trading partners, including Canada. SCOTUS' decision, the Trump's administration's response and the ongoing USMCA review add further uncertainty regarding whether crude oil, natural gas, and NGL exports to the U.S. could ultimately be subject to tariffs or other trade measures. These dynamics influence export costs, market access, and demand for Canadian energy products. The impact of continuing or new tariffs or other trade measures on the Canadian economy and Canadian energy producers is uncertain.

In recent years, Canada has expanded oil and gas exports beyond the U.S. The completion of the Trans Mountain pipeline expansion has enabled crude shipments to Asia and Europe, with China, South Korea, and India emerging as major buyers. Seaborne exports to Europe have also increased. With respect to natural gas, Canada's first large-scale liquefied natural gas ("**LNG**") terminal began operations in mid-2025, opening access to global markets. These developments mark a strategic shift toward diversified energy export destinations; however, the U.S. remains the largest customer of Canadian energy products. As a result, actions taken by the U.S. administration or other events impacting U.S. demand for Canadian energy products could have a significant

impact on the pricing the Corporation and other Canadian producers receive for their energy products.

Land Tenure

Rights are granted to energy companies to explore for and produce oil, bitumen and natural gas pursuant to leases, licenses, permits and regulations as legislated by the respective provincial and federal governments. Lease terms vary in length, usually from two to five years for oil and natural gas leases, and usually 15 years for Alberta bitumen leases. Other terms and conditions to maintain a mineral lease are set forth in the relevant legislation or are negotiated.

Lands in an oil and natural gas lease are continued beyond their primary term by drilling a well(s). A lease is proven productive at the end of its primary term by drilling, producing, mapping, being part of a unit agreement or by paying offset compensation. If a lease is proven productive, it will continue indefinitely beyond the initial term of the lease. The tenure only comes to an end when the holder can no longer prove its agreement is capable of producing oil or gas.

Many jurisdictions in Canada, including the provinces of Alberta and Saskatchewan have legislation in place for mineral rights reversion to the Crown where stratigraphic formations cannot be shown to be capable of production at the end of their primary lease term. Such legislation may also include mechanisms available to energy companies to "continue" lease terms for nonproducing lands, having met certain criteria as laid out in the relevant legislation.

Oil and natural gas can also be privately owned (freehold) and rights to explore for and produce such oil and natural gas are granted by leases on such terms and conditions as may be negotiated between the landowner and the lessee.

An additional category of mineral rights ownership includes ownership by the Canadian federal government of some legacy mineral lands and within indigenous reservations designated under the Indian Oil and Gas Act (Canada). Indian Oil and Gas Canada, which is a federal government agency, manages subsurface and surface leases, in consultation with the applicable indigenous peoples, for exploration and production of crude oil and natural gas on indigenous reservations.

Surface Rights

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

Royalties and Incentives

General

In addition to federal regulation, each province has legislation and regulations which govern royalties, production rates and other matters. The royalty regime in a given province is a significant factor in the profitability of crude oil, natural gas liquids, sulphur and natural gas production. Royalties payable on production from lands other than Crown lands are determined by negotiations between the mineral owner and the lessee, although production from such lands is subject to certain provincial taxes and royalties. Crown royalties are determined by governmental regulation and are generally calculated as a percentage of the value of the gross production. The rate of royalties payable generally depends in part on prescribed reference prices, well productivity, geographical location, field discovery date and the type or quality of the petroleum product produced. Other royalties and royalty-like interests are, from time to time, carved out of the working

interest owner's interest through non-public transactions. These are often referred to as overriding royalties, gross overriding royalties, net profits interests, or net carried interests.

Occasionally the governments of the western Canadian provinces have established incentive programs for exploration and development. Such programs often provide for royalty reductions, credits and holidays, and are generally introduced when commodity prices are low to encourage exploration and development activity. Additional programs may be introduced to encourage producers to prioritize certain kinds of development or undertake initiatives using new technologies that may enhance or improve recovery of crude oil, natural gas and NGLs or improve environmental performance.

The federal government also creates incentives and other financial aid programs intended to assist businesses operating in the petroleum and natural gas industry. Recently, these programs, including, but not limited to, programs that provide direct financial support to companies operating in the petroleum and natural gas industry and/or targeted funding for various initiatives related to industry diversification and environmental matters, have been administered through federal agencies such as the Business Development Bank of Canada, Natural Resources Canada, Export Development Canada, and Innovation, Science and Economic Development Canada.

Producers and working interest owners of crude oil and natural gas rights may also carve out additional royalties or royalty-like interests through non-public transactions, which include the creation of instruments such as overriding royalties, net profits interests and net carried interests.

Alberta - Royalties

In terms of oil or natural gas production from Crown lands, royalties are payable to the Province of Alberta. In respect of freehold lands, royalties are payable to the mineral owner and taxes are payable to the Province of Alberta. The Government of Alberta's approach to the royalty and tax regime is regularly reviewed for compliance with the purpose of the regimes; to ensure that Albertans are receiving a fair share from energy development through royalties, taxes and fees.

In 2016, the Government of Alberta adopted the Modernized Royalty Framework for Alberta ("**MRF**" or the "**Modernized Framework**"). The MRF formally took effect on January 1, 2017 for new wells drilled after this date. The previous royalty framework (the "**Old Framework**") will continue to apply to wells drilled prior to January 1, 2017 for a period of ten years ending on December 31, 2026. After the expiry of this ten-year period, these older wells will become subject to the Modernized Framework. On July 12, 2016, the Government of Alberta announced that producers could apply for early adoption of the MRF in respect of wells spud between July 13, 2016 and December 31, 2016. As of January 1, 2027, these older wells will become subject to the Modernized Framework. The Royalty Guarantee Act (Alberta), which came into effect on July 18, 2019, provides that no major changes will be made to the current crude oil and natural gas royalty structure for a period of at least 10 years.

The MRF applies to all hydrocarbons other than oil sands which will remain subject to their existing royalty regime. Royalties on production from non-oil sands wells under the MRF is determined on a "revenue-minus-costs" basis with the cost component based on a drilling and completion cost allowance formula for each well, depending on its vertical depth and horizontal length. The formula is based on the industry's average drilling and completion costs as determined by the Alberta Energy Regulator ("**AER**") on an annual basis.

Producers pay a flat royalty rate of 5 percent of gross revenue from each well that is subject to the Modernized Framework until the well reaches payout. Payout for a well is the point at which cumulative gross revenues from the well equals the Drilling and Completion Cost Allowance for the well set by the AER. After payout, producers pay an increased post-payout royalty on revenues of between 5% and 40% for crude oil and pentanes and 5% and 36% for methane, ethane, propane and butane, all determined by reference to the then current commodity prices of the various hydrocarbons. Similar to the Old Framework, the post-payout royalty rate under the Modernized

Framework varies with commodity prices. Once production in a mature well drops below a threshold level where the rate of production is too low to sustain the full royalty burden, its royalty rate is adjusted downward towards a minimum of 5% as the mature well's production declines.

As the MRF uses deemed drilling and completion costs in calculating the royalty and not the actual drilling and completion costs incurred by a producer, low cost producers benefit if their well costs are lower than the drilling and completion cost allowance and, accordingly, they continue to pay the lower 5% royalty rate for a period of time after their wells achieve actual payout.

The Old Framework is applicable to all conventional oil and natural gas wells drilled prior to January 1, 2017 and bitumen production. Subject to certain available incentives, effective from the January 2011 production month, royalty rates for conventional oil production under the Old Framework range from a base rate of 0% to a cap of 40%. The Old Framework also includes a natural gas royalty formula which provides for a reduction based on the measured depth of the well below 2,000 metres deep, as well as the acid gas content of the produced gas. Subject to certain available incentives, effective from the January 2011 production month royalty rates for natural gas production under the Old Framework range from a base rate of 5% to a cap of 36 percent. Under the Old Framework, the royalty rate applicable to natural gas liquids is a flat rate of 40 percent for pentanes and 30 percent for butanes and propane.

The Government of Alberta has from time to time implemented drilling credits, incentives or transitional royalty programs to encourage crude oil and natural gas development and new drilling. In addition, the Government of Alberta has implemented certain initiatives intended to accelerate technological development and facilitate the development of unconventional resources, including as applied to coalbed methane wells, shale gas wells and horizontal crude oil and natural gas wells. In addition to royalties, producers of crude oil and natural gas from Crown lands in Alberta are also required to pay annual rental payments, at a rate of \$3.50 per hectare.

Royalty rates for the production of privately-owned crude oil and natural gas are negotiated between the producer and the resource owner.

Freehold mineral taxes are levied annually for production from freehold mineral lands. On average, the tax levied in Alberta is 4 percent of revenues reported from freehold mineral title properties. Freehold mineral taxes are in addition to any other negotiated royalty or other payment required to be paid to the owner of such freehold mineral rights.

Regulatory Authorities and Environmental Regulation

The Canadian oil and natural gas industry is currently subject to environmental regulations pursuant to a variety of provincial and federal legislation, all of which is subject to governmental review and revision from time to time. Such legislation provides for restrictions and prohibitions on the release or emission of various substances produced in association with certain oil and gas industry operations, such as sulphur dioxide and nitrous oxide. The regulatory regimes set out the requirements with respect to oilfield waste handling and storage, habitat protection and the satisfactory operation, maintenance, abandonment and reclamation of well, facility and pipeline sites. Compliance with such legislation can require significant expenditures and a breach of such requirements may result in suspension or revocation of necessary licences and authorizations, civil liability and the imposition of material fines and penalties. In addition to these specific, known requirements, future changes to environmental legislation may impose further requirements on operators and other companies in the oil and natural gas industry. Companies that have hydraulic fracturing operations have additional operational, regulatory and reporting requirements.

Bonterra has established internal guidelines to be followed in order to comply with environmental laws and regulations in the jurisdictions in which the Company operates. The Company has adopted an environmental, health, and safety policy that is managed through the Company's operations group whose responsibilities include providing assurance that our operations are carried out in accordance with applicable environmental guidelines and safety precautions. Although the

Company maintains pollution insurance against the costs of cleanup operations, public liability, and physical damage, there is no assurance that such insurance will be adequate to cover all such costs or that such insurance will continue to be available in the future.

Federal

Canadian environmental regulation is the responsibility of the federal government and provincial governments. Where there is a direct conflict between federal and provincial environmental legislation in relation to the same matter, the federal law will prevail, however, such conflicts are uncommon. The federal government has primary jurisdiction over federal works, undertakings and federally regulated industries such as railways, aviation and interprovincial transport including interprovincial pipelines. The Canadian Environmental Protection Act, 1999 and the Canadian Environmental Assessment Act, 2012 provide the foundation for the federal government to protect the environment and cooperate with provinces to do the same.

Impact Assessment Act

The CER is responsible for the environmental and economic regulation of pipelines, transmission infrastructure and offshore renewable energy projects, including offshore wind and tidal facilities. In its adjudicative role, the CERA tasks the CER with reviewing applications for the development, construction and operation of many of these projects, culminating in their eventual abandonment.

Designated projects that may have effects on matters within federal jurisdiction will generally require an impact assessment administered by the Impact Assessment Agency of Canada (the "IA Agency") or, in the case of certain pipelines, a joint review panel comprised of members from the CER and the IA Agency.

Once a review or assessment is commenced under either the CERA or Impact Assessment Act, there are limits on the amount of time the CER and/or IA Agency will have to issue their report(s) and recommendation. Designated projects will go through a planning phase to determine the scope of the impact assessment, which the federal government has stated should provide more certainty as to the length of the full review process.

Clean Fuel Regulations

The Clean Fuel Regulations ("**CFR**") are a set of rules and requirements implemented by the federal government to achieve its objective of reducing GHG emissions. The CFR requires liquid fossil fuel primary suppliers to reduce the carbon intensity of the liquid fossil fuels they produce in, and import into, Canada. The CFR has also established a credit market, whereby the annual carbon intensity reduction requirement can be met via three main categories of credit-creating actions: (i) actions that reduce the carbon intensity of the fossil fuel throughout its lifecycle; (ii) supplying low-carbon fuels; and (iii) specified end-use fuel switching in transportation. In the Canadian federal budget released on November 4, 2025 (Budget 2025), the federal government announced that it plans to introduce amendments to the CFR to help reduce reliance on imported fuels, strengthen domestic supply chains and support jobs in agriculture, forestry and waste sectors.

Output-Based Pricing System Regulations

On November 22, 2023, the federal government published amendments to the Output-based Pricing System ("**OBPS**"). These regulations are made under the Greenhouse Gas Pollution Pricing Act. These amendments ensure continued greenhouse gas emissions reductions, reduce the administrative burden, and improve the implementation of the OBPS Regulations. Notably, the updated OBPS introduced a 2% fixed annual tightening rate for most Standards starting from 2023. Sectors facing significant competition and carbon pricing-induced carbon leakage experienced a 1% adjusted tightening rate from 2023 onwards.

Regulatory Framework for an Oil and Gas Sector Greenhouse Gas Emissions Cap

On November 4, 2024, the federal government proposed the Proposed Emissions Cap Regulations. The Proposed Emissions Cap Regulations would establish a cap-and-trade system that would apply to a wide range of industrial activities within the oil and gas sector, including onshore and offshore oil and gas production, oil sands production and upgrading, natural gas production and processing and LNG production. Under the cap-and-trade system, the federal government would determine a maximum threshold for annual emissions and freely issue emissions allowances in an amount equal to the cap. The initial cap would be based on 2026 emissions (attributed according to a formula set out in the Proposed Emissions Cap Regulations). The cap for the first compliance period, from 2030 to 2032, will be 27% below 2026 attributed emission levels for affected facilities. This reduction is anticipated to correspond to a 35% decrease from 2019 emission levels. To date, the Proposed Emissions Cap Regulations have not been implemented. Additionally, under the Canada-Alberta MOU, the federal government has committed to not implementing the Proposed Emissions Cap Regulations in consideration of the other commitments made in the Canada-Alberta MOU.

Oil Tanker Moratorium Act

The Oil Tanker Moratorium Act (Canada), enacted in 2019, imposed a ban on tanker traffic transporting certain crude oil and NGL or persistent crude oil products in excess of 12,500 metric tonnes along British Columbia's north coast. The ban has been criticized as preventing pipelines from being built to, and export terminals from being located on, the portion of the British Columbia coast subject to the moratorium. In response to discussions about potential limited exemptions related to future oil pipelines in Northern British Columbia, the British Columbia government signed the North Coast Protected Declaration on November 5, 2025 that urges the federal government to uphold and defend the Oil Tanker Moratorium Act, and to reject any exemptions. However, in the Canada-Alberta MOU, the federal government indicated an openness to making adjustments to the Oil Tanker Moratorium Act to assist in the construction of a new Alberta pipeline that will export bitumen to Asian markets.

Alberta

The AER is the principal regulator responsible for all energy resource development in Alberta. It derives its authority from the Responsible Energy Development Act and a number of related statutes including the Oil and Gas Conservation Act (the "**OGCA**"), the Oil Sands Conservation Act, the Pipeline Act, and the Environmental Protection and Enhancement Act. The AER is responsible for ensuring the safe, efficient, orderly and environmentally responsible development of hydrocarbon resources including allocating and conserving water resources, managing public lands, and protecting the environment. The AER's responsibilities exclude the functions of the Alberta Utilities Commission and the Land and Property Rights Tribunal, as well as Alberta Energy's responsibility for mineral tenure.

The Government of Alberta relies on regional planning to accomplish its responsible resource development goals. Its approach to natural resource management provides for engagement and consultation with stakeholders and the public and examines the cumulative impacts of development on the environment and communities by incorporating the management of all resources, including energy, minerals, land, air, water and biodiversity. While the AER is the primary regulator for energy development, several other governmental departments and agencies may be involved in land use issues, including Alberta Environment and Parks, Alberta Energy, the Aboriginal Consultation Office and the Land Use Secretariat.

The Government of Alberta's land-use policy for surface land in Alberta sets out an approach to manage public and private land use and natural resource development in a manner that is consistent with the long-term economic, environmental and social goals of the province. It calls for the development of seven region-specific land-use plans in order to manage the combined impacts

of existing and future land use within a specific region and the incorporation of a cumulative effect management approach into such plans.

The AER monitors seismic activity across Alberta to assess the risks associated with, and instances of, increased seismicity induced by hydraulic fracturing. Hydraulic fracturing involves the injection of water, sand or other proppants and additives under pressure into targeted subsurface formations to fracture the surrounding rock and stimulate crude oil and natural gas production. In recent years, hydraulic fracturing has been linked to increased seismicity in the areas in which hydraulic fracturing takes place, prompting regulatory authorities to investigate the practice further.

The AER has developed monitoring and reporting requirements that apply to all crude oil and natural gas producers working in certain areas where the likelihood of increased seismic activity is higher, and implemented the requirements in Subsurface Order Nos. 2, 6 and 7. The regions with seismic protocols in place are Fox Creek, Red Deer, and Brazeau (the Seismic Protocol Regions). Crude oil and natural gas producers in each of the Seismic Protocol Regions are subject to a "traffic light" reporting system that sets thresholds on the Richter scale of earthquake magnitude. The thresholds vary among the Seismic Protocol Regions and trigger a sliding scale of obligations from the crude oil or natural gas producers operating there. Such obligations range from no action required, to informing the AER and invoking an approved response plan, to ceasing operations and informing the AER. The AER has the discretion to suspend operations while it investigates following a seismic event until it has assessed the ongoing risk in a specific area and/or may require the operator to update its response plan. The AER may extend these requirements to other areas of Alberta if necessary, subject to the results of its ongoing province-wide monitoring.

Liability Management

The AER oversees closure requirements, including the abandonment and reclamation of wells, well sites, facilities, facility sites, and pipelines. Historically, the AER discharged this role through its Liability Management Rating Program (the "**AB LMR Program**"), which is being replaced in phases by the AER's Liability Management Framework (the "**AB LMF**"). The primary goal of the AB LMF is to reduce the number of inactive sites and create a framework and regulatory scheme that will better manage site reclamation throughout the lifecycle of a project.

As a result of the Supreme Court of Canada's decision in *Orphan Well Association v Grant Thornton* (also known as the "Redwater" decision), receivers and trustees can no longer avoid the AER's legislated authority to impose abandonment orders against licensees or to require a licensee to pay a security deposit before approving a licence transfer when any such licensee is subject to formal insolvency proceedings. This means that insolvent estates can no longer disclaim assets that have reached the end of their productive lives (and therefore represent a net liability) in order to deal primarily with the remaining productive and valuable assets without first satisfying any abandonment and reclamation obligations associated with the insolvent estate's assets. In April 2020, the Government of Alberta passed the Liabilities Management Statutes Amendment Act, which places the burden of a defunct licensee's abandonment and reclamation obligations first on the defunct licensee's working interest partners, and second, the AER may order the orphan fund ("**Orphan Fund**") established under the OGCA to assume care and custody and accelerate the clean-up of wells or sites which do not have a responsible owner.

Complementing the AB LMF program and associated directives, Alberta's OGCA establishes the Orphan Fund to help pay the costs to suspend, abandon, remediate and reclaim a well, facility or pipeline if a licensee or working interest participant becomes insolvent or is unable to meet its obligations. The Orphan Fund was originally conceived to be funded by licensees in the AB LMR Program who contribute to a levy administered by the AER. However, given the increase in orphaned oil and natural gas assets, the Government of Alberta has advanced loans to the Orphan Fund to carry out abandonment and reclamation work and has also covered levy payments that licensees would otherwise have owed to the Orphan Fund. Collectively, these programs, the AB LMF, and associated directives are designed to minimize the risk to the Orphan Fund posed by the

unfunded liabilities of licensees and to prevent the taxpayers of Alberta from incurring costs to suspend, abandon, remediate and reclaim wells, facilities or pipelines.

Following the Redwater decision, Alberta committed to actively reducing inventories of orphan and inactive well sites in the province. The AB LMF addresses five key components supporting a lifecycle approach to liability management: (i) practical guidance and support for distressed operators; (ii) a licensee capability assessment system to provide proactive support through ongoing financial capability review; (iii) mandatory spend targets to support inventory reduction; (iv) a process to address legacy and post-closure sites or sites that were remediated, reclaimed or abandoned prior to the AB LMF; and (v) the Orphan Well Association taking on a more involved role in managing clean-up of oil and natural gas facilities and infrastructure.

Pursuant to the AER's inventory reduction program implemented under Directive 088: Licensee Life-Cycle Management, licensees are required to meet closure spend requirements aimed at mitigating liabilities associated with inactive and orphan wells. The AER prescribes an industry-wide closure spend requirement each year. A licensee's mandatory closure spend is calculated using a licensee's proportion of industry-wide inactive liability and their level of financial distress determined by the licensee capability assessment. Generally, closure spend rates will be lower for licensees experiencing significant financial distress, and higher for licensees experiencing no financial distress.

The AB LMF continues to be implemented by the AER with gradual and phasing changes to legislative, regulatory and AER directives required to effectively implement the AB LMF and properly phase-out the AB LMR Program as the AB LMR Program is integrated in several directives and throughout governing legislation.

Climate Change Regulation

Climate change regulation at both the federal and provincial level has the potential to significantly affect the regulation of the crude oil and natural gas industry in Canada. In general, there is some uncertainty with regard to the impacts of federal or provincial climate change and environmental laws and regulations, as it is currently not possible to predict the extent of future requirements. Any new laws and regulations, or additional requirements to existing laws and regulations, could have a material impact on the Company's operations and cash flow.

Federal

Canada is a signatory to the United Nations Framework Convention on Climate Change and ratified the Paris Agreement, committing to reduce greenhouse gas emissions by 30% below 2005 levels by 2030. In 2021, Canada strengthened this target to a 40–45% reduction by 2030 and net-zero emissions by 2050. Canada has also pledged to reduce methane emissions from the oil and gas sector by 75% from 2012 levels by 2030; cap emissions from the oil and gas sector; and phase out thermal coal exports by 2030. At the 2023 United Nations Climate Change Conference, Canada reaffirmed its commitment to transition away from fossil fuels and accelerate greenhouse gas reductions.

The Government of Canada launched the Pan-Canadian Framework on Clean Growth and Climate Change in 2016 and, in 2018, enacted the Greenhouse Gas Pollution Pricing Act. This legislation established a federal carbon pricing system composed of two key elements: a fuel charge applied to fossil fuels, and an Output-Based Pricing System for large industrial emitters. The federal regime applied nationwide unless a province or territory implemented a system that met or exceeded federal benchmarks. However, effective April 1, 2025, the federal government introduced regulations that eliminated the federal fuel charge and removed the requirement for provinces and territories to maintain a consumer-facing carbon price.

Canada also regulates methane emissions under the Federal Methane Regulations, which came into force in 2020 and initially targeted a 40–45% reduction below 2012 levels by 2025. In

December 2023, the federal government proposed amendments to achieve a 75% reduction by 2030, introducing stricter limits, new prohibitions, and continuous monitoring requirements. These amendments are expected to take effect in 2027.

Additional federal measures include the Multi-Sector Air Pollutants Regulation, which limits emissions of nitrogen oxides and sulphur dioxide from industrial equipment, and commitments to cap oil and gas sector emissions and phase out thermal coal exports.

The Canadian Net-Zero Emissions Accountability Act ("**CNEAA**"), in force since 2021, commits Canada to achieving net-zero emissions by 2050. It establishes rolling five-year emissions reduction targets, requires detailed plans to meet each target, and mandates annual progress reporting. Under the CNEAA, Canada released its 2030 Emissions Reduction Plan in March 2022, outlining measures to cut emissions 40–45% below 2005 levels by 2030. The plan includes incentives for electric vehicles ("**EV**"), renewable electricity, and an emissions cap for the oil and gas sector.

The federal government continues to implement and revise measures aimed at reducing greenhouse gas emissions, creating ongoing regulatory uncertainty for industry. The Clean Fuel Regulations, effective July 2023, impose increasingly stringent carbon-intensity reduction requirements and operate through a compliance credit market, which may affect fuel supply costs and credit availability. The federal Greenhouse Gas Offset Credit System, launched in 2022, allows eligible projects to generate offset credits for use under the federal OBPS, but future protocol development, credit supply, and pricing remain uncertain.

In November 2024, the federal government released proposed Oil and Gas Emissions Cap Regulations, which would establish a sector-wide cap-and-trade system for upstream oil and gas emissions. Although originally expected to take effect in 2026, the November 2025 federal budget introduced significant changes to Canada's climate-policy framework, creating uncertainty about whether the emissions cap will be implemented as proposed, revised, or withdrawn.

Canada's Carbon Management Strategy aims to deploy technologies such as carbon capture to help achieve climate targets. As part of this strategy, the federal government has committed \$319 million over seven years to research and development. In June 2024, the government enacted the Carbon Capture, Utilization, and Storage Investment Tax Credit, a refundable credit available for eligible projects from January 1, 2022 until December 31, 2040, with a 50% reduction in credit value beginning in 2031.

In February 2026, the federal government introduced an updated national automotive strategy that includes more than \$3 billion in planned financial commitments to support industry expansion, modernization, and diversification into additional export markets. As part of this initiative, the federal government will implement a new program to lower the cost of EVs for Canadians, introduce new EV purchase and lease incentives for individuals and businesses, expand charging infrastructure, and advance a broader trade framework intended to enhance the competitiveness of the automotive sector. It also replaces the Electric Vehicle Availability Standard (which required automakers to sell an increasing percentage of zero emission light-duty vehicles, reaching 100% by 2035) with updated greenhouse gas emissions standards and new targets of achieving 75% EV sales by 2035 and 90% by 2040.

Alberta

In December 2016, the Oil Sands Emissions Limit Act (Alberta) came into force, establishing an annual 100 megatonne limit for GHG emissions from all oil sands sites, but the regulations necessary to enforce the limit have not yet been developed.

On January 1, 2020, Alberta's Technology Innovation and Emissions Reduction ("**TIER**") regulation came into effect for large emitters. It meets the federal benchmark's stringency requirements, allowing relevant facilities to remain under TIER rather than the federal OBPS. Since its

introduction, TIER has undergone various amendments and program updates intended to refine compliance mechanisms and maintain alignment with federal benchmark stringency requirements.

Alberta committed to reducing methane emissions by 45% from 2014 levels by 2025 and achieved this goal three years early. The province enacted the Methane Emission Reduction Regulation on January 1, 2020. Later that year, Alberta and Canada signed a five-year equivalency agreement exempting Alberta from the Federal Methane Regulations. In October 2025, the parties renewed the agreement, with some modifications, extending the exemption through 2030.

Indigenous Rights

Opposition by Indigenous people to the Company, its operations, development or exploration, or disagreements between Indigenous communities, or between Indigenous peoples and governments, in the jurisdictions in which Bonterra conducts business may adversely impact its reputation, relationship with host governments, local communities and other Indigenous communities. Other impacts may include diversion of management's time and resources, increased legal, regulatory and other advisory expenses, and the Company's ability to explore, develop and continue to operate projects.

In Canada, Indigenous and/or treaty rights held by Indigenous peoples are protected under the constitution. Impacts to these Indigenous and treaty rights must be considered, in particular in areas where the Company operates on Crown lands. In some cases, there may be outstanding Indigenous and treaty rights claims, which may include land title claims, on lands where Bonterra operates, and such claims, if successful, could have a material adverse impact on the Company's operations or pace of growth.

The Canadian federal and provincial governments have a duty to consult with Indigenous people when contemplating actions that may adversely affect the asserted or proven Indigenous rights or affect treaty rights and, in certain circumstances, accommodate their interests. The scope of the duty to consult by federal and provincial governments varies with the circumstances and is often the subject of ongoing litigation the result of which may affect the way governments are required to fulfil their duty to consult. The fulfillment of the duty to consult Indigenous people and any associated accommodations may adversely affect the Company's ability to, or increase the timeline to, obtain or renew permits, leases, licenses and other approvals, or to meet the terms and conditions of those approvals.

In addition, the Canadian federal government and the British Columbia provincial government have passed legislation which requires such governments to take all necessary measures to implement the United Nations Declaration on the Rights of Indigenous Peoples ("UNDRIP"). The means and timelines associated with UNDRIP's implementation by government is ongoing and, in some instances, uncertain: additional processes have been and are expected to continue to be created, or legislation amended or introduced associated with project development and operations, further increasing uncertainty with respect to project regulatory approval timelines and requirements.

RISK FACTORS

The following are certain risk factors relating to the business of Bonterra which prospective investors should carefully consider before deciding whether to purchase shares. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Annual Information Form. The risks set out below are not an exhaustive list and should not be taken as a complete summary or description of all the risks associated with the Company's business, the business of third parties with whom the Company conducts business and the crude oil and natural gas business generally.

Exploration, Development and Production Risks

Oil and natural gas operations involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long-term commercial success of the Company depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. Without the continual addition of new reserves, the Company's existing reserves, and the production from them, will decline over time as the Company produces from such reserves. A future increase in the Company's reserves will depend on both the ability of the Company to explore and develop its existing properties and its ability to select and acquire suitable producing properties or prospects. There is no assurance that the Company will be able to continue to find satisfactory properties to acquire or participate in. Moreover, management of the Company may determine that current markets, terms of acquisition, participation or pricing conditions make potential acquisitions or participation uneconomic. There is also no assurance that the Company will discover or acquire further commercial quantities of oil and natural gas.

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

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

Oil and natural gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including, but not limited to, fire, explosion, blowouts, cratering, sour gas releases, spills and other environmental hazards, geological and seismic risks, encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations. These typical risks and hazards could result in substantial damage to oil and natural gas wells, production facilities, other property and the environment and cause personal injury or threaten wildlife. Losses resulting from the occurrence of any of these risks could have a material adverse effect on future results of operations, liquidity and financial condition.

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

Volatility in the Oil and Gas Industry

Market events and conditions, including global excess oil and natural gas supply, actions taken by OPEC and non-OPEC countries, sanctions against Russia, Iran and Venezuela, slowing growth in China and emerging economies, concerns over public health related events and the impact that it will have on the supply of and demand for oil and gas, market volatility and disruptions in Asia, weakening global relationships, conflict between Ukraine and Russia and in the Middle East, isolationist trade policies, U.S. shale production, sovereign debt levels and political upheavals in various countries including Venezuela and growing anti-fossil fuel sentiment, have caused significant volatility in commodity prices. See "*Risk Factors - Political Uncertainty*". These difficulties have been exacerbated in Canada by political and other actions resulting in uncertainty surrounding

regulatory, tax, royalty changes and environmental regulation, see "*Royalties and Incentives*", "*Regulatory Authorities and Environmental Regulation*" and "*Climate Change Regulation*" in "*Industry Conditions*". In addition, difficulties encountered by midstream proponents to obtain the necessary approvals on a timely basis to build pipelines, liquefied natural gas plants and other facilities to provide better access to markets for the crude oil and natural gas industry in Western Canada have at times led to additional downward price pressure on crude oil and natural gas produced in Western Canada. The resulting price differential between Western Canadian Select crude oil, Brent and West Texas Intermediate crude oil has at times created uncertainty and reduced confidence in the petroleum and natural gas industry in Western Canada (see "*Industry Conditions - Transportation Constraints, Pipeline Capacity and Market Access*").

A decline in commodity prices may affect the volume and value of the Company's reserves, especially as certain reserves become uneconomic. In addition, lower commodity prices may reduce the Company's cash flow which could result in a reduced capital expenditure budget. As a result, the Company may not be able to replace its production with additional reserves and both the Company's production and reserves could be reduced on a year over year basis. A prolonged period of adverse market conditions may impede the Company's ability to refinance its credit facilities or arrange alternative financing when the credit facilities become due or if the lending limits under the credit facilities are reduced upon periodic review (see "*Risk Factors – Credit Facility Arrangements*"). Given the current market conditions and the lack of confidence in the Canadian oil and gas industry, the Company may have difficulty raising additional funds in the future or if it is able to do so, it may be on unfavourable and highly dilutive terms. If these conditions persist, Bonterra's cash flow may not be sufficient to continue to fund operations and to satisfy obligations when due and will require additional equity or debt financing and/or proceeds from asset sales. There can be no assurance that such equity or debt financing will be available on terms that are satisfactory or at all. Similarly, there can be no assurance that the Company will be able to realize any or sufficient proceeds from asset sales to discharge its obligations.

Adverse Economic Conditions

The demand for energy, including crude oil, NGLs and natural gas, is generally linked to broad-based economic activities. If there was a slowdown in economic growth, an economic downturn or recession, or other adverse economic or political development in the U.S., Europe, Asia or elsewhere, there could be a significant adverse effect on global financial markets and commodity prices. In addition, the ongoing military conflicts in the Middle East and Ukraine, hostilities in Taiwan and the occurrence or threat of terrorist attacks in the U.S. or other countries could adversely affect the global economy. Global or national health concerns, including the outbreak of pandemic or contagious diseases may adversely affect the Company by (i) reducing global economic activity thereby resulting in lower demand for crude oil, NGLs and natural gas, (ii) impairing the Company's supply chain, for example, by limiting the manufacturing of materials or the supply of goods and services used in operations, and (iii) affecting the health of the Company's workforce, rendering employees unable to work or travel. These and other factors disclosed elsewhere herein that affect the supply and demand for crude oil, NGLs and natural gas, and the Company's business and industry, could ultimately have an adverse impact on the Company's financial condition, financial performance, and funds flow.

Commodity Prices, Markets and Marketing

The marketability and price of oil and natural gas that may be acquired, discovered or produced by Bonterra is, and will continue to be, affected by numerous factors beyond its control. The Company's ability to market its crude oil and natural gas may depend upon its ability to acquire space on pipelines that deliver oil and natural gas to commercial markets or contract for the delivery of crude oil by rail. (see "*Industry Conditions – Transportation Constraints, Pipeline Capacity and Market Access*" and "*Risk Factors*" - *Volatility in the Oil and Gas Industry*"). The Company may also be affected by deliverability uncertainties related to the proximity of its reserves to pipelines, railway lines, processing and storage facilities; and operational problems affecting such pipelines, railway lines and facilities as well as extensive government regulation relating to price, taxes, royalties,

land tenure, allowable production, the export of crude oil and natural gas and many other aspects of the oil and natural gas business.

The prices of oil and natural gas are expected to remain volatile for the near future because of market uncertainties over the supply and demand of these commodities due to the current state of the world economies, shale oil production in the United States, OPEC actions, geopolitical tensions between the United States and Venezuela, the impact of tariffs and restrictive trade measures, political uncertainties, sanctions imposed on certain oil producing nations by other countries, conflicts in the Middle East, Ukraine and Taiwan and ongoing credit and liquidity concerns. Prices for crude oil and natural gas are also subject to the availability of foreign markets and the ability to access such markets. Any material decline in prices or a continued low crude oil and natural gas price environment could result in a reduction of Bonterra's anticipated net production revenue. The economics of producing from some wells may change as a result of lower prices, which could result in reduced production of oil or natural gas and a reduction in the volumes of the Company's reserves. Bonterra might also elect not to produce from certain wells at lower prices.

Volatile crude oil and natural gas prices make it difficult to estimate the value of producing properties for acquisitions and often cause disruption in the market for crude oil and natural gas producing properties, as buyers, sellers, lessors and lessees have difficulty agreeing on the value or terms of such arrangements. Price volatility also makes it difficult to budget for and project the return on potential acquisitions, divestitures or leasing opportunities. See "*Volatility in the Oil and Gas Industry*".

All of these factors could result in a material decrease in Bonterra's expected net production revenue and a reduction in its future crude oil and natural gas acquisition, exploration, development and production activities. Any substantial and extended decline in or continued low crude oil and natural gas prices would have an adverse effect on the Company's carrying value of its reserves, borrowing capacity, revenues, profitability and cash flows from operations and may have a material adverse effect on the Company's business and financial condition.

In addition, bank borrowings available to Bonterra may, in part, be determined by its borrowing base. A sustained material decline in prices from historical average prices could reduce Bonterra's borrowing base, therefore reducing the bank credit available which could require that a portion, or all, of Bonterra's bank debt be repaid.

Title to and Right to Produce from Assets

The Company's actual title to and interest in its properties, and its right to produce and sell the oil and natural gas therefrom, may vary from the Company's records. In addition, there may be valid legal challenges or legislative changes that affect the Company's title to and right to produce from its oil and natural gas properties, which could impair the Company's activities and result in a reduction of the revenue received by the Company.

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

Volatility of Market Price of Common Shares

The trading price of securities of crude oil and natural gas issuers is subject to substantial volatility often based on factors related and unrelated to the financial performance or prospects of the issuers involved. The volatility may affect the ability of holders to sell the common shares at an advantageous price. Factors unrelated to the Company's performance could include macroeconomic developments nationally, within North America or globally, domestic and global commodity prices and/or current perceptions of the crude oil and natural gas market. This includes, but is not limited to, changing and in some cases, negative investor sentiment towards energy-related businesses. In recent years, the volatility of commodities has increased due to, in part, the implementation of computerized trading and the decrease of discretionary commodity trading. In addition, the volatility, trading volume and share price of issuers have been impacted by increasing investment levels in passive funds that track major indices, as such funds only purchase securities included in such indices. In addition, in certain jurisdictions, institutions, including government sponsored entities, have determined to decrease their ownership in crude oil and natural gas entities which may impact the liquidity of certain securities and put downward pressure on the trading price of those securities.

Similarly, the market price of the common shares may be due to Bonterra's operating results failing to meet the expectations of securities analysts or investors in any quarter, downward revision in securities analysts' estimates, governmental regulatory action, adverse change in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by Bonterra or its competitors, along with a variety of additional factors, including, without limitation, those set forth under "*Forward-Looking Statements*". In addition, in recent years the market price for securities in the stock markets, including the TSX, experienced significant price and trading fluctuations. These fluctuations have resulted in volatility in the market prices of securities that often has been unrelated or disproportionate to changes in operating performance. These broad market fluctuations may adversely affect the market prices of the common shares. Accordingly, the price at which the common shares will trade cannot be accurately predicted.

Regulatory Approvals

In order to conduct its oil and natural gas operations, the Company requires regulatory approvals from various government authorities. There can be no assurance that Bonterra will be able to obtain or renew all of the regulatory approvals that may be required to conduct operations that it may wish to undertake or that it will obtain such approvals on terms and conditions acceptable to Bonterra.

Surface Conditions

The exploration for and development of oil and natural gas reserves depends upon access to areas where operations are to be conducted. Oil and gas industry operations are affected by road bans imposed from time to time during the winter break-up and thaw period in the spring. Road bans are also imposed due to snow, mud and rock slides and periods of high water or wild fires which can restrict access to Bonterra's well sites and production facilities.

Bonterra conducts a portion of its operations in areas accessible only on a seasonal basis. Unless the surface is sufficiently frozen, Bonterra is unable to access its properties, drill or otherwise conduct its operations as planned. In addition, if the surface thaws earlier than expected, Bonterra must cease its operations for the season earlier than planned. Limitations on Bonterra's ability to access properties or conduct its operations as planned could result in a shut down or slowdown of its operations, which may adversely affect its business.

Operating and Capital Costs

The Company's financial performance is significantly affected by the cost of operating and the capital costs associated with its assets. Operating and capital costs are affected by a number of factors including, but not limited to inflationary price pressure, scheduling delays, failure to maintain

quality standards and supply chain disruptions. Electricity, chemicals, supplies, abandonment, reclamation and labour costs are examples of operating costs that are susceptible to significant fluctuations. Fluctuations in operating and capital costs could negatively impact Bonterra's business, financial condition, results of operations, cash flows and value of its oil and gas reserves.

Bonterra's operating costs could escalate and become uncompetitive due to supply chain disruptions, inflationary cost pressures, equipment limitations, escalating supply costs, commodity prices, and additional government intervention through stimulus spending or additional regulations. The Company's inability to manage costs may impact project returns and future development decisions, which could have a material adverse effect on the Company's financial performance and funds from operations.

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

Hydraulic Fracturing

Concern has been expressed over the potential environmental impact of hydraulic fracturing operations, including water aquifer contamination and other qualitative and quantitative effects on water resources as large quantities of water are used and injected fluids either remain underground or flow back to the surface to be collected, treated and disposed of. Regulatory authorities in certain jurisdictions have announced initiatives in response to such concerns. Federal, provincial and local legislative and regulatory initiatives relating to hydraulic fracturing, as well as governmental reviews of such activities could result in increased costs, additional operating restrictions or delays, and adversely affect Bonterra's production. Public perception of environmental risks associated with hydraulic fracturing can further increase pressure to adopt new laws, regulation or permitting requirements or lead to regulatory delays, legal proceedings and/or reputational impacts. Any new laws, regulations or permitting requirements regarding hydraulic fracturing could lead to operational delay, increased operating costs, and third-party or governmental claims. They could also increase Bonterra's costs of compliance and doing business as well as delay the development of hydrocarbon (natural gas and oil) resources from shale formations, which may not be commercial without the use of hydraulic fracturing. Restrictions on hydraulic fracturing could also reduce the amount of oil and natural gas that Bonterra is ultimately able to produce from its reserves.

In the event federal, provincial, local, or municipal legal restrictions are adopted in areas where Bonterra is currently conducting, or in the future plans to conduct operations, Bonterra may incur additional costs to comply with such requirements that may be significant in nature, experience delays or curtailment in the pursuit of exploration, development, or production activities, and perhaps even be precluded from the drilling of wells. In addition, if hydraulic fracturing becomes more regulated, Bonterra's fracturing activities could become subject to additional permitting requirements and result in permitting delays as well as potential increases in costs. Restrictions on hydraulic fracturing could also reduce the amount of oil and natural gas that Bonterra is ultimately able to produce from its reserves.

Disposal of Fluids Used in Operations

The safe disposal of the hydraulic fracturing fluids (including the additives) and water recovered from oil and natural gas wells is subject to ongoing regulatory review by the federal and provincial governments, including its effect on fresh water supplies and the ability of such water to be recycled, amongst other things. While it is difficult to predict the impact of any regulations that may be enacted

in response to such review, the implementation of stricter regulations may increase the Company's costs of compliance.

Legal Proceedings

Bonterra may from time to time be subject to litigation and regulatory proceedings arising in the normal course of its business. Bonterra cannot determine whether such litigation and regulatory proceedings will, individually or collectively, have a material adverse effect on its business, results or operations and financial condition. To the extent expenses incurred in connection with litigation or any potential regulatory proceeding or action (which may include substantial fees of attorneys and other professional advisors and potential obligations to indemnify officers and directors who may be parties to such actions) are not covered by available insurance, such expenses could adversely affect Bonterra's cash position.

Third Party Credit Risk

Bonterra may be exposed to third party credit risk through its contractual arrangements with its current or future joint venture partners, marketers of its petroleum and natural gas production and other parties. In the event such entities fail to meet their contractual obligations, such failures could have a material adverse effect on Bonterra and its cash flow from operations. In addition, poor credit conditions in the industry and of joint venture partners may impact a joint venture partner's willingness to participate in Bonterra's ongoing capital program, potentially delaying the program and the results of such program until it finds a suitable alternative partner.

Numerous applications have been filed with regulatory bodies within Canada and the U.S. to build or expand existing pipeline infrastructure to transport crude oil and natural gas to markets. If the projects are not approved it may impact our ability to ship our products to sales markets, which could have a material adverse effect on production levels or on the prices that we receive for our production.

Operational Dependence

Other companies operate some of the assets in which Bonterra has an interest. As a result, Bonterra will have limited ability to exercise influence over the operation of those assets or their associated costs, which could adversely affect its financial performance. Bonterra's return on assets operated by others will therefore depend upon a number of factors that may be outside of its control, including the timing and amount of capital expenditures, the operator's expertise and financial resources, the approval of other participants, the selection of technology and risk management practices.

Access to Capital

The Company will have to incur substantial capital expenditures in the future in order to carry out its oil and natural gas exploration and development activities. While there are various financing forms available to the Company, including the issuance of new equity or debt, asset sales, joint ventures or other alternatives, the Company's ability to arrange such financings or other satisfactory arrangements in the future may depend in part upon the prevailing capital market conditions, as well as the Company's business performance. These factors could negatively impact the Company in terms of its ability to raise additional capital, as well as increased volatility in oil and gas prices which could affect revenues and cash flows and Company valuations.

Capital Investment

The timing and amount of capital expenditures will directly affect the amount of income potentially available for return of capital, in the form of share buybacks and dividends, to shareholders. Return of capital may be reduced, or even eliminated, at times when significant capital or other expenditures are made. To the extent that external sources of capital, including the issuance of

additional common shares, become limited or unavailable, the ability of Bonterra to make necessary capital investments to maintain or expand its oil and gas reserves and to invest in assets, as the case may be, will be impaired. To the extent that Bonterra is required to use cash flow from operations to finance capital expenditures, property acquisitions or asset acquisitions, as the case may be, the Company's return of capital plans may be revised accordingly.

General Economic Conditions, Business Environment

The business of the Company is subject to general economic conditions. Adverse changes in general economic and market conditions could negatively impact demand for crude oil and natural gas, revenues, operating costs, access to capital, timing and extent of capital expenditures, credit risk and counter party risk. There can be no assurance that any risk management steps taken by the Company, with the objective of mitigating the foregoing risks, will avoid future loss due to the occurrence of such risks.

Issuance of Debt

From time to time, the Company may enter into transactions to acquire assets or shares of other entities. These transactions may be financed in whole or in part with debt, which may increase the Company's debt levels above industry standards for oil and natural gas companies of similar size. Depending on future exploration and development plans, the Company may require additional debt financing that may not be available or, if available, may not be available on favourable terms. Neither the Company's articles nor its by-laws limit the amount of indebtedness that the Company may incur. The level of the Company's indebtedness from time to time could impair the Company's ability to obtain additional financing on a timely basis to take advantage of business opportunities that may arise.

Credit Facility Arrangements

Bonterra has secured credit facilities. Variations in interest rates and scheduled principal repayments, if required under the terms of the credit agreements, could result in significant changes in the amount of working capital required to be applied to debt service. Although it is believed that the bank lines of credit are sufficient there can be no assurance that the amount will be adequate for the financial obligations of Bonterra or that additional funds can be obtained.

In addition, the maximum amount we are permitted to borrow is subject to periodic review by the lenders, typically semi-annually. The Company's lenders generally review the Company's oil and gas production and reserves, forecast prices, business environment and other factors to establish the amount we can borrow. In the event the lenders decide to reduce the amount of credit available, the Company may be required to repay all or a portion of the amounts owing.

Senior Secured Second Lien Notes

Bonterra may be required to repay or refinance the remaining principal balances on the Senior Secured Notes with lump-sum payments at or prior to the Senior Secured Notes' maturity date on January 28, 2030. The amounts to be repaid or refinanced at the date of redemption could be significant. The Company may not have sufficient liquidity to make such payments at the Senior Secured Notes' maturity date. In the event the Company does not have sufficient liquidity to completely repay the remaining principal balances at maturity, it may not be able to refinance the Senior Secured Notes at interest rates that are acceptable to the Company or, depending on market conditions, refinance the Senior Secured Notes at all. The Company's inability to repay or refinance the Senior Secured Notes could have a material adverse effect on the Company's business, financial condition and results of operations.

Similarly, the Company may not be able to satisfy its debt obligations upon the occurrence of a change of control. Upon the occurrence of a change of control (as defined in the indenture governing the Senior Secured Notes), holders of the Senior Secured Notes will have the right to

require the Company to purchase all or any part of such holders' notes at a price of at least 101% of the principal amount thereof, plus accrued and unpaid interest, if any. The events that constitute a change of control under the Indenture governing the Senior Secured Notes may also constitute a default under the Credit Agreement. The agreements or instruments governing any future debt that the Company may incur may contain similar provisions regarding repurchases in the event of a change of control triggering event. There can be no assurance that the Company would have sufficient resources available to satisfy all of its obligations under these debt instruments in the event of a change of control. In the event the Company were unable to satisfy these obligations, it could have a material adverse impact on its business and shareholders.

Risks Relating to Credit Ratings

Rating agencies regularly evaluate the Company and base their ratings of the Company's long-term and short-term debt on a number of factors. The credit ratings applied to the Company and its securities are an assessment by the relevant ratings agencies of the Company's ability to pay its obligations as of the respective dates the ratings are assigned. The credit ratings may not reflect the potential impact of risks related to structure, market or other factors discussed herein on the value of the Company's securities.

Credit ratings affect the Company's financing costs, liquidity and operations over the long term and are intended as an independent measure of the credit quality of long-term debt securities or the issuer. Credit ratings affect the Company's ability to obtain short and long-term financing and its ability to engage in certain business activities in a cost-effective manner. There is no assurance that one or more of our credit ratings will not be downgraded or withdrawn entirely. In addition, real or anticipated changes in credit ratings can affect the cost at which we can access public or private debt markets and may affect the value of the Company's Senior Secured Notes.

Variations in Foreign Exchange Rates and Interest Rates

Operating costs incurred by Bonterra are generally paid in Canadian dollars. World crude oil and natural gas prices are quoted in U.S. dollars and the price received by Canadian producers is therefore affected by the Canadian/U.S. dollar exchange rate, which fluctuates over time. Material increases in the value of the Canadian dollar negatively impact Bonterra's production revenues. Future Canadian/U.S. exchange rates could accordingly impact the future value of Bonterra's reserves as determined by independent evaluators. Although a low value of the Canadian dollar relative to the U.S. dollar may positively impact the price the Company receives for crude oil and natural gas production it could also result in an increase in the price of certain goods used in operations which may have a negative impact on the Company's financial results.

To the extent that the Company engages in risk management activities related to foreign exchange rates, there is a credit risk associated with counterparties with which Bonterra may contract.

An increase in interest rates could result in a significant increase in the amount Bonterra pays to service debt, which could negatively impact the market price of the common shares.

Delay in Cash Payments

In addition to the usual delays in payment by the purchasers of oil and natural gas to the operators of Bonterra's properties, and by the operator to Bonterra, payments between any of such parties may also be delayed by restrictions imposed by lenders, delays in the sale or delivery of products, delays in the connection of wells to a gathering system, blow-outs or other accidents, recovery by the operator of expenses incurred in the operation of the properties or the establishment by the operator of reserves for such expenses.

Reserves Estimates

Although Sproule has prepared Bonterra's reserve figures using methods of estimating reserves consistent with those commonly followed in the industry and believe that those methods have been verified by operating experience, such figures are estimates and no assurance can be given that the indicated levels of reserves will be produced. Probable reserves estimated for properties may require revisions based on the actual development strategies employed to prove such reserves. Estimated reserves may also be affected by changes in oil and natural gas prices. Declines in the reserves of Bonterra which are not offset by the acquisition or development of additional reserves may reduce the underlying value of the common shares to shareholders.

The reserve report under the heading "*Statement of Reserves Data and Other Oil and Gas Information – Part II - Disclosure of Reserve Data*" has been prepared using certain commodity price assumptions which are described in the notes to the reserve tables. If lower prices for crude oil, NGLs and natural gas are realized by Bonterra and substituted for the price assumptions utilized in the reserve report, the present value of estimated future net cash flows for Bonterra's reserves would be reduced and the reduction could be significant.

Expiration of Licenses and Leases

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

Failure to Realize Anticipated Benefits of Acquisitions and Dispositions

The Company considers acquisitions and dispositions of businesses and assets in the ordinary course of business. Achieving the benefits of acquisitions depends on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner and the Company's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of the Company. The integration of acquired businesses and assets may require substantial management effort, time and resources diverting management's focus from other strategic opportunities and operational matters. Management continually assesses the value and contribution of services provided by third parties and the resources required to provide such services. In this regard, non-core assets may be periodically disposed of so the Company can focus its efforts and resources more efficiently. Depending on the state of the market for such non-core assets, certain non-core assets of the Company may realize less on disposition than their carrying value on the financial statements of the Company.

Hedging

From time to time, Bonterra may enter into agreements to receive fixed prices on its oil and natural gas production to offset the risk of revenue losses if commodity prices decline; similarly, the Company may enter into agreements to fix the differential or discount pricing gap which exists, and may fluctuate between different grades of crude oil, NGL and natural gas and the various market prices received for such products. However, if commodity prices or differentials increase beyond the levels set in such agreements, Bonterra may be prevented from realizing the full benefits of price increases above the levels of the derivative instruments used to manage price risk and the Company may nevertheless be obligated to pay royalties on such higher prices, even though not received by it, after giving effect to such agreements. In addition, if the Company enters into hedging arrangements it may be exposed to the risk of financial loss in certain circumstances, including instances in which: production falls short of the hedged volumes or prices fall significantly lower than projected; there is a widening of price-basis differentials between delivery points for production and the delivery point assumed in the hedge arrangement; the counterparties to the hedging arrangements or other price risk management contracts fail to perform under those

arrangements; and/or a sudden unexpected material event impacts crude oil and natural gas prices.

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

Environmental Regulation

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

Compliance with environmental legislation can require significant expenditures and a breach of applicable environmental legislation may result in suspension or revocation of necessary licenses and authorizations, civil liability for pollution damage and the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liabilities and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require us to incur costs to remedy such discharge.

Although Bonterra believes that it is in material compliance with current applicable environmental legislation, no assurance can be given that environmental compliance requirements will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Abandonment and Reclamation Costs

The Company is required to abandon and reclaim all of its projects at the end of their economic life. These costs will be substantial. The estimate for abandonment and reclamation costs are based on a number of sources including guidelines from provincial regulatory groups, historical data from operations and management's estimation of costs to remediate, reclaim and abandon wells and facilities in which it has a working interest.

Recently as a result of the prolonged downturn in the oil and gas industry the number of orphan wells (wells owned by insolvent parties) has increased. The cost of abandoning orphan wells has largely been funded by industry. Accordingly, the increase in the number of orphan wells could result in an increase in fees or assessments to other oil and gas producers, such as Bonterra, to fund the abandonment and reclamation of these orphan wells.

Carbon Pricing Risk

The majority of countries across the globe have agreed to reduce their carbon emissions in accordance with the Paris Agreement. See "*Industry Conditions – Regulatory Authorities and Environmental Regulation – Climate Change Regulation*". In Canada, the federal and certain provincial governments have implemented legislation aimed at incentivizing the use of alternative

fuels and in turn reducing carbon emissions. The federal system, which was upheld by the SCC as constitutional, currently applies in provinces and territories without their own system that meets federal standards and provinces with their own system are subject to continued compliance with the federal system. There is no guarantee that a province with a system that currently applies will meet, or continue to meet federal stringency standards. The taxes placed on carbon emissions may have the effect of decreasing the demand for oil and natural gas products and at the same time, increasing the Company's operating expenses, each of which may have a material adverse effect on the Company's profitability and financial condition. Further, the imposition of carbon taxes puts the Company at a disadvantage with its counterparts who operate in jurisdictions where there are less costly carbon regulations.

Political Uncertainty

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

The current U.S.-Canada tariff environment remains highly dynamic and uncertain. Legislative or regulatory changes by the U.S. administration could materially impact the Corporation's operations and financial condition. In March 2025, the United States imposed a series of tariffs on goods imported from Canada and other countries, triggering a de facto global trade war, and prompting Canada and several trading partners to implement retaliatory measures. Since then, tariff policies have continued to evolve, creating ongoing uncertainty regarding U.S. support for existing trade agreements, including the USMCA.

At present, the United States maintains tariffs on a range of Canadian exports, including steel and aluminum, automobiles and automotive parts, copper, lumber, and certain wooden products. Canada has implemented reciprocal tariffs on these categories. Additionally, U.S. tariffs apply to Canadian potash and energy products that do not qualify for USMCA exemptions. Uncertainty persists relating to the authority of the Trump administration to impose tariffs without congressional approval and the upcoming 2026 reviews of the USMCA and other trade agreements. Changes to existing tariffs or new trade restrictions could materially impact the Canadian economy, the oil and gas sector, and the Company. Additionally, further U.S. tariffs on other countries could exacerbate global trade tensions, increase costs, reduce U.S. demand for the Company's products, and negatively affect its operations.

Other government and political factors that could adversely affect the Company's financial results include increases in taxes or government royalty rates (including retroactive claims) and changes in trade policies and agreements. Further, the adoption of regulations mandating efficiency standards, and the use of alternative fuels or uncompetitive fuel components could affect the Company's operations. Many governments are providing tax advantages and other subsidies to support alternative energy sources or are mandating the use of specific fuels or technologies. Governments and others are also promoting research into new technologies to reduce the cost and increase the scalability of alternative energy sources, and the success of these initiatives may decrease demand for Bonterra's products. See *"Industry Conditions – Climate Change Regulation"*, *"Industry Conditions – Transportation Constraints, Pipeline Capacity and Market Access"* and *"Industry Conditions – Exports of Crude Oil, Natural Gas and NGLs from Canada"*.

Climate Change Regulations

The Company's exploration and production facilities and other operations and activities emit greenhouse gases ("GHG") which may require the Company to comply with greenhouse gas emissions legislation at the provincial or federal level. 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.

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 the Company's significant facilities may ultimately be subject to future regional, provincial and/or federal climate change regulations to manage GHG emissions. In addition, concerns about climate change have resulted in a number of environmental activists and members of the public opposing the continued exploitation and development of fossil fuels. Given the evolving nature of the debate related to climate change and the control of GHG and resulting requirements, it is expected that current and future climate change regulations will have the effect of increasing the Company's operating expenses and in the long-term reducing the demand for oil and gas production resulting in a decrease in the Company's profitability and a reduction in the value of its assets or asset write-offs. See "*Industry Conditions – Regulatory Authorities and Environmental Regulation*" and "*Industry Conditions – Climate Change Regulation*".

Climate change has been linked to extreme weather conditions. Extreme hot and cold weather, heavy snowfall, heavy rainfall and wildfires may restrict or could interfere with Bonterra's operations, increasing costs and negatively impacting production. Over the last several years, certain areas of British Columbia, Alberta and Saskatchewan have been negatively impacted by wildfires causing temporary interruption to both pipeline systems and railway lines. Extreme weather conditions may lead to disruptions in the ability to transport produced oil and natural gas as well as goods and services along supply chains. Certain of Bonterra's properties are located in regions that are proximate to forests and rivers and a wildfire or flood, respectively, may lead to significant downtime and/or damage to such assets which may affect production. At this time, the Company is unable to determine the extent to which climate change may lead to increased storm or weather hazards affecting operations.

Royalty Regimes

There can be no assurance that the governments in the jurisdictions in which the Company has assets will not adopt new royalty regimes, or modify the existing royalty regimes, which may have an impact on the economics of the Company's properties. An increase in royalties would reduce the Company's earnings and cash flow and could make future capital investments or the Company's operations uneconomic.

Reliance on Key Personnel

The Company's success depends in large measure on certain key personnel. Losing the services of such key personnel may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. The Company does not have any key personnel insurance in effect. The contributions of the existing management team to the immediate and near term operations of the Company are likely to be of central importance. In addition, the competition for qualified personnel in the oil and natural gas industry is intense and there can be no assurance that the Company will be able to continue to attract and retain all personnel necessary for the development and operation of its business. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Company.

Human Resources

The operations and management of the Company require the recruitment and retention of a skilled workforce, including engineers, technical personnel and other professionals. The loss of key members of such workforce, or a substantial portion of the workforce as a whole, could result in the failure to implement the Company's business plans. The Company competes with other companies in the oil and natural gas industry, as well as other industries, for this skilled workforce. A decline in market conditions has led increasing numbers of skilled personnel to seek employment in other industries. In addition, certain of the Company's current employees are senior and have significant institutional knowledge that must be transferred to other employees prior to their departure from the workforce. If the Company is unable to: (i) retain current employees; (ii) successfully complete effective knowledge transfers; and/or (iii) recruit new employees with the requisite knowledge and experience, the Company could be negatively impacted. In addition, the Company could experience increased costs to retain and recruit these professionals.

Management of Growth

The Company may be subject to growth related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. If the Company is unable to deal with this growth, it may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Liability Management

Alberta, Saskatchewan and British Columbia have developed liability management programs designed to prevent taxpayers from incurring costs associated with suspension, abandonment, remediation and reclamation of wells, facilities and pipelines in the event that a licensee or permit holder is unable to satisfy its regulatory obligations. Alberta and the AER continues to implement its AB LMF, with changes to be gradually phased in over time, replacing the AB LMR Program. The implementation of the AB LMF program or other changes to the requirements of liability management programs may result in significant increases to the Company's compliance obligations. The impact and consequences of the Supreme Court of Canada's decision in Redwater on the AER's rules and policies, lending practices in the petroleum and natural gas industry and on the nature and determination of secured lenders to take enforcement proceedings are expected to evolve as the consequences of the decision are evaluated and considered by regulators, lenders and receivers/trustees. In addition, the liability management regime may prevent or interfere with the Company's ability to acquire or dispose of assets, as both the vendor and the purchaser of oil and natural gas assets must be in compliance with the liability management programs (both before and after the transfer of the assets) for the applicable regulatory agency to allow for the transfer of such assets. See "*Industry Conditions – Liability Management*".

Information Technology Systems and Cyber-security

The Company has become increasingly dependent upon the availability, capacity, reliability and security of its information technology infrastructure and its ability to expand and continually update this infrastructure, to conduct daily operations. The Company depends on various information technology systems to estimate reserve quantities, process and record financial data, manage our land base, manage financial resources, analyze seismic information, administer contracts with operators and lessees and communicate with employees and third-party partners.

Further, the Company is subject to a variety of information technology and system risks as a part of its normal course operations, including potential breakdown, invasion, virus, cyber-attack, cyber-fraud, security breach, and destruction or interruption of the Company's information technology systems by third parties or insiders. Unauthorized access to these systems by employees or third parties could lead to corruption or exposure of confidential, fiduciary or proprietary information, interruption to communications or operations or disruption to the Company's business activities or its competitive position. In addition, cyber phishing attempts, in which a malicious party attempts to

obtain sensitive information such as usernames, passwords, and credit card details (and money) by disguising as a trustworthy entity in an electronic communication, have become more widespread and sophisticated in recent years. If the Company becomes a victim to a cyber phishing attack it could result in a loss or theft of the Company's financial resources or critical data and information or could result in a loss of control of the Company's technological infrastructure or financial resources. The Company's employees are often the targets of such cyber phishing attacks, as they are and will continue to be targeted by parties using fraudulent "spoof" emails to misappropriate information or to introduce viruses or other malware through "Trojan horse" programs to the Company's computers. These emails appear to be legitimate emails, but direct recipients to fake websites operated by the sender of the email or request recipients to send a password or other confidential information through email or to download malware.

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

Reputational Risk Associated with the Company's Operations

The Company's business, operations or financial condition may be negatively impacted as a result of any negative public opinion towards the Company or as a result of any negative sentiment toward, or in respect of the Company's reputation with stakeholders, special interest groups, political leadership, the media or other entities. Public opinion may be influenced by certain media and special interest groups' negative portrayal of the industry in which the Company operates as well as their opposition to certain oil and natural gas projects. Potential impacts of negative public opinion or reputational issues may include delays or interruptions in operations, legal or regulatory actions or challenges, blockades, increased regulatory oversight, reduced support for, delays in, challenges to, or the revocation of regulatory approvals, permits and/or licenses and increased costs and/or cost overruns. The Company's reputation and public opinion could also be impacted by the actions and activities of other companies operating in the oil and natural gas industry, particularly other producers, over which the Company has no control. In particular, the Company's reputation could be impacted by negative publicity related to environmental damage, loss of life, injury or damage to property caused by the Company's operations, or due to opposition from special interest groups opposed to oil and natural gas development. In addition, if the Company develops a reputation of having an unsafe work site it may impact the ability of the Company to attract and retain the necessary skilled employees and consultants to operate its business.

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

Changing Investor Sentiment

A number of factors, including the concerns of the effects of the use of fossil fuels on climate change, the impact of oil and natural gas operations on the environment, environmental damage relating to spills of petroleum products during transportation and indigenous rights, have affected certain investors' sentiments towards investing in the oil and natural gas industry. As a result of these concerns, some institutional, retail and public investors have announced that they no longer are willing to fund or invest in oil and natural gas properties or companies, or are reducing the amount thereof over time. In addition, certain institutional investors are requesting that issuers develop and implement more robust social, environmental and governance policies and practices. Developing and implementing such policies and practices can involve significant costs and require a significant time commitment from the Board, management and employees of the Company. Failing to implement the policies and practices, as requested by institutional investors, may result in such investors reducing their investment in the Company, or not investing in the Company at all. Any reduction in the investor base interested or willing to invest in the oil and natural gas industry and more specifically, the Company, may result in limiting the Company's access to capital, increasing the cost of capital, and decreasing the price and liquidity of the Company's securities even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause a decrease in the value of the Company's asset which may result in an impairment charge.

Evolving Corporate Governance and Reporting Framework

The Company's business is subject to evolving corporate governance and public disclosure regulations that have increased both compliance costs and the risk of noncompliance, which could have an adverse effect on the price of the Company's securities. Bonterra is subject to changing rules and regulations promulgated by a number of governmental and self-regulated organizations, including the Canadian Securities Administrators, the TSX and the Financial Accounting Standards Board. These rules and regulations continue to evolve in scope and complexity making compliance more difficult and uncertain. Further, the Company's efforts to comply with these and other new and existing rules and regulations have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

Dilution

The Board may issue an unlimited number of common shares, subject to the rules of any stock exchange on which the Company's securities may be listed from time to time. The Company may make future acquisitions or enter into financings or other transactions involving the issuance of securities. If the Company issues any additional equity, the percentage ownership of existing shareholders will be reduced and diluted and the price of the common shares could decline.

Depletion of Reserves

Bonterra has certain unique attributes which may differentiate it from other oil and gas industry participants. Bonterra may not reinvest cash flow in the same manner as other industry participants. Bonterra has a long reserve life index and its decline rate may be different than many other industry participants. Bonterra will be retaining a portion of its cash flow for reinvestment purposes, but the retained amount may be less than other industry participants and could result in decreases in production levels and reserves.

The future oil and natural gas reserves and production of Bonterra, and therefore its cash flows, will be highly dependent on its success in exploiting its reserve base and acquiring additional reserves. Without reserve additions through acquisition or development activities, Bonterra's reserves and production will decline over time as reserves are exploited.

There can be no assurance that Bonterra will be successful in developing or acquiring additional reserves on terms that meet Bonterra's investment objectives.

Competition

There is strong competition relating to all aspects of the oil and natural gas industry. Bonterra will actively compete for capital, skilled personnel, undeveloped lands, reserves acquisitions, access to drilling rigs, service rigs and other equipment, access to processing facilities and pipeline and refining capacity and in all other aspects of its operations with a substantial number of other organizations, many of which may have greater technical and financial resources than Bonterra. Some of these organizations not only explore for, develop and produce oil and natural gas but also carry on refining operations and market petroleum and other products on a world-wide basis and as such have greater and more diverse resources on which to draw.

Indigenous Claims

Indigenous peoples have claimed Indigenous rights and title in portions of Western Canada. The Company is not aware that any claims have been made in respect of its properties and assets. However, if a claim arose and was successful, such claim may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. In addition, the process of addressing such claims, regardless of the outcome, is expensive and time consuming and could result in delays which could have a material adverse effect on the Company's business and financial results.

Breach of Confidentiality

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

Net Asset Value

The net asset value of Bonterra's assets from time to time will vary dependent upon a number of factors beyond the control of management, including oil, natural gas and NGL prices. The trading price of Bonterra's common shares from time to time is also determined by a number of factors which are beyond the control of management and such trading prices may be less than the net asset value of Bonterra's assets.

Potential Conflicts of Interest

Certain directors and officers of the Company are engaged in, and will continue to engage in, other activities in the oil and natural gas industry and, as a result of these and other activities, the directors and officers of the Company may become subject to conflicts of interest. The CBCA provides that in the event that a director or officer of the Company is a party to a material contract or material transaction or proposed material contract or proposed material transaction with the Company, or is a director or an officer of or has a material interest in any person who is a party to a material contract or material transaction or proposed material contract or proposed material transaction with the Company, the director or officer must disclose the nature and extent of his or her interest and, if a director, must refrain from voting on any resolution to approve the contract or transaction unless otherwise provided under the CBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the CBCA and the Company's Code of Business Conduct and Ethics.

Management Estimates and Assumptions

In preparing consolidated financial statements estimates and assumptions are used by management in determining the reported amounts of assets and liabilities, revenues and expenses recognized during the periods presented and disclosures of contingent assets and liabilities known to exist as of the date of the financial statements. These estimates and assumptions must be made because certain information that is used in the preparation of such financial statements is dependent on future events, cannot be calculated with a high degree of precision from data available, or is not capable of being readily calculated based on generally accepted methodologies. In some cases, these estimates are particularly difficult to determine and the Company must exercise significant judgment. Estimates may be used in management's assessment of items such as depreciation and accretion, fair values, useful life of assets, income taxes, stock-based compensation and asset retirement obligations. Actual results for all estimates could differ materially from the estimates and assumptions used by the Company, which could have a material adverse effect on the financial condition, results of operations and cash flows of the Company.

Insurance Risks

The Company's property and liability insurance is subject to deductibles, limits and exclusions, and may not provide sufficient coverage for these or other insurable risks. There can be no assurance that such insurance will continue to be offered on an economically feasible basis, that all events that could give rise to a loss or liability are insurable, or that the amounts of insurance (net of applicable deductibles) will at all times be sufficient to cover each and every loss or claim that may occur involving the assets or operations of the Company.

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

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

Global Financial Markets

The market events and conditions that transpired in recent years, including disruptions in the international credit markets and other financial systems and the deterioration of global economic conditions, have, among other things, caused significant volatility in commodity prices. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. These factors negatively impacted enterprise valuations and impacted the performance of the global economy. Petroleum prices are expected to remain volatile for the near future as a result of market uncertainties regarding the supply and demand fundamentals for petroleum products due to the current state of the world's economies, actions taken by the Organization of the Petroleum Exporting Countries, the ongoing risks facing the North American

and global economies and increased supplies of crude oil which may be created by the application of new drilling technology to unconventional resource plays.

Changes in Legislation and Canadian Tax Considerations

There can be no assurances that income tax laws and government incentive programs relating to the oil and natural gas industry will not be changed in a manner which adversely affects Bonterra and its shareholders. There can be no assurance that the Canada Revenue Agency will agree with how Bonterra calculates its income for tax purposes or that the Canada Revenue Agency will not change its administrative practices to the detriment of Bonterra or its shareholders.

As Bonterra is engaged in the oil and natural gas business its operations are subject to certain unique provisions of the *Income Tax Act* (Canada) and applicable provincial income tax legislation relating to characterization of costs incurred in their businesses which effects whether such costs are deductible and, if deductible, the rate at which they may be deducted for the purposes of calculating taxable income. Bonterra has reviewed its historical income tax returns with respect to the characterization of the costs incurred in the oil and natural gas business as well as other matters generally applicable to all corporations including the ability to offset future income against prior year losses. Bonterra has filed or will file all required income tax returns and believes that it is in full compliance with the provisions of the *Income Tax Act* (Canada) and applicable provincial income tax legislation, but such returns are subject to reassessment. In the event of a successful reassessment it may be subject to a higher than expected past or future income tax liability as well as potentially interest and penalties and such amount could be material.

Internal Controls Over Financial Reporting

Internal control over financial reporting (“ICFR”), as defined in National Instrument 52-109 (NI 52-109), includes those policies and procedures that:

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of Bonterra;
2. Are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of Bonterra are being made in accordance with authorizations of management and Directors of Bonterra; and
3. Are designed to provide reasonable assurance regarding prevention or timely detection of authorized acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

The Company has designed and implemented ICFR as defined in NI 52-109 of the Canadian Securities Administrators, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The control framework the Company used to design its ICFR was in accordance with the Committee of Sponsoring Organizations of the Treadway Commission (COSO 2013).

It should be noted that while the Company’s believes its internal controls and procedures provide a reasonable level of assurance and are effective; they do not expect that these controls will prevent all errors and fraud.

Cost of New Technologies

The petroleum industry is characterized by rapid and significant technological advancements and introductions of new products and services utilizing new technologies. Other companies may have greater financial, technical and personnel resources that allow them to enjoy technological advantages and may in the future allow them to implement new technologies before us. There can

be no assurance that we will be able to respond to such competitive pressures and implement such technologies on a timely basis or at an acceptable cost. If we implement such technologies, there is no assurance that we will do so successfully. One or more of the technologies currently utilized by us or implemented in the future may become obsolete. In such case, our business, financial condition and results of operations could be materially adversely affected. If we are unable to utilize the most advanced commercially available technology, or we are unsuccessful in implementing certain technologies, our business, financial condition and results of operations could be materially adversely affected.

Availability of Equipment and Qualified Personnel and Related Costs

Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment and qualified personnel in the particular areas where such activities will be conducted. Demand for such limited equipment and qualified personnel may affect the availability of such equipment and qualified personnel to Bonterra and may delay Bonterra's exploration and development activities. In addition, the costs of qualified personnel and equipment in the areas where Bonterra's assets are located are very high due to the availability of, and demands for, such qualified personnel and equipment in such areas.

Project Risks

The Company manages a variety of small and large projects in the conduct of its business. Project delays may delay expected revenues from operations. Significant project cost overruns could make a project uneconomic. The Company's ability to execute projects and market oil and natural gas depends upon numerous factors beyond the Company's control, including the following: processing capacity availability; availability and proximity of pipeline capacity; availability of storage capacity; availability of, and the ability to acquire, water supplies needed for drilling, hydraulic fracturing, and waterfloods; the Company's ability to dispose of water used or removed from strata at a reasonable cost and in accordance with applicable environmental regulations; effects of inclement weather; availability of drilling and related equipment; unexpected cost increases; accidental events; currency fluctuations; regulatory changes; availability and productivity of skilled labour; and regulation of the oil and natural gas industry by various levels of government and governmental agencies. These factors could result in Bonterra being unable to execute projects on time, on budget, or at all and may be unable to effectively market its oil and natural gas products.

Gathering and Processing Facilities, Pipeline Systems and Rail

The products that Bonterra produces must be delivered through gathering, processing and pipeline systems, some of which are not owned by the Company, and in certain circumstances, by rail. The amount of crude oil and natural gas produced and sold from Bonterra's assets is subject to the accessibility, availability, proximity and capacity of these gathering and processing facilities, pipeline systems and railway lines. Unexpected shutdowns or curtailment of capacity of pipelines for maintenance or integrity work or because of actions taken by regulators could also affect production and operations which may have a material adverse effect on the Company's business and financial condition.

A portion of Bonterra's production is processed through facilities owned by third parties over which the Company has no control. From time to time, these facilities may discontinue or decrease operations either as a result of normal servicing requirements or as a result of unexpected events. A discontinuation or decrease of third party facility operations could have a materially adverse effect on Bonterra's production and ability to deliver the same for sale, which, in turn, would indirectly reduce the Company's revenues. Midstream and pipeline companies may take actions to maximize their return on investment which may in turn adversely affect producers and shippers, especially when combined with a regulatory framework that may not always align with the interests of particular shippers.

Seasonality and Climate

The level of activity in the Canadian oil and gas industry is influenced by seasonal weather patterns. A mild winter or wet spring may result in limited access and, as a result, reduced operations or a cessation of operations.

Municipalities and provincial transportation departments enforce road bans that restrict the movement of drilling rigs and other heavy equipment during periods of wet weather, thereby reducing activity levels. Also, certain oil and natural gas producing areas are located in areas that are inaccessible other than during the winter months because the ground surrounding the sites in these areas consists of swampy terrain. Seasonal factors and unexpected weather patterns may lead to declines in exploration and production activity and corresponding declines in the demand for the goods and services of Bonterra.

Alternatives to, and Changing Demand for, Petroleum Products

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas, and technological advances in fuel economy and energy generation devices could reduce the demand for crude oil and other liquid hydrocarbons. Bonterra cannot predict the impact of changing demand for oil and natural gas products, and any major changes may have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Waterflood

The Company undertakes or intends to undertake certain waterflooding programs which involve the injection of water or other liquids into an oil reservoir to increase production from the reservoir and to decrease production declines. To undertake such waterflooding activities the Company needs to have access to sufficient volumes of water, or other liquids, to pump into the reservoir to increase the pressure in the reservoir. There is no certainty that the Company will have access to the required volumes of water. In addition, in certain areas there may be restrictions on water use for activities such as waterflooding. If the Company is unable to access such water it may not be able to undertake waterflooding activities, which may reduce the amount of oil and natural gas that the Company is ultimately able to produce from its reservoirs. In addition, the Company may undertake certain waterflood programs that ultimately prove unsuccessful in increasing production from the reservoir and as a result have a negative impact on the Company's results of operations.

In April 2024, in the face of severe drought risks following several warm, dry winters causing Alberta's snowpack, rivers and reservoirs to be low, Alberta entered into water-sharing agreements with 38 of the largest and oldest water licensees in southern Alberta, including in the Red Deer River, Bow River and Old Man River basins. In the event of a drought, such agreements aim to mitigate the negative effects of such drought by providing increased access to water. Notwithstanding such agreements, any reduced availability of water could have a material adverse effect on results of our operations and our financial condition.

Anti-Greenwashing Rules

Amendments to the Competition Act introduced in June 2024 prohibit companies from making false or misleading environmental claims. The new rules are complex and uncertain, and initially led many companies to suspend voluntary sustainability reporting. While private rights of action for greenwashing came into effect in June 2025, Budget 2025 Implementation Act, No. 1 subsequently removed this access and clarified substantiation requirements to address unintended consequences. Despite these improvements, the regulatory landscape continues to evolve and penalties for non-compliance remain significant, including up to the greater of \$10 million for a first order, \$15 million for subsequent orders, or 3% of global annual revenues. Companies making voluntary environmental disclosures face ongoing risk of liability and reputational harm.

Limited Ability of Residents in the United States to Enforce Civil Remedies

The Company is a corporation formed pursuant to the provisions of the Canada Business Corporations Act and has its principal place of business in Alberta, Canada. All of our directors and all of our officers and the representatives of the experts who provide services to us (such as our auditors and our independent reserve engineers), and all of our assets and all or a substantial portion of the assets of such persons are located outside the United States. As a result, it may be difficult for investors in the United States to effect service of process within the United States upon such directors, officers and representatives of experts who are not residents of the United States or to enforce against them judgments of the United States courts based upon civil liability under the United States federal securities laws or the securities laws of any state within the United States. There is doubt as to the enforceability in Canada against the Company or against any of our directors, officers or representatives of experts who are not residents of the United States, in original actions or in actions for enforcement of judgments of United States courts of liabilities based solely upon the United States federal securities laws or securities laws of any state within the United States.

Forward-Looking Information May Prove Inaccurate

Shareholders and prospective investors are cautioned not to place undue reliance on the Company's forward-looking information. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate.

Additional information on the risks, assumptions and uncertainties are found in this AIF under the heading "*Forward-Looking Statements*".

CAPITAL STRUCTURE

Share Capital

The Company is authorized to issue an unlimited number of Common Shares, Class A Redeemable Preferred Shares and Class B Preferred Shares. The following is a summary of the rights, privileges, restrictions and conditions attached to each class of shares. As at December 31, 2025, 36,574,980 Common Shares and no Class A Redeemable Preferred Shares or Class B Preferred Shares were issued and outstanding.

Common Shares

The holders of Common Shares are entitled to: (i) one vote for each Common Share held at all meetings of shareholders of the Company other than meetings of the holders of a specified class or series of shares other than the Common Shares; (ii) receive any dividends declared by the Company on the Common Shares; and (iii) subject to the rights of shares ranking prior to the Common Shares, to receive the remaining property of the Company on dissolution.

Class A Redeemable Preferred Shares

The holders of Class A Redeemable Preferred Shares are entitled to: (i) one vote for each Class A Redeemable Preferred Share at all meetings of shareholders of the Company other than meetings of the holders of a specified class or series of shares other than the Class A Redeemable Preferred Shares; (ii) receive any dividends declared by the Company on the Class A Redeemable Preferred Shares; and (iii) to receive any dividends declared on the Class A Redeemable Preferred Shares and remaining unpaid prior to any distribution to holders of Common Shares and to share on a parity with the holders of Common Shares with respect to any further distribution of the remaining property of the Company on dissolution. The board of directors may fix a date and time at which the Class A Redeemable Preferred Shares shall be redeemed without the payment of any consideration.

Class B Preferred Shares

The Class B Preferred Shares are issuable from time to time in one or more series and will have such designation, rights, privileges, restrictions and conditions as the board of directors of the Company may from time to time determine. The Class B Preferred Shares shall rank senior to the Common Shares and the shares of any other class ranking subordinate to the Class B Preferred Shares and on a parity with the shares of any class expressly ranking on a parity with the Class B Preferred Shares, but subject to the rights of any class of shares ranking senior to the Class B Preferred Shares, with respect to the payment of dividends or distribution of assets or return of capital of the Company in the event of a dissolution, liquidation or winding up of the Company.

Credit Facility

The Company has total credit facilities of \$150 million which are comprised of a \$125 million syndicated revolving credit facility and a \$25 million non-syndicated operating credit facility (collectively, the "**Credit Facility**"). The Credit Facility is governed by the ninth amended and restated credit agreement between the Company and certain financial institutions dated as of April 30, 2025, as amended (the "**Credit Agreement**").

The following is a summary of the material attributes and characteristics of the Credit Facility. This summary does not purport to be complete and is subject to and qualified in its entirety by reference to the terms of the Credit Agreement which may be viewed under Bonterra's profile on SEDAR+ at www.sedarplus.com.

The amounts borrowed under the Credit Facility bear interest at a floating rate based on the applicable Canadian prime rate or CORRA rate, plus between 2.00 percent and 6.25 percent, depending on the type of borrowing and the Consolidated Debt to EBITDA Ratio (as defined in the

Credit Agreement). As at December 31, 2025, the terms of the Credit Facility provided that the loan facility was revolving to April 30, 2026, with a maturity date of April 30, 2027, with no set terms of repayment on the Credit Facility.

A review and redetermination of the borrowing base under the Credit Agreement is scheduled to occur semi-annually on or before April 30 and October 31 of each year. As the available lending limits of the facilities are based on the syndicate's interpretation of the Company's reserves, commodity prices and decommissioning obligations, there can be no assurance that the amount of the available facilities will not decrease at the next scheduled review.

The Credit Facility is secured by a demand debenture in the amount of \$750 million with a floating charge over all assets of the Company with a negative pledge and undertaking to provide fixed charges on the major producing oil and natural gas properties at the request of the syndicate and a general security agreement in all of the Company's present and after-acquired personal property.

Senior Notes

The Senior Secured Second Lien Notes (the "**Senior Notes**") were issued under and pursuant to the provisions of the Trust Indenture dated as of January 28, 2025 (the "**Senior Notes Indenture**") between Computershare Trust Company of Canada, as trustee, and the Company.

The following is a summary of the material attributes and characteristics of the outstanding Senior Notes. This summary does not purport to be complete and is subject to and qualified in its entirety by reference to the terms of the Senior Notes Indenture which may be viewed under Bonterra's profile on SEDAR+ at www.sedarplus.com.

The Senior Notes rank pari passu in right of payment with all of the Company's senior indebtedness and senior in right of payment to all subordinated indebtedness of the Company. The Senior Notes are effectively senior to all indebtedness of the Company that is not secured by liens on the assets and property of the Company ("**Collateral**"), to the extent of the value of the relevant Collateral. The Senior Notes are effectively subordinated to (i) all first priority senior secured indebtedness incurred from time to time by the Company, including indebtedness under the Credit Agreement, to the extent of the value of the assets of the Company and of any subsidiary securing such indebtedness and (ii) all secured indebtedness that is secured by liens on assets that are not Collateral, to the extent of the value of the relevant collateral. The Senior Notes are secured on a second-lien basis, subject to permitted prior liens, by substantially all of Bonterra's assets, other than certain customary exclusions.

The Senior Notes will mature and be repayable on January 28, 2030, and accrue interest at the rate of 10.50 percent per annum, calculated and payable semi-annually in arrears on January 28 and July 28 of each year, commencing July 28, 2025.

Prior to January 28, 2028, the Company may, on any one or more occasions, redeem up to 40 percent of the aggregate principal amount of issued Senior Notes, subject to certain restrictions, upon not less than 10 days' nor more than 60 days' prior notice, at a redemption price equal to 110.50 percent of the principal amount of the Senior Notes redeemed, plus accrued and unpaid interest, if any, to but excluding the date of redemption (subject to the right of holders of Senior Notes on the relevant record date to receive interest on the relevant interest payment date), with the net cash proceeds of an equity offering by the Company (as more fully described in the Senior Notes Indenture), provided that (i) at least 60 percent of the aggregate principal amount of Senior Notes originally issued under the Senior Notes Indenture (excluding Senior Notes held by the Company and its subsidiaries) remain outstanding immediately after the occurrence of such redemption; and (ii) the redemption occurs within 180 days of the date of the closing of such equity offering.

Prior to January 28, 2028, the Company may on any one or more occasions redeem all or any part of the Senior Notes, subject to certain restrictions, upon not less than 10 days' nor more than 60

days' prior notice, at a redemption price equal to 100 percent of the aggregate principal amount of the Senior Notes redeemed plus the Applicable Premium (as defined in the Senior Notes Indenture) and accrued and unpaid interest, if any, to but excluding the date of redemption (subject to the right of holders of Senior Notes on the relevant record date to receive interest due on the relevant interest payment date).

On, and after, January 28, 2028 and prior to January 28, 2029, the Company may on any one or more occasions redeem all or any part of the Senior Notes, subject to certain restrictions, upon not less than 10 days' nor more than 60 days' prior notice, at the redemption price equal to 102.625 percent of the aggregate principal amount of the Senior Notes redeemed, plus accrued and unpaid interest, if any, to but excluding the date of redemption (subject to the right of holders of Senior Notes on the relevant record date to receive interest on the relevant interest payment date).

On, and after, January 28, 2029, the Company may on any one or more occasions redeem all or any part of the Senior Notes, subject to certain restrictions, upon not less than 10 days' nor more than 60 days' prior notice, at the redemption price equal to 100 percent of the aggregate principal amount of the Senior Notes redeemed, plus accrued and unpaid interest, if any, to but excluding the date of redemption (subject to the right of holders of Senior Notes on the relevant record date to receive interest on the relevant interest payment date).

DIVIDEND POLICY

The Credit Facility contains certain restrictions on Bonterra's ability to pay dividends. In addition, the payment of dividends by a corporation is governed by the liquidity and insolvency tests described in the CBCA. Pursuant to the CBCA, after the payment of a dividend, a corporation must be able to pay its liabilities as they become due and the realizable value of the assets of the corporation must be greater than the liabilities and the legal stated capital of its outstanding securities.

On March 10, 2020, the Company's Board of Directors elected to suspend its monthly dividend. No dividends have been declared or paid in the last three years.

The amount of future cash dividends, if any, will be subject to the discretion of the Board of Directors and will otherwise depend on a variety of factors, including the removal of the restrictions on the payment of dividends contained in the Credit Facility, prevailing economic and competitive environment, results of operations, fluctuations in working capital, the price of oil and gas, the taxability of the Company, the Company's ability to raise capital, the amount of capital expenditures, the satisfaction of solvency tests imposed by the CBCA for the declaration and payment of dividends, applicable law and other factors. See "Risk Factors".

RATINGS

Bonterra has an issuer rating of "B", and the Senior Notes have a rating of "B" (with stable trend), from Morningstar DBRS ("**DBRS**").

Credit ratings are intended to provide investors with an independent measure of credit quality of an issue of securities. Credit ratings are not recommendations to purchase, hold or sell securities and do not address the market price or suitability of a specific security for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant. Bonterra has paid customary rating fees to DBRS in connection with the above mentioned ratings.

DBRS' credit ratings are on a long-term rating scale that ranges from AAA to D, which represents the range from highest to lowest quality of such securities rated. DBRS has assigned a credit rating of B to the Senior Notes. According to DBRS, obligations rated B are highly speculative credit

quality. A reference to “high” or “low” reflects the relative strength within the rating category, while the absence of either a “high” or “low” designation indicates the rating is placed in the middle category. The AAA and D categories do not utilize “high”, “middle” and “low” as differential grades.

Information relating to Bonterra’s corporate credit rating is provided as it relates to the Company’s financing costs, liquidity and cost of operations. Specifically, credit ratings impact the Company’s ability to obtain short-term and long-term financing and the cost of such financings. Changes in Bonterra’s current credit ratings, particularly downgrades below the current ratings or negative changes in the ratings outlooks, could adversely affect our cost of borrowing and/or access to sources of liquidity and capital. In addition, changes in credit ratings may affect Bonterra’s ability to enter into hedging transactions or other ordinary course contracts on acceptable terms.

MARKET FOR SECURITIES

The outstanding shares are listed and posted for trading on the Toronto Stock Exchange (TSX) under the trading symbol BNE. The following table sets forth the high and low trading prices and the aggregate volume of trading of the shares and trust units as reported by the TSX for the periods indicated.

Month	Price Range	Volume
January 2025	\$3.57 - \$4.05	1,094,300
February 2025	\$3.41 - \$3.95	456,400
March 2025	\$3.34 - \$3.71	511,900
April 2025	\$2.56 - \$3.61	1,693,400
May 2025	\$2.93 - \$3.89	493,100
June 2025	\$3.44 - \$4.01	794,800
July 2025	\$3.43 - \$3.96	872,700
August 2025	\$3.38 - \$3.66	628,100
September 2025	\$3.37 - \$3.89	686,000
October 2025	\$3.33 - \$3.70	1,004,300
November 2025	\$3.43 - \$4.09	1,203,700
December 2025	\$3.83 - \$4.75	848,100

On December 31, 2025, the closing price of Bonterra shares on the TSX was \$4.52 (December 31, 2024 - \$3.77).

Prior Sales

In 2025 Bonterra issued 425,000 stock options pursuant to our stock option plan at a strike price of \$3.86 per share. For more information on stock options, see Note 12 of the December 31, 2025 annual audited financial statements.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

To the knowledge of the directors and executive officers of Bonterra, none of the securities of Bonterra are held in escrow or are subject to a contractual restriction on transfer as at the date hereof.

DIRECTORS AND OFFICERS

All directors of Bonterra are elected by its shareholders at each annual meeting of shareholders. All directors serve until the next annual meeting or until a successor is elected or appointed. All officers are appointed by the Board of Directors. The name, municipality of residence, principal

occupation for the past five years and year of appointment as a director or commencement of employment for officers of Bonterra are set forth as follows:

Name and Municipality of Residence	Position Since	Principal Occupation for Past Five Years
John J. Campbell, ICD.D ⁽¹⁾⁽³⁾⁽⁴⁾ Calgary, AB	Director May, 2020	An independent director and consultant that has over 25 years of experience in private equity, energy services, banking and trust company services. Mr. Campbell also currently serves as Chair of Morcado Trust Company and Audit Committee Chair of Haw Capital 2 Corp. Mr. Campbell is also the former President and Co-Founder of Odyssey Trust Company. Holder of the Institute of Corporate Directors' Director designation.
Brad A. Curtis Calgary, AB	Senior Vice President, Business Development March, 2017	B. Com., B.Sc., P.Geo, Mr. Curtis has been Vice President, Business Development since February 2012 and has held various positions with Bonterra since 2005.
David M. Humphreys, ICD.D ⁽²⁾⁽³⁾⁽⁴⁾ Calgary, AB	Director August, 2023	An independent director and retired Executive Vice President, Operations with decades of Canadian energy industry experience. Mr. Humphreys is a member of the Board of Governors of the Explorers and Producers Association of Canada ("EPAC") and served as its Chair in 2020. He holds a designation with the Institute of Corporate Directors and the Association of Professional Engineers and Geoscientists of Alberta ("APEGA"). Mr. Humphreys also serves as a Director of Aduro Resources Ltd., a private oil and gas company.
Scott A. Johnston Calgary, AB	Chief Financial Officer & Corporate Secretary September, 2024	Mr. Johnston most recently served as a partner at a highly regarded investment bank and brings over 18 years of finance, capital markets and engineering experience.

Andy J. Mah
ICD.D⁽²⁾⁽³⁾
Calgary, AB

Chair and Director
January, 2026

Mr. Mah has over 40 years of experience in the oil and gas industry. He served as Chief Executive Officer of Advantage Energy Ltd. from January 2009 to December 2021. Prior to that, he held senior leadership roles with Ketch Resources Trust, Unocal Corporation, Northrock Resources Ltd. and BP Canada. Mr. Mah is currently a director of Pembina Pipeline Corporation and has served on the boards of other energy industry organizations. Mr. Mah holds Bachelor of Science degrees in Chemistry and Chemical Engineering from the University of Saskatchewan and is a member of APEGA and the Institute of Corporate Directors.

Stacey E. McDonald,
ICD.D⁽¹⁾⁽²⁾⁽⁴⁾
Calgary, AB

Director
August, 2021

Ms. McDonald is Chief Financial officer of a private pipeline company and a director of Birchcliff Energy Ltd. She has over 20 years of experience in the energy and financial sectors. From September 2016 to July 2018, Ms. McDonald was a Managing Director – Institutional Equity Research (Energy) at GMP FirstEnergy and its predecessor, GMP Securities, independent global investment banks. Ms. McDonald holds a Bachelor of Commerce (Finance) from the University of Alberta and is a holder of the Institute of Corporate Directors' Director designation.

Patrick G. Oliver⁽²⁾
Calgary, AB

President, Chief
Executive Officer &
Director
September, 2022

B.Com., C.A., Mr. Oliver has over 35 years of E&P experience in various executive roles in both the public and private sector. Over the past 20 years, the majority as CEO, Mr. Oliver was instrumental in the building and successful sale of four privately owned Birchill companies with operations in central Alberta. Mr. Oliver also serves as a Director of Enercapita Energy Ltd., a private oil and gas company.

Jacqueline R. Ricci⁽¹⁾⁽³⁾⁽⁴⁾
Toronto, ON

Director
May, 2020

Ms. Ricci is Vice President and Partner at J Zechner Associates, managing discretionary funds focused on small/mid-cap equities including and oil and gas. She has held senior investment analyst roles at Ontario Teachers' Pension Plan Board and Gluskin Sheff & Associates. She serves on the boards of Wesdome Gold Mines Ltd. and Pine Cliff Energy Ltd., chairing the latter's Governance, Nominations, and Compensation Committee. A recipient of multiple TopGun Investment Mind Awards, she holds an HBA from the University of Western Ontario and is a holder of a CFA designation.

Notes:

- (1) Member of the Audit Committee. Chaired by Stacey E. McDonald.
- (2) Member of the Reserve Committee. Chaired by David M. Humphreys.
- (3) Member of the Human Resources and Compensation Committee. Chaired by John J. Campbell
- (4) Member of the Governance and Nominating Committee. Chaired by Jacqueline R. Ricci

Directors and officers of Bonterra as a group beneficially owned, controlled, directly or indirectly, 660,724 common shares representing approximately 1.8 percent of the issued and outstanding common shares of Bonterra as at March 12, 2026 the date of this report.

Cease Trade Orders

To the best of Bonterra's knowledge, no director or executive officer is, or within the ten years prior to the date hereof has been, a director, chief executive officer or chief financial officer of any company (including the Company) that: (i) while that person was acting in that capacity, was subject to a cease trade or similar order or an order that denied such company access to any exemptions under securities legislation, that was in effect for a period of more than 30 consecutive days; or (ii) was subject to a cease trade or similar order or an order that denied such company access to any exemptions under securities legislation, that was in effect for a period of more than 30 consecutive days that was issued after that person ceased to act in such capacity and which resulted from an event that occurred while that person was acting in such capacity.

Bankruptcies

To the best of Bonterra's knowledge, no director or executive officer of the Company, or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company: (i) is, as at the date of this Annual Information Form, or has been within the past 10 years, a director or executive officer of any company (including the Company) that while the person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within the past ten years before the date of this Annual Information Form become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties or Sanctions

To the best of Bonterra's knowledge, no director or executive officer of the Company, or shareholder of the Company holding sufficient securities of the Company to affect materially the

control of the Company, has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

AUDIT COMMITTEE INFORMATION

The following information is provided in accordance with Form 52-110F1 under the Canadian Securities Administrators' National Instrument 52-110 - Audit Committees (NI 52-110).

Audit Committee Charter

The Audit Committee Charter is attached as Appendix "C" to this Annual Information Form.

Composition of the Audit Committee

The Audit Committee is comprised of Stacey E. McDonald, Jacqueline R. Ricci and John J. Campbell. Each director is considered "independent" and "financially literate" (as such terms are defined in NI 52-110).

Relevant Education and Experience

Collectively, the Audit Committee has the education and experience to fulfill the responsibilities outlined in the Audit Committee Charter. The education and current and past experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member is summarized as follows:

Name	Education and Experience
John J. Campbell	<ul style="list-style-type: none"> • An independent director and consultant that has over 25 years of experience in private equity, energy services, banking and trust company services. Mr. Campbell is also the Board Chair of Morcado Trust and Audit Committee Chair of Haw Capital 2 Corp. • Prior experience includes President and Co-Founder of Odyssey Trust, General Manager of Valiant Trust, Oil & Gas commercial lending with Canadian Western Bank. He was also the former Chair of the Audit Committee of Haw Capital Corp and Golo Mobile Inc. • Bachelor of Commerce, Finance and ICD.D.
Stacey E. McDonald (Chair)	<ul style="list-style-type: none"> • Currently Chief Financial Officer (CFO) of Western Indigenous Pipeline Group. Ms. McDonald holds a Bachelor of Commerce Degree (Finance) and a holder with ICD.D designation. • Ms. McDonald is an independent financial consultant and has over 20 years of experience in the energy and financial sectors. From September 2016 to July 2018, Ms. McDonald was a Managing Director – Institutional Equity Research (Energy) at GMP FirstEnergy and its predecessor, GMP Securities, independent global investment banks. • Member of the Audit committee for Birchcliff Energy Ltd.

Jacqueline R. Ricci

- Vice President and Director at J. Zechner Associates since 1997.
- CFA with more than 35 years of experience in evaluating business plans and management performance in small and mid capitalization companies in the Canadian market.
- Member of the audit committee for both Pine Cliff Energy Ltd. and Wesdome Gold Mines Ltd.

Pre-Approval Policies and Procedures

The Audit Committee is authorized by the Board of Directors to review the performance of the Company's external auditors, and approve in advance provision of services other than auditing and to consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services engaged by Bonterra. The Audit Committee is authorized to approve any non-audit services or additional work which the Chairman of the Audit Committee deems as necessary who will notify the other members of the Audit Committee of such non-audit or additional work.

External Auditor Service Fees (By Category)

The fees for auditor services billed by the Company's external auditors in each of the last two fiscal years ending December 31, are as follows:

Year	Audit	Audit Related Fees	Tax Fees	All Other Fees
2025	\$226,000	\$64,000	\$ -	\$56,000
2024	\$203,000	\$60,000	\$ -	\$2,000

REGULATORY ACTIONS

To the knowledge of Bonterra, there were no: (i) penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the Company's most recently completed financial year; (ii) penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision; or (iii) settlement agreements the Company entered into before a court relating to securities legislation or with a securities regulatory authority during the most recently completed financial year.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as set out herein, management is not aware of any material interests, direct or indirect, of any directors or executive officers of Bonterra, any person or company which beneficially owns or controls or directs, directly or indirectly, more than ten percent of the outstanding common shares of the Company, or any known associate or affiliate of such persons, in any transaction within the last three financial years of the Company, or during the current financial year which has materially affected or is reasonably expected to materially affect the Company.

INTERESTS OF EXPERTS

Sproule International Limited prepared the Sproule Report.

The Company has been advised by Sproule International Limited that as of the date hereof, the directors, officers and associates as a group, do not beneficially own, directly or indirectly, any common shares of Bonterra.

The independent auditor of the corporation is Deloitte LLP ("Deloitte"), Independent Registered Chartered Accountants, Calgary, Canada. Deloitte has confirmed that it is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

MATERIAL CONTRACTS

During the year ended December 31, 2025, Bonterra has not entered into any contracts, nor are there any contracts still in effect, that are material to the business, other than contracts entered into the ordinary course of business.

ADDITIONAL INFORMATION

Additional information relating to Bonterra may be found on SEDAR at www.sedar.com. Information including directors' and officers' remuneration, principal holders of Bonterra's securities, and options to purchase securities is contained in Bonterra's Information Circular dated April 1, 2026. Additional financial information is contained in Bonterra's comparative financial statements and management's discussion and analysis of financial conditions and results of operations for the years ended December 31, 2025 and 2024, which are included in Bonterra's Annual Report for the year ended December 31, 2025.

For additional copies of this Annual Information Form and the materials listed in the preceding paragraph please visit our website at www.bonterraenergy.com or contact:

Bonterra Energy Corp.
800, 215- 9th Avenue S.W.
Calgary, Alberta
T2P 1K3
Attention: Ms. Erin Durtnall
Phone: (403) 750-2564 Facsimile: (403) 265-7488
Email: Edurtnall@bonterraenergy.com

APPENDIX "A"

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

Report on Reserves Data

To the Board of Directors of Bonterra Energy Corp. (the "Company"):

1. We have evaluated the Company's reserves data as at December 31, 2025. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2025, estimated using forecast prices and costs.
2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.
3. We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook as amended from time to time ("COGEH"), maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter).
4. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGEH.
5. The following table shows the net present value of future revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated by us as of December 31, 2025, and identifies the respective portions thereof that we have audited, evaluated and reviewed and reported on to the Company's management and Board of Directors:

Independent Qualified Reserves Evaluator or Auditor	Effective date	Location of Reserves (Country)	Net Present Value of Future Net revenue Before Income Taxes (10% Discount Rate)			
			Audited (M\$)	Evaluated (M\$)	Reviewed (M\$)	Total (M\$)
Sproule	December 31, 2025	Canada	Nil	1,168,068	Nil	1,168,068

6. In our opinion, the reserves data respectively evaluated by us have, in all material respects, been determined and are presented in accordance with the COGE Handbook, consistently applied. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.
7. We have no responsibility to update the report referred to in paragraph 5 for events and circumstances occurring after the effective date of our report, entitled "Evaluation of the P&NG Reserves of Bonterra Energy Corp. (As of December 31, 2025)"
8. Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

Sproule International Limited
Calgary, Alberta
February 9, 2026

(signed) Gary R. Finnis, P. Eng.
Principal Reservoir Engineer

(signed) Pavitra Iyer, P. Eng.
Senior Petroleum Engineer

APPENDIX “B”

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

Report of Management and Directors on Reserves Data and Other Information

Management of Bonterra Energy Corp. (the “Company”) is responsible for the preparation and disclosure of information with respect to the Company’s oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data which are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2025, estimated using forecast prices and costs.

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

The board of directors of the Company has:

- a) reviewed the Company’s procedures for providing information to the independent qualified reserves evaluator;
- b) met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation; and
- c) reviewed the reserves data with management and the independent qualified reserves evaluator.

The board of directors of the Company has reviewed the Company’s procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The board of directors has approved:

- a) the content and filing with securities regulatory authorities of Form 51-101F1 containing reserves data and other oil and gas information;
- b) the filing of Form 51-101F2 which is the report of the independent qualified reserves evaluator on the reserves data; and
- c) the content and filing of this report.

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

(signed) “Patrick G. Oliver”
Patrick G. Oliver, Chief Executive Officer

(Signed) “Scott A. Johnston”
Scott A. Johnston, Chief Financial Officer

(Signed) “Brad A. Curtis”
Brad A. Curtis, Senior VP Business Development

(Signed) “Stacey E. McDonald”
Stacey E. McDonald, Director

(Signed) “Jacqueline R. Ricci”
Jacqueline R. Ricci, Director

(Signed) “John J. Campbell”
John J. Campbell, Director

(Signed) “Andy J. Mah”
Andy J. Mah, Director

(Signed) “David M. Humphreys”
David M. Humphreys, Director

March 12, 2026

APPENDIX "C"

AUDIT COMMITTEE CHARTER

PURPOSE

1. The purpose of the Audit Committee (the "**Committee**") of the Board of Directors (the "**Board**") of Bonterra Energy Corp. (the "**Company**") is to provide an open avenue of communication between management, the Company's independent auditors and the Board and to assist the Board in overseeing:
 - (a) the integrity, adequacy and timeliness of the Company's financial reporting and disclosure practices;
 - (b) the Company's compliance with legal and regulatory requirements related to financial reporting; and
 - (c) the independence and performance of the Company's independent auditors.
2. The Committee shall also perform any other activities consistent with this Charter, the Company's By-laws and governing laws as the Committee or Board deems necessary or appropriate.
3. The Committee's role is one of overseeing. Management is responsible for preparing the Company's financial statements and other financial information and for the fair presentation of the information set forth in the financial statements in accordance with International Financial Reporting Standards (IFRS). Management is also responsible for establishing internal controls and procedures and for maintaining the appropriate accounting and financial reporting principles and policies designed to assure compliance with accounting standards and all applicable laws and regulations.
4. The independent auditors' responsibility is to audit the Company's financial statements and provide their opinion, based on their audit conducted in accordance with Canadian generally accepted auditing standards, that the financial statements present fairly, in all material respects, the financial position, and its financial performance and its cash flows in accordance with IFRS.
5. The Committee is responsible for recommending to the Board the independent auditors to be nominated for the purpose of auditing the Company's financial statements, preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, and for reviewing and recommending the compensation of the independent auditors. The Committee is also directly responsible for the evaluation of and oversight of the work of the independent auditors. The independent auditors shall report directly to the Committee.

AUTHORITY

6. The Committee may delegate, from time to time, to any individuals or sub-committees of the Committee, any of the Committee's responsibilities that lawfully may be delegated.
7. In carrying out its duties and responsibilities, the Committee shall have the authority to:

- (a) meet with and seek any information it requires from employees, officers, directors, or external parties, such as the Company's external auditors;
 - (b) investigate any matter relating to the Company's nomination and corporate governance practices, or anything else within its scope of responsibility;
 - (c) obtain full access to all Company books, records, facilities and personnel; and
 - (d) at its sole discretion and at the Company's expense, retain and set the compensation for outside legal or other advisors, as necessary to assist in the performance of its duties and responsibilities.
8. The Company will provide appropriate funding, as determined by the Committee, for compensation to any advisors that the Committee chooses to engage and for payment of ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
9. Management is at all times charged with the obligation to manage day to day operations of the Company and nothing herein shall derogate from that responsibility. The Committee's role shall be one of reviewing the particular matter and recommending a course of action to the full Board.

COMPOSITION

10. The Committee shall be composed of not less than three directors. The Board shall appoint the members of the Committee.
11. All of the members of the Committee shall be directors who are independent within the meaning of National Instrument 52-110 – Audit Committees ("**NI 52-110**") and the rules of any stock exchange or market on which the Company's shares are listed or posted for trading (and any successor legislation) (collectively, "**Applicable Governance Rules**"). In this charter, the term "independent" includes the meanings given to similar terms by Applicable Governance Rules, including the terms "non-executive", "outside" and "unrelated" to the extent such terms are applicable under Applicable Governance Rules.
12. If a matter that is considered by the Committee is one in which a member of the Committee, either directly or indirectly, has a personal interest, that member shall recuse himself or herself from any portion of a meeting at which such matter is discussed and shall not vote on such matter.
13. Each member of the Committee shall be "financially literate". In order to be financially literate, a director must be able to read and understand financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements.
14. A director appointed by the Board to the Committee shall be a member of the Committee until replaced by the Board or until his or her resignation. A director shall automatically cease to be a member of the Committee as soon as such member ceases to be a director of the Company.

15. The Board shall designate the Chair of the Committee.

MEETINGS OF THE COMMITTEE

16. The Committee shall convene a minimum of four times each year at such times and places as may be designated by the Chairman of the Committee and whenever a meeting is requested by the Board, a member of the Committee, the auditors, or an executive officer of the Company. Meetings of the Committee shall correspond with the review of the quarterly financial statements and management's discussion and analysis.
17. Notice of each meeting of the Committee shall be given to each member of the Committee and to the auditors, who shall be entitled to attend each meeting of the Committee and shall attend whenever requested to do so by a member of the Committee.
18. The quorum for a meeting of the Committee is a majority of the members. With the exception of the foregoing quorum requirement, the Committee may determine its own procedures.
19. A member or members of the Committee may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facilities, as permits all persons participating in the meeting to communicate adequately with each other. A member participating in such a meeting by any such means is deemed to be present at the meeting.
20. In the absence of the Chairman of the Committee, the members of the Committee shall choose one of the members present to be Chairman of the meeting. In addition, members of the Committee shall choose one of the persons present to be the Secretary of the meeting.
21. The management representatives that hold any of the following positions shall be invited to attend all meetings, except private Committee sessions and private sessions with the independent auditors:
 - a) Chief Executive Officer;
 - b) Chief Financial Officer; and
 - c) Vice President, Finance and Corporate Controller
22. The Chairman of the Board, executive management and other parties may attend meetings of the Committee; however the Committee (i) shall meet with the external auditors independent of management; and (ii) may meet separately with management.
23. Minutes shall be kept of all meetings of the Committee.

DUTIES AND RESPONSIBILITIES

24. In addition to the foregoing, in performing its oversight responsibilities the Committee shall:
 - (a) Monitor the adequacy of this Charter and recommend any proposed changes to the Board on an annual basis.

- (b) Review the appointments of the Chief Financial Officer and any other key financial executives involved in the financial reporting process.
- (c) Identify and monitor the management of the principal risks that could impact the financial reporting of the Company.
- (d) Review with management and the independent auditors the adequacy and effectiveness of the Company's accounting and financial controls and the adequacy and timeliness of its financial reporting processes.
- (e) Review with management and the independent auditors the annual financial statements and related documents and review with management the unaudited quarterly financial statements and related documents, prior to filing or distribution, including matters required to be reviewed under applicable legal or regulatory requirements.
- (f) Where appropriate and prior to release, review with management any news releases that disclose annual or interim financial results or contain other significant financial information that has not previously been released to the public.
- (g) Review the Company's financial reporting and accounting standards and principles and significant changes in such standards or principles or in their application, including key accounting decisions affecting the financial statements, alternatives thereto and the rationale for decisions made.
- (h) Review the quality and appropriateness of the accounting policies and the clarity of financial information and disclosure practices adopted by the Company, including consideration of the independent auditors' judgment about the quality and appropriateness of the Company's accounting policies. This review may include discussions with the independent auditors without the presence of management.
- (i) Review with management and the independent auditor significant related party transactions and potential conflicts of interest.
- (j) Pre-approve all non-audit services to be provided to the Company by the independent auditors and applicable fees.
- (k) Inspect any and all of the books and records of the Company and its affiliates.
- (l) Discuss with the management of the Company and its affiliates and staff of the Company, any affected party, contractors and consultants of the Company and the external auditors, such accounts, records and other matters as any member of the Committee considers necessary and appropriate.
- (m) At the earliest opportunity after each meeting, report to the Board the results of its activities and any reviews undertaken and make recommendations to the Board as deemed appropriate.
- (n) When there is to be a change of external auditors, review all issues and provide documentation related to the change, including the information to be included in the Notice of Change of Auditors and documentation required pursuant to NI 51-102 (or any successor legislation) of the Canadian Securities Administrators and the planned steps for an orderly transition.
- (o) Review all securities offering documents (including documents incorporated therein by reference) of the Company.
- (p) Review findings, if any, from examinations performed by regulatory agencies with respect to financial matters.
- (q) Review management's procedure for monitoring the Company's compliance with laws and regulations.
- (r) Review current and expected future compliance with covenants under financing agreements.

- (s) Review the proposed issuance of debt and equity instruments including public and private debt, equity and hybrid securities, credit facilities with banks and others, and other credit arrangements such as material capital and operating leases. When applicable, the Committee shall review the related securities filings.
- (t) Monitor the independence of the independent auditors by reviewing all relationships between the independent auditors and the Company and all non-audit work performed for the Company by the independent auditors.
- (u) Establish and review the Company's procedures for the:
 - i. receipt, retention and treatment of complaints regarding accounting, financial disclosure, internal controls or auditing matters; and
 - ii. confidential, anonymous submission by employees regarding questionable accounting, auditing and financial reporting and disclosure matters.
- (v) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.
- (w) Conduct or authorize investigations into any matters that the Committee believes is within the scope of its responsibilities. The Committee has the authority to retain independent counsel, accountants or other advisors to assist it, as it considers necessary, to carry out its duties, and to set and pay the compensation of such advisors at the expense of the Company.
- (x) Perform such other functions and exercise such other powers as are prescribed from time to time for the audit committee of a reporting issuer in Parts 2 and 4 of NI 52-110, all other applicable laws and policies and procedures of all applicable regulatory authorities, the Canada Business Corporations Act and the By-laws of the Company.
- (y) Monitor and review any planned accounting and financial information changes related to emissions and environmental disclosure practices if applicable to the Company. This review may include discussions with the independent auditors without the presence of management.

REPORTING

- 25. The Committee shall report its discussions to the Board by distributing the minutes of its meetings and where appropriate, by oral report at the next Board meeting.
- 26. The Committee is responsible to annually review, and in its discretion make recommendations to the Board regarding confirmation of or changes to be made to its Charter.