

Bonterra Energy Corp.

BNE-T

SECTOR: Energy

STOCK PRICE \$5.87
 RATING **BUY**
 TARGET PRICE ↑ \$7.00
 PREVIOUS \$6.25

QUARTERLY UPDATE

4Q25: In Line Quarter; Capital Efficiency Improving

OUR TAKE: We view BNE's 4Q25 results as neutral for the shares in the near-term. 2026 guidance was reiterated, which highlights meaningful capital efficiency gains with 11 wells required to keep production flat y/y (versus the 20-30 wells historically). Importantly, strong reserve metrics reinforce that the company's strategic shift toward the Charlie Lake is beginning to bear fruit, with improved capital efficiency and solid reserve replacement supporting the long-term inventory quality. Maintain Buy rating and increasing PT to \$7.00 (\$6.25 previously).

KEY HIGHLIGHTS

- ◆ **4Q25 recap.** 4Q volumes averaged 15.2 mboe/d, +6% above our estimate of 14.4 mboe/d and consensus at 14.7 mboe/d. 4Q CFPS of \$0.60 matched our estimate and consensus at \$0.60; 4Q capex totaled \$16.3 MM versus our estimate of \$16.4 MM, driving exit net debt of \$179 MM, or 2.0x D/CF.
- ◆ **Operations update.** Development activity is already underway with three Charlie Lake wells drilled and two DUCs completed, including one 3-mile Charlie Lake well and one 3-mile Montney well. BNE expects to release peak 30-day production rates for these wells alongside 1Q26 results in May.
- ◆ **Reserves driven by acquisitions.** At year-end, PDP reserves were flat at 34.3 mmboe, while 1P (87.8 mmboe) and 2P (109.7 mmboe) increased 3% year-over-year. 1P FD&A costs (incl. FDC) of \$10.39/boe imply a 2.1x recycle ratio and 15.5-year RLI, while 2P FD&A costs of \$12.37/boe (incl. FDC) imply a 1.8x recycle ratio and 19.4-year RLI. Collectively, these represent the strongest reserve metrics reported over the past three years. After accounting for 2025 production of 5.6 mmboe, BNE replaced 99% / 150% / 164% of PDP / 1P / 2P reserves, respectively. At year-end, reserves were 39% PDP (vs. 40%) and 55% liquids-weighted (vs. 58%).
- ◆ **2026 Guidance.** BNE maintained its budget of \$75-80 MM, targeting average production of 16.2-16.4 mboe/d (~52% oil) within a 52% payout ratio and a 18% FCF yield at strip supporting further deleveraging and opportunistic share buybacks.

RECOMMENDED ACTION

Recommended buying at current levels

- ◆ **Maintaining our Buy rating; increasing target price to \$7.00.** Our target price is based on a 2026E EV/DACF target multiple of 3.5x on our US\$64 WTI deck, or 2.5x on strip. BNE remains a compelling top beta idea to oil, and with the shares trading at a discount to peers, we see an attractive entry point for investors looking for both potential alpha to oil price upside and early-stage Montney exploration and Charlie Lake light oil upside.

PROJECTED RETURN

19%

RISK FACTOR

Very High

SCENARIO ANALYSIS

| Downside Scenario | Current Price | Price Target |
|-------------------|---------------|--------------|
| \$4.00 | \$5.87 | \$7.00 |
| ↓32% | | 19% |

KEY STATISTICS AND METRICS

| | |
|-----------------------|------------------|
| 52-Week High/Low | \$6.00 / \$2.56 |
| YTD Performance | 29.87% |
| Dividend Yield | n/a |
| Shares O/S | 36 MM (basic) |
| Market Capitalization | \$212 MM |
| Net Debt 4Q25 | \$179 MM |
| Enterprise Value | \$391 MM |
| Daily Volume (3 mos.) | 64,002 |
| Currency | C\$ unless noted |

HAYWOOD ESTIMATES (CAD)

| | 2025A | 2026E | 2027E |
|--------------------|----------|----------|----------|
| Production (boe/d) | 15,513 | 16,400 | 16,800 |
| % Gas | 49% | 48% | 48% |
| CAPEX - E&D (MM) | \$69.9 | \$75.0 | \$75.0 |
| Funds Flow (MM) | \$94.2 | \$106.8 | \$105.5 |
| CFPS (fd) | \$2.55 | \$2.90 | \$2.86 |
| D/CF | 1.9x | 1.4x | 1.1x |
| EV/DACF | 3.2x | 2.9x | 2.8x |
| EV/BOE/D | \$22,821 | \$22,171 | \$19,828 |

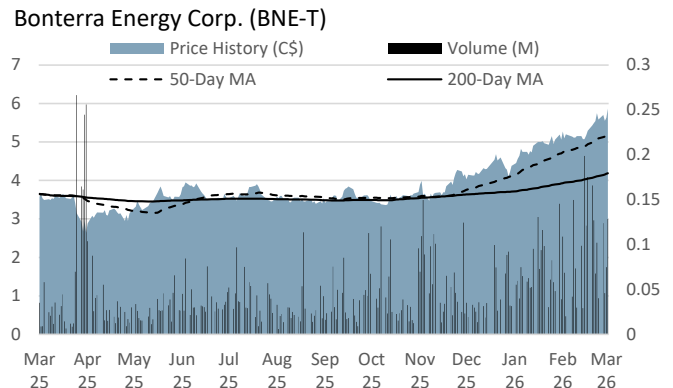
VALUATION

BNE trades at a 2026E EV/DACF multiple of 2.9x versus peers at 5.5x.

INVESTMENT THESIS

BNE spent much of the past two years deleveraging the balance sheet and it continues to make solid progress towards its debt reduction goals. This achievement coupled with torque to oil price upside has freed up additional capital to reward shareholders. We like how the BNE story has been refreshed with new leadership, a more shareholder friendly agenda (RoC), and initial Montney success (representing an early stage NAV-oriented growth project). While Montney drilling comes with higher costs and more risk than Cardium development, the team has proved up to the challenge with its first well. Moreover, we like the Company's low entry cost into the play. Finally, we consider M&A to represent a larger part of the Company's strategy than the previous one and believe current commodity price levels are ideal for M&A. The stock still does not get the same level of attention as some of its larger peers and while it might take some time for the market to get comfortable with the new outlook, we believe the Company has all the tools it needs to accentuate its value proposition for investors.

SCENARIO ANALYSIS



Source: Capital IQ, and Haywood Securities

TARGET PRICE

Our target price of \$7.00 per share is based on a 2026E EV/DACF multiple of 3.5x on our deck.

DOWNSIDE CASE

Our downside case of \$4.00 per share is based on a 2026E EV/DACF multiple of 2.5x, on our deck.

Our downside scenario price is a theoretical case based on notional valuation metrics and market assumptions. The downside price is solely intended for demonstrative purposes and is not to be regarded as a reflection of all market possibilities. It is not a guarantee that this company's share price will not drop below this price level and hence should not be taken as such.

KEY RISKS

- **Operational:** There is no assurance that exploration expenditures made by a company will result in new discoveries of oil or natural gas in commercial quantities.
- **Resource/Reserve Estimate Risk.** The process of estimating oil and gas reserves is complex, requiring significant decisions and assumptions in the evaluation of available geological, geophysical, engineering, and economic data for each reservoir, including production/decline rates, capital expenditures, and future commodity prices.
- **Commodity Price Risk:** Oil and gas prices are determined by global supply and demand, in addition to other factors.

Bonterra is an oil focused growth + income company that has successfully delivered growth/income model for more than 10 years through its Cardium light oil focus.



Website

www.bonterraenergy.com

Key Management

Patrick Oliver (CEO)
Scott Johnston (CFO)
Brad Curtis (SVP Business Development)



|  Bonterra Energy Corp. (BNE-T) www.bonterraenergy.com | | | | | |
|---|---------------------------|--------------|------------------|--------------|--------------|
| STOCK DATA | | | | | |
| 52-week High-Low (C\$) | \$6.00 - \$2.56 | | | | |
| Shares Outstanding (MM) | 36 | | | | |
| Net Debt (MM) | \$179 | | | | |
| Market Cap. (MM) | \$212 | | | | |
| Enterprise Value (MM) | \$391 | | | | |
| PRODUCTION | | | | | |
| | 2023A | 2024A | 2025A | 2026E | 2027E |
| Oil & NGL's (bbls/d) | 8,568 | 8,152 | 7,926 | 8,528 | 8,736 |
| Nat. Gas (mcf/d) | 33,814 | 40,174 | 45,524 | 47,232 | 48,384 |
| Boe/d (6:1) | 14,204 | 14,848 | 15,513 | 16,400 | 16,800 |
| % Nat. Gas | 40% | 45% | 49% | 48% | 48% |
| PRICING | | | | | |
| | 2023A | 2024A | 2025A | 2026E | 2027E |
| Crude Oil WTI (US\$/bbl) | \$77.14 | \$75.72 | \$64.84 | \$64.00 | \$62.00 |
| Edmonton Light (C\$/bbl) | \$98.96 | \$98.22 | \$85.65 | \$81.08 | \$78.38 |
| Nat. Gas NYMEX (US\$/mcf) | \$2.65 | \$2.27 | \$3.55 | \$3.75 | \$4.00 |
| AECO (C\$/mcf) | \$2.68 | \$1.37 | \$1.66 | \$2.65 | \$3.65 |
| Realized Oil & NGL's (\$/bbl) | \$89.83 | \$85.57 | \$73.69 | \$69.73 | \$66.22 |
| Realized Nat. Gas (\$/mcf) | \$3.12 | \$1.68 | \$2.09 | \$3.33 | \$3.25 |
| Realized Wellhead (\$/boe) | \$61.62 | \$51.52 | \$43.78 | \$45.84 | \$44.01 |
| NETBACKS (\$/boe) | | | | | |
| | 2023A | 2024A | 2025A | 2026E | 2027E |
| Revenue | \$61.62 | \$51.52 | \$43.78 | \$45.84 | \$44.01 |
| Hedging | \$0.36 | \$0.80 | \$0.52 | \$0.00 | \$0.00 |
| Royalties | \$8.95 | \$7.60 | \$5.34 | \$6.21 | \$5.96 |
| Operating & Trans. Costs | \$16.02 | \$16.59 | \$16.69 | \$16.25 | \$16.25 |
| Field Netback | \$37.01 | \$28.14 | \$22.27 | \$23.39 | \$21.81 |
| Cash Netback | \$28.27 | \$21.24 | \$16.75 | \$18.05 | \$17.41 |
| FINANCIALS | | | | | |
| | 2023A | 2024A | 2025A | 2026E | 2027E |
| Funds Flow (MM) | \$147.3 | \$118.7 | \$94.2 | \$106.8 | \$105.5 |
| CFPS - diluted | \$3.95 | \$3.18 | \$2.55 | \$2.90 | \$2.86 |
| E&D Capex (MM) | \$126.5 | \$101.1 | \$69.9 | \$75.0 | \$75.0 |
| Capex (MM) | \$126.0 | \$122.8 | \$82.9 | \$75.0 | \$75.0 |
| Net Debt (MM) | \$140.4 | \$167.2 | \$179.0 | \$147.2 | \$116.8 |
| PAYOUT ANALYSIS | | | | | |
| | 2023A | 2024A | 2025A | 2026E | 2027E |
| Dividends (DPS) | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Annual Dividend (MM) | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| Basic Payout | 0% | 0% | 0% | 0% | 0% |
| Total Payout | 86% | 85% | 74% | 70% | 71% |
| VALUATION | | | | | |
| | 2023A | 2024A | 2025A | 2026E | 2027E |
| P/CF | 2.3x | 2.0x | 1.9x | 2.0x | 2.1x |
| EV/DACF | 2.9x | 3.0x | 3.2x | 2.9x | 2.8x |
| Net Debt/CF | 1.0x | 1.4x | 1.9x | 1.4x | 1.1x |
| EV/BOE/D | \$33,846 | \$27,504 | \$22,821 | \$22,171 | \$19,828 |
| Rating | | | | | |
| Rating | Buy Target Price | | | | \$7.00 |
| Current Price | \$5.87 Return to Target | | | | 19% |
| Dividend Yield | 0.0% Implied Total Return | | | | 19% |
| AREAS OF OPERATIONS | | | | | |
|  <div style="display: flex; flex-direction: column;"> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> <p>Charlie Lake New Core Area: Light Oil, Natural Gas & NGLs</p> <p>Development ready Charlie Lake asset in Northern Alberta adds locations and free funds flow</p> </div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> <p>Montney Development Opportunity: Light Oil, Natural Gas & NGLs</p> <p>Emerging Montney asset in Northern Alberta adds upside and scalable resource</p> </div> <div style="border: 1px solid black; padding: 5px;"> <p>Pembina Cardium Core Area: Light & Medium Oil</p> <p>Large, concentrated position in the Pembina Cardium play, one of Canada's largest oil fields, offers stable production and substantial drilling inventory</p> </div> </div> | | | | | |
| RESERVES (MMboe) | | | | | |
| | 2023A | 2024A | 2025A | | |
| PDP | 32.8 | 34.4 | 34.3 | | |
| Proved | 80.1 | 85.0 | 87.8 | | |
| Proved + Probable | 100.7 | 106.1 | 109.7 | | |
| RLI (2P) | 19.4 | 19.6 | 19.4 | | |
| PDP/2P | 41% | 40% | 39% | | |
| % Liquids | 62% | 58% | 55% | | |
| MANAGEMENT | | | | | |
| Patrick Oliver | | | Michael Stewart | | |
| Scott Johnston | | | Patrick Oliver | | |
| Brad Curtis | | | George Fink | | |
| Dave Fleming | | | Jay Campbell | | |
| Steve Ewens | | | Jacqueline Ricci | | |
| Joe Swift | | | Stacey McDonald | | |
| Brad Hetlinger | | | Dave Humphreys | | |
| ¹ SHARE OWNERSHIP | | | | | |
| Management & Directors | | | | Basic | FD |
| | | | | 15.1% | 19.1% |

Priced as of March 12, 2026

¹ Source: FactSet

Source: Company Reports and Haywood Securities Inc.



Figure 1: Results Summary and Changes to Estimates

| | | Q4/25E | | | 2026E | | | 2027E | | |
|--------------------------|-----------------|----------------|----------------|------------|----------------|----------------|-----------|----------------|----------------|-----------|
| | | Q4/25A | | | Prior | Revised | Δ % | Prior | Revised | Δ % |
| Production | HY | Results | Δ % | | | | | | | |
| Liquids | (bbl/d) | 7,356 | 7,781 | 6% | 8,424 | 8,424 | 0% | 8,736 | 8,736 | 0% |
| Natural Gas | (mcf/d) | 42,324 | 44,839 | 6% | 46,656 | 46,656 | 0% | 48,384 | 48,384 | 0% |
| Total | (boe/d) | 14,410 | 15,254 | 6% | 16,200 | 16,200 | 0% | 16,800 | 16,800 | 0% |
| % Liquids | (%) | 51% | 51% | | 52% | 52% | | 52% | 52% | |
| Netbacks | | | | | | | | | | |
| Realized Price | (\$/Boe) | \$42.49 | \$41.21 | -3% | \$45.02 | \$45.82 | 2% | \$44.01 | \$44.01 | 0% |
| Hedging Gain (Loss) | (\$/Boe) | \$0.90 | \$1.11 | 24% | \$0.00 | \$0.00 | 0% | \$0.00 | \$0.00 | nm |
| Royalties | (\$/Boe) | \$5.52 | \$4.37 | -21% | \$6.30 | \$6.42 | 2% | \$6.16 | \$6.16 | 0% |
| Operating Costs | (\$/Boe) | \$16.41 | \$15.98 | -3% | \$16.55 | \$16.25 | -2% | \$17.00 | \$16.25 | -4% |
| Operating Netback | (\$/Boe) | \$21.45 | \$21.97 | 2% | \$22.16 | \$23.16 | 4% | \$20.85 | \$21.60 | 4% |
| G&A | (\$/Boe) | \$2.18 | \$4.70 | 115% | \$2.50 | \$2.50 | 0% | \$2.50 | \$2.50 | 0% |
| Interest | (\$/Boe) | \$3.32 | \$3.02 | -9% | \$2.90 | \$2.93 | 1% | \$2.23 | \$2.19 | -2% |
| Cash Taxes | (\$/Boe) | -\$0.67 | -\$1.41 | 110% | -\$0.31 | -\$0.07 | -78% | -\$0.47 | -\$0.27 | -43% |
| Cash Netback | (\$/Boe) | \$16.62 | \$15.66 | -6% | \$17.07 | \$17.80 | 4% | \$16.59 | \$17.18 | 4% |
| Other Metrics | | | | | | | | | | |
| CFPS (f.d.) | (\$/sh) | \$0.60 | \$0.60 | 0% | \$2.74 | \$2.86 | 4% | \$2.76 | \$2.86 | 4% |
| Cash Flow | (\$MM) | \$22.0 | \$22.1 | 0% | \$100.9 | \$105.2 | 4% | \$101.7 | \$105.4 | 4% |
| E&D Capex | (\$MM) | \$16.4 | \$16.3 | 0% | \$75.0 | \$75.0 | 0% | \$75.0 | \$75.0 | 0% |
| Net Debt/(Cash) | (\$MM) | \$177.5 | \$179.0 | 1% | \$156.5 | \$148.8 | -5% | \$129.8 | \$118.4 | -9% |

Source: Company Reports and Haywood Securities Inc.

Figure 2: Comparable Companies

| Company | Ticker | Price | Div. Yield ¹ | Market Cap | Net Debt ² | EV | EV/DACF | | D/CF | | FCF Yield ³ | | Total Payout | | CFPS Growth | |
|------------------------------|------------|---------------|-------------------------|--------------|-----------------------|--------------|-------------|-------------|-------------|-------------|------------------------|------------|--------------|------------|-------------|-------------|
| | | | | | | | 2026E | 2027E | 2026E | 2027E | 2026E | 2027E | 2026E | 2027E | 2026E | 2027E |
| | | (C\$/Sh) | (%) | (\$MM) | (\$MM) | (\$MM) | (x) | (x) | (x) | (x) | (%) | (%) | (%) | (%) | (%) | (%) |
| Baytex Energy Corp.* | BTE | \$5.49 | 1.6% | \$4,063 | (\$354) | \$3,710 | 6.2x | 6.3x | (0.6x) | (0.5x) | 1% | 1% | 105% | 102% | (57%) | 12% |
| Cardinal Energy Ltd.* | CJ | \$10.44 | 6.9% | \$1,810 | \$78 | \$1,888 | 9.0x | 8.0x | 1.1x | 1.3x | 2% | 4% | 149% | 127% | (10%) | 13% |
| Headwater Exploration Inc. | HWX | \$12.69 | 3.5% | \$3,017 | (\$24) | \$2,994 | 10.1x | 9.8x | (0.1x) | (0.2x) | 4% | 4% | 97% | 94% | (9%) | 3% |
| InPlay Oil Corp.* | IPO | \$16.77 | 6.6% | \$468 | \$218 | \$686 | 4.8x | 4.5x | 1.7x | 1.3x | 11% | 13% | 82% | 78% | (6%) | 10% |
| Obsidian Energy Ltd.* | OBE | \$11.70 | 0.0% | \$787 | \$268 | \$1,056 | 4.4x | 4.3x | 0.9x | 0.8x | 4% | 4% | 88% | 89% | (1%) | 0% |
| Rubellite Energy Inc.* | RBY | \$3.08 | 0.0% | \$288 | \$152 | \$440 | 3.4x | 3.2x | 1.1x | 1.0x | (0%) | (2%) | 100% | 104% | (15%) | 16% |
| Surge Energy Inc.* | SGY | \$8.58 | 6.2% | \$848 | \$228 | \$1,076 | 4.6x | 4.7x | 1.0x | 1.0x | 8% | 7% | 93% | 95% | (14%) | 3% |
| Tamarack Valley Energy Ltd.* | TVE | \$11.01 | 1.5% | \$5,345 | \$686 | \$6,030 | 8.0x | 7.7x | 0.8x | 0.6x | 6% | 6% | 67% | 67% | (7%) | 14% |
| Avg/Total | | | 3.3% | | \$185 | | 5.5x | 5.5x | 1.0x | 0.9x | 4% | 4% | 95% | 95% | (9%) | 11% |
| Bonterra Energy Corp. | BNE | \$5.87 | 0.0% | \$212 | \$179 | \$391 | 2.9x | 2.8x | 1.4x | 1.1x | 15% | 14% | 70% | 71% | 13% | (1%) |

Priced as of March 12, 2026

* Non-covered company values are based on company disclosures and FactSet consensus estimates.

¹ Base dividend yield is an average. Other columns are medians.

² Net debt is as of latest reported quarter.

³ FCF yield before dividends divided by current market cap.

Source: FactSet, Consensus, and Haywood Securities Inc.



Investment Risks

- ◆ **Commodity Price Risk.** As a Canadian oil producer Bonterra is exposed to volatility in the Canadian price differential to WTI. Fluctuations in commodity prices could have a material impact on financial condition, operations, future development of undeveloped land and proved and probable reserves. Changes in commodity prices directly impact revenue, cash flow, and earnings.
- ◆ **Operational Risk.** Exploration and production of oil and gas assets come with inherent risks regarding the finding, development, and maintenance of the assets. Past performance is in no way an assurance of future results. Furthermore, environmental factors such as weather and drilling hazards could delay or severely impact the operations of a company.
- ◆ **Resource/Reserve Estimate Risk.** Estimating reserves incorporates available geological, geophysical, engineering and production data, combined with economic assessments of the costs of completing various operations and the price received for produced hydrocarbons. As new technical data is obtained, and economic variables change, the estimate of recoverable reserves and the value thereof will also change.
- ◆ **Key Employee Risk.** A significant portion of share value can be attributed to a management team's experience and reputation. As such, the loss of a team member can have a considerable adverse impact on the Company's valuation. The risk is mitigated in great part through management and the board's direct ownership of the Company's shares.
- ◆ **Regulatory Risk.** Governments at all levels, but particularly federal and provincial, may revise operating regulations, royalties, and income tax rules as they apply to the oil and gas industry with little to no notice.
- ◆ **Financial Risk.** The nature of oil and gas company operations creates exposure to financial risk, including changes in oil and gas prices, interest rates, US/Canadian foreign exchange rate, and access to debt and equity funding. To mitigate financial risk companies may maintain a conservative approach to debt levels, adjust capital expenditure programs, reduce counterparty risk concentration, or hedge commodity prices, interest rates or foreign exchange rates.

We rate Bonterra Energy's overall risk as Very High.



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I, Christopher Jones, hereby certify that the views expressed in this report (which includes the rating assigned to the issuer's shares as well as the analytical substance and tone of the report) accurately reflect my/our personal views about the subject securities and the issuer. No part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendations.

Important Disclosures

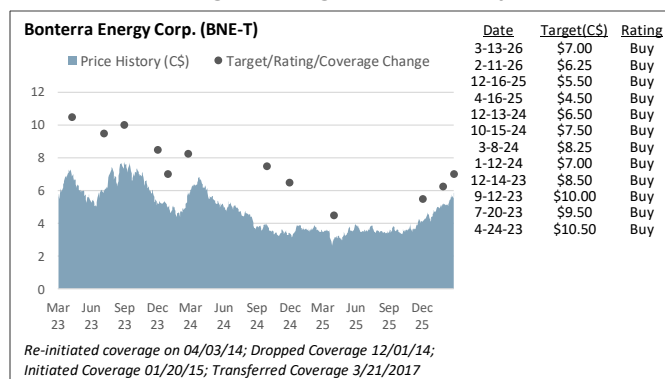
Of the companies included in the report the following Important Disclosures apply:

- As of the end of the month immediately preceding this publication either Haywood Securities, Inc., one of its subsidiaries, its officers or directors beneficially owned 1% or more of Bonterra Energy Corp. (BNE-T).

Distribution of Ratings (as of March 13, 2026)

| | % | # | IB Clients (TTM) |
|---------------|-------|----|------------------|
| Buy | 78.4% | 69 | 96.2% |
| Hold | 2.3% | 2 | 0.0% |
| Sell | 0.0% | 0 | 0.0% |
| Tender | 3.4% | 3 | 3.8% |
| UR | 0.0% | 0 | 0.0% |
| Dropped (TTM) | 15.9% | 14 | 0.0% |

Price Chart, Rating and Target Price History (as of March 13, 2026)



B: Buy; H: Hold; S: Sell; T: Tender; UR: Under Review
Source: Capital IQ and Haywood Securities

Link to Research Policy: <http://haywood.com/what-we-offer/research/research-policy>

