

Friday, May 15, 2026

Rating: Outperform

Price Target: \$8.50

Financial Metrics

Share Price	\$6.87	Shares Outstanding (MM)	
52-Week High	\$7.37	Basic	36.1
52-Week Low	\$3.20	Diluted	37.4
Net Debt (MM)	\$181.1	Mkt Cap (MM)	\$247.8
Net Cash (MM)	181.1	EV (MM)	\$428.9
Total Return	23.7%		

(FYE Dec 31)	2025A	2026E	2027E
Production	15,513	16,270	16,670
Oil Production	6,415	6,519	6,501
NGL Production	1,510.8	1,625.5	1,667.0
Natural Gas Production	45.5	48.8	51.0
FFO (MM)	\$94	\$118	\$122
FFO/sh	\$2.55	\$3.20	\$3.30
E and D CapEx (MM)	\$70	\$81	\$79

All figures in C\$ unless otherwise specified.

Bonterra Energy Corp.

BNE | TSX

Slight CFPS Beat; New Charlie Lake Wells

The ATB Take: On May 14, 2026, after market close, BNE reported inline production, a slight CFPS beat, and brought online four new Charlie Lake wells along with its third Montney well. Quarterly production of 15.5mboe/d was relatively inline with ATB and consensus estimate of 15.4mboe/d. CFPS of \$0.64 was inline with ATBe of \$0.64 and slightly ahead of consensus of \$0.62. Three new Charlie Lake wells had a combined IP30 rate of 3,100boe/d. The fourth Charlie Lake well, which was a stepout to the southwest, showed encouraging signs on initial cleanup but was shut down for facility upgrades. This well should be brought back online in the third quarter. The Montney well experienced operational challenges and required unanticipated sand clean-outs which have prolonged clean-up operations. The well is still recovering load fluid as it continues to clean up. There was no change to 2026 guidance. Overall, the release should be fairly neutral for the stock. While CFPS beat consensus by a slight margin, the lack of rates on the stepout and the Montney well makes the release fairly neutral overall. We continue to like the name in the small cap E&P space for value given its 2.5x 2027 strip EV/DACF valuation.

Highlights:

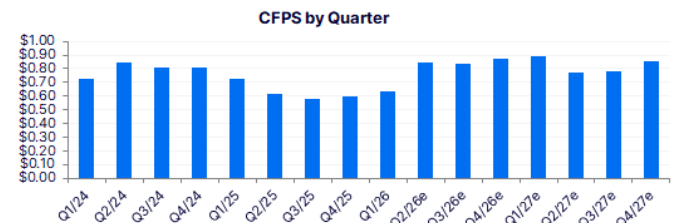
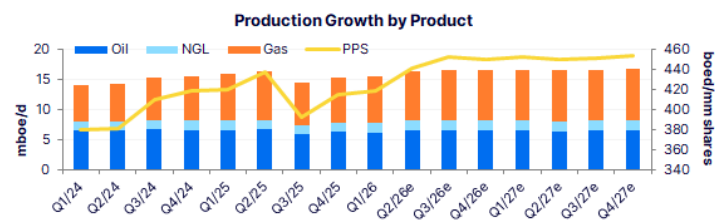
- **Q1/26 Results:** Quarterly production of 15.5mboe/d was relatively inline with ATB and consensus estimate of 15.4mboe/d. CFPS of \$0.64 was inline with ATBe of \$0.64 and slightly ahead of consensus of \$0.62.
- **Well Results:** During the quarter, the Company brought online four new Charlie Lake wells and its third Montney well. Three Charlie Lake wells were drilled in the core of the play and had a combined IP30 rate of 3.1mboe/d (43% oil) with the best well achieving an IP30 rate of 1.4mboe/d. The fourth Charlie Lake well was a step-out to the southwest and showed encouraging early-stage results on clean-up before being shut in for facilities upgrades; the Company anticipates the well being brought online in the third quarter. The third Montney well has a longer 3-mile lateral and was completed with 300 stages. Unfortunately, during drilling and completion operations the well experienced operational challenges and required unanticipated sand clean-outs which have prolonged the clean-up phase. The well is still recovering load fluid and has not yet reached stabilized rates.
- **Guidance Unchanged:** Full-year guidance of 16.2-16.4 mboe/d remains unchanged along with the capex guidance range of \$75-80mm
- **Estimates Relatively Unchanged:** Our 2026 and 2027 estimates remain relatively unchanged.

Rating and Price Target: We maintain our Outperform rating and our price target of \$8.50. Our \$8.50 price target is based on a 0.3x multiple of our risked NAV.

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Figure 1 – Operating & Financial Highlights

Bonterra Energy Corp.					Target: \$8.50 / Dividend Yield: 0% / Total Return: 24%				
\$6.87					Rating: Outperform				
Valuation					Pricing				
	2024	2025	2026e	2027e		2024	2025	2026e	2027e
EBITDA	\$162.5	\$134.4	\$146.7	\$145.2	WTI (US\$/bbl)	\$75.91	\$64.93	\$79.25	\$69.25
DACF	\$124.3	\$112.2	\$135.2	\$133.8	FX (C\$/US\$)	0.73	0.72	0.73	0.73
EV/DACF	3.4x	3.8x	3.1x	2.8x	MSW (C\$/bbl)	\$98.14	\$85.48	\$105.85	\$89.38
EV/boe/d	\$28,891	\$27,372	\$25,863	\$22,163	AECO (C\$/mcf)	\$1.42	\$1.69	\$2.10	\$2.60
EV/EBITDA	2.6x	3.2x	2.9x	2.5x					
Per Share					Balance Sheet (\$mm)				
	2024	2025	2026e	2027e		2024	2025	2026e	2027e
CFPS (FD)	\$3.18	\$2.55	\$3.20	\$3.30	Cash	\$0.0	\$0.0	\$0.0	\$0.0
CFPS (Basic)	\$3.18	\$2.57	\$3.25	\$3.36	Current Assets	\$32.0	\$40.9	\$44.7	\$44.7
Dividend/Share	\$0.00	\$0.00	\$0.00	\$0.00	PP&E	\$936.2	\$909.3	\$892.4	\$868.0
Drip Participation	0%	0%	0%	0%	Other	\$6.8	\$9.2	\$10.5	\$10.5
Production					Total Assets	\$975.0	\$959.4	\$947.5	\$923.1
	2024	2025	2026e	2027e	Total Debt	\$137.8	\$176.4	\$128.7	\$85.9
Light Oil (bbls/d)	6,639	6,415	6,519	6,501	Asset Retirement Obligations	\$98.7	\$85.3	\$86.2	\$86.2
Medium/Heavy Oil (bbls/d)	0	0	0	0	Other	\$7.3	\$6.3	\$6.4	\$6.4
NGL (bbls/d)	1,513	1,511	1,625	1,667	Total Liabilities	\$434.4	\$437.4	\$426.1	\$386.9
Total Liquids (bbls/d)	8,152	7,925	8,144	8,169	Total Liabilities & Equity	\$975.0	\$959.4	\$947.5	\$923.1
Natural Gas (mmcf/d)	40.2	45.5	48.8	51.0					
Total (boe/d) (6:1)	14,846	15,513	16,270	16,670	Funds Flow (\$mm)				
% Gas	45.1%	48.9%	49.9%	51.0%		2024	2025	2026e	2027e
Growth / Key Metrics					Funds from Operations	\$118.7	\$94.2	\$118.0	\$121.8
	2024	2025	2026e	2027e	Funds from Investments	(\$123.1)	(\$83.2)	(\$80.6)	(\$79.0)
CFPS Growth Y/Y	(19%)	(20%)	25%	3%	Net Acquisitions	(\$22.0)	(\$13.3)	\$0.0	\$0.0
Production/Share Growth Y/Y	5%	6%	5%	2%	Development Capex	(\$101.1)	(\$69.9)	(\$80.6)	(\$79.0)
Simple Payout (Dividend)	0%	0%	0%	0%	Funds from Financing	\$12.4	(\$3.8)	(\$36.4)	(\$42.8)
Total Payout (Capex+Div)	85%	74%	68%	65%	Equity Offering	\$0.1	(\$4.4)	\$0.0	\$0.0
Cashflow Margin	\$0.50	\$0.44	\$0.44	\$0.46	Debt	\$12.4	\$0.6	(\$36.4)	(\$42.8)
D/CF	1.4x	1.9x	1.2x	0.8x	Dividend	\$0.0	\$0.0	\$0.0	\$0.0
D/EBITDA	1.0x	1.3x	1.0x	0.7x	Net Change in Cash	\$8.0	\$7.2	\$1.0	\$0.0
Capital Structure (mm)					Netback (\$/boe)				
	2024	2025	2026e	2027e		2024	2025	2026e	2027e
Basic Shs. O/S	37.3	36.1	36.3	36.3	Revenue	\$51.52	\$43.78	\$53.42	\$47.28
FD Shs. O/S (incl. anti-dilutive)	37.3	37.5	37.7	37.7	Processing Income	\$0.00	\$0.00	\$0.00	\$0.00
WA FD Shs. O/S	37.3	36.9	36.9	36.9	Hedging	\$0.66	\$0.52	(\$3.93)	\$0.18
					Royalties	(\$5.09)	(\$3.97)	(\$7.25)	(\$6.15)
					Op. Costs	(\$16.54)	(\$16.69)	(\$16.72)	(\$16.50)
					Transportation	\$0.00	\$0.00	\$0.00	\$0.00
					Operating Netback	\$30.55	\$23.64	\$25.53	\$24.81
					Op. Netback (Ex Hedges)	\$29.90	\$23.12	\$29.46	\$24.63
					G&A	(\$0.97)	(\$0.99)	(\$0.87)	(\$0.95)
					Interest	(\$3.28)	(\$2.97)	(\$3.00)	(\$2.06)
					Cash Taxes/Other	\$0.00	\$0.00	\$0.00	\$0.00
					Cash Flow Netback	\$26.30	\$19.68	\$21.66	\$21.80



Source: Company Reports, ATB Cormark Capital Markets

Key Risks to Price Target

Commodity Price Risk

Oil and gas prices are determined by global and regional supply, demand, and other factors. Fluctuations in these prices can have a material impact on the operations, financial condition, proven and/or probable reserves, and future development undertaken by the companies under coverage and their peers.

Currency Risk

World oil and gas prices are quoted in US dollars and are therefore affected by exchange rates, which fluctuate over time. Accordingly, exchange rates could affect the future value of the Company's production, cashflow, and reserves.

Operational Risk

Operational risks to the business include: risk in exploring for, developing and producing crude oil and natural gas, uncertainties involving crude oil and petroleum products, the uncertainty of reserves estimates, potential delays with respect to exploration and development projects and health, safety and environmental risks. Additional operations risks include the possibility that government policies or laws may change or government approvals may be delayed or withheld.

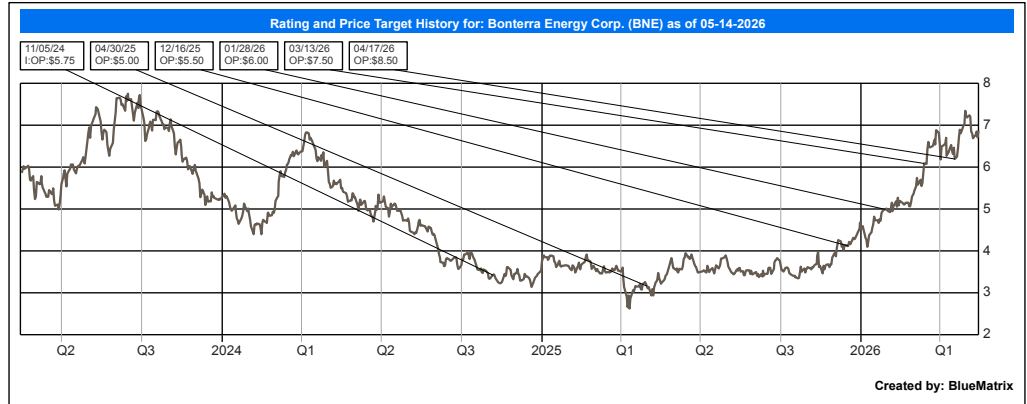
Financial Risk

Business/financial risks such as cost overruns, operating costs, financing capabilities, changes to royalties, taxes and interest/exchange rate fluctuations may have a material impact on our valuation. The Company's ability to control, manage, and mitigate such risks is dependent on the management team and their historical track record. Additional financial risks include: the Company's ability to enter into or renew leases on acceptable terms and fluctuations in foreign currency exchange rates and interest rates.

Forecast Error

Our forecast is subject to analogous individual well production rates. In addition, such factors as weather, rig availability, and general delays/tie-ins may have an impact on our production and cashflow estimates. To the extent that a majority of production is based in any one region, this will further increase the concentration risk as well, especially with regard to potential weather/pipeline issues.

Bonterra Energy Corp.
TSX: BNE **\$6.87**
Rating: **Outperform**
Blue Target: **\$8.50**



Disclosures

	Ranking	% IB
	Distribution	Clients
Top Pick	1%	0%
Outperform	71%	26%
Speculative Buy	10%	0%
Sector Perform	14%	32%
Underperform	1%	0%
Restricted	0%	0%
Not Rated	0%	0%
Tender	2%	25%
Under Review	0%	0%
Total	100%	24%

ATB Capital Markets Corp.'s rating system reflects its outlook for the expected performance of an issuer's equity securities relative to its peer group over the next 12 months.

- Top Pick** - A security we consider our best idea for returns above the peer group.
- Outperform** - A security is expected to provide a return greater than the peer group.
- Speculative Buy** - A security expected to provide a return greater than the peer group, but the risk of a significant loss is material.
- Sector Perform** - A security is expected to provide a return in line with the peer group.
- Underperform** - A security is expected to provide a return below its peer group.
- Not Rated** - A security where a rating has not been assigned.
- Tender** - A security where a surrender to a takeover bid or other offer is believed to be fair, which is likely shorter than a 12-month period.
- Under Review** - The analyst is considering the implications of new information on a short-term basis.

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