

## BONTERRA ENERGY REPORTS FIRST QUARTER 2026 FINANCIAL AND OPERATING RESULTS

### HIGHLIGHTS

As at and for the three months ended (\$000s except \$ per share)	March 31, 2026	December 31, 2025	March 31, 2025	
<b>FINANCIAL</b>				
Revenue - realized oil and gas sales	<b>66,423</b>	57,833	70,690	
Funds flow <sup>(1)</sup>	<b>23,540</b>	22,111	27,635	
Per share - basic	<b>0.65</b>	0.61	0.74	
Per share - diluted	<b>0.64</b>	0.60	0.73	
Cash flow from operations	<b>10,881</b>	21,526	29,614	
Per share - basic	<b>0.30</b>	0.60	0.79	
Per share - diluted	<b>0.30</b>	0.59	0.78	
Net loss <sup>(2)</sup>	<b>(14,626)</b>	(4,648)	(7,610)	
Per share - basic and diluted	<b>(0.40)</b>	(0.13)	(0.20)	
Capital expenditures	<b>37,996</b>	16,348	32,450	
Oil and gas property acquisition <sup>(3)</sup>	-	16,029	-	
Total assets	<b>982,204</b>	959,434	978,798	
Adjusted net debt <sup>(4)</sup>	<b>196,224</b>	179,943	185,276	
Bank debt	<b>48,165</b>	40,722	24,209	
Shareholders' equity	<b>507,569</b>	522,032	533,830	
<b>OPERATIONS</b>				
Light oil	-bbl per day	<b>6,228</b>	6,274	6,546
	-average price (\$ per bbl)	<b>89.89</b>	71.90	91.22
NGLs	-bbl per day	<b>1,540</b>	1,507	1,679
	-average price (\$ per bbl)	<b>43.39</b>	37.61	45.39
Conventional natural gas	-MCF per day	<b>46,173</b>	44,839	46,390
	-average price (\$ per MCF)	<b>2.41</b>	2.69	2.42
Total barrels of oil equivalent per day (BOE) <sup>(5)</sup>		<b>15,463</b>	15,254	15,957

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

<sup>(2)</sup> Net loss for three months ended March 31, 2026, primarily reflects a \$20.3 million unrealized loss and a \$4.1 million realized loss on risk management contracts related to the Company's outstanding hedging positions, driven by a rapid increase in oil prices during March 2026. Net loss for the three months ended March 31, 2025, primarily reflects a one-time debt extinguishment charge of \$11.6 million.

<sup>(3)</sup> On December 18, 2025, the Company acquired assets in the Company's Bonanza Charlie Lake area for cash consideration 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.

<sup>(4)</sup> Adjusted net debt is not a recognized measure under IFRS Accounting Standards. The Company defines net debt as bank debt and subordinated notes plus current liabilities less current assets, excluding risk management contracts, the current portion of decommissioning liabilities and deferred consideration, and unamortized issue costs on subordinated notes.

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



## Bonterra Energy Announces First Quarter 2026 Results and Operations Update

**May 14, 2026 | CALGARY, ALBERTA** - Bonterra Energy Corp. (TSX: BNE; OTCID: BNEFF) (“**Bonterra**” or the “**Company**”), a Calgary based oil and gas producer, is pleased to announce its financial and operating results for the three months ended March 31, 2026. Bonterra delivered \$23.5 million in funds flow (\$0.64 per fully diluted share) and brought four new Charlie Lake wells and one Montney well onto production during the quarter. The related unaudited condensed financial statements and management’s discussion and analysis (“MD&A”), are available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and on Bonterra’s website at [www.bonterraenergy.com](http://www.bonterraenergy.com).

- **Production** averaged 15,463 BOE per day impacted by approximately 400 BOE per day of unplanned downtime
- **Funds flow**<sup>1</sup> totaled \$23.5 million (\$0.64 per fully diluted share)
- **Bonanza Charlie Lake** asset Q1 production up 108% year-over-year
- **New well activity** included four new wells in the Charlie Lake and one well in the Montney, all at various stages of production flowback
- **Top new Charlie Lake well achieved 30-day peak rate** of approximately 1,400 BOE per day
- **Wembley Montney** land holdings expanded to 71.75 net sections of contiguous acreage with additional area processing capacity secured to support further delineation

Patrick Oliver, President and Chief Executive Officer, stated: "I'm encouraged by our first quarter 2026 results, which reflect stable production and funds flow from our core assets, supported by front-loaded capital activity in Q1 that positions the Company well for the balance of 2026. We brought four Charlie Lake wells and one Montney well on production. Three Charlie Lake wells extended our core Bonanza development, delivering more top-performing production results that build on our successful Q4 2025 campaign and reflect our team's growing technical expertise in the play. The fourth is a southwest step-out designed to validate a portion of our Q4 2025 acquisition. Our latest Montney well was successfully drilled with a three-mile lateral and approximately 300 stages."

Mr. Oliver added: "With our Q1 capital program behind us and a constructive crude oil price backdrop, we remain focused on accelerating free funds flow generation and prioritizing debt reduction through the balance of the year, while maintaining the flexibility to respond opportunistically as conditions evolve."

### FINANCIAL & OPERATING HIGHLIGHTS

**Production** averaged 15,463 BOE per day during the first quarter of 2026; in the quarter the Company experienced approximately 400 BOE per day of shut-in production related to unplanned downtime.

**Funds Flow**<sup>1</sup> totaled \$23.5 million (\$0.64 per fully diluted share) in the first quarter of 2026.

**Field Netback and Cash Netbacks**<sup>1</sup> in Q1 2026 averaged \$22.36 per BOE and \$16.92 per BOE, respectively, inclusive of realized hedging losses in the quarter of \$2.96 per BOE, with WTI crude oil prices averaging US\$71.93 per barrel and AECO natural gas prices averaging \$2.00 per mcf during the period.

**Production costs** averaged \$17.17 per BOE in the first quarter of 2026, lower year-over-year driven by less workover expenditures in the Cardium and lower third-party processing costs in the Charlie Lake and Montney.

**Capital expenditures**<sup>1</sup> totaled \$38.0 million in Q1 2026, of which approximately 92% was directed to the drilling, completion, equipping and tie-in operations, including supporting infrastructure, primarily in the Charlie Lake and Montney plays and 8% was directed to land acquisition and facility maintenance.

**Adjusted Net Debt**<sup>1</sup> totaled \$196.2 million at the end of the first quarter of 2026 driven by an active Q1 2026 capital program, resulting in an adjusted net debt to trailing twelve-month EBITDA ratio of 1.9:1, reflective of lower trailing crude oil pricing than the current environment.

**Normal Course Issuer Bid** was renewed on April 13, 2026. Under the renewed NCIB, the Company may repurchase up to 3,110,454 common shares, representing approximately 10 percent of its public float between April 15, 2026, and April 14, 2027. During the three months ended March 31, 2026, no common shares were repurchased for cancellation.

## Financial and Operating Results

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Notes for the table above:

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## Operations Update

### Bonanza Charlie Lake

The Company brought four new Charlie Lake wells on production late in the quarter, including one DUC from Q4 2025 and one well that was brought online ahead of its original Q2 2026 schedule to take advantage of the recent changes to the crude oil price environment. Three of the wells were focused in the core Bonanza development area following the Company's strong results in Q4 2025. The new wells have demonstrated average 30-day peak rates at a combined 3,100 BOE per day including approximately 1,325 barrels per day of light crude oil, 130 barrels per day of natural gas liquids and 10.0 mmcf per day of conventional natural gas. The fourth well was a step out to the southwest to validate a portion of the acquisition from Q4 2025 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.

Net production from the Bonanza Charlie Lake asset in the first quarter was approximately 3,632 BOE per day<sup>2</sup>, representing 23 percent of the total production in the quarter and a 108% increase from Q1 2025.

### Wembley Montney

Over the past few years, the Company has been compiling its Greater Wembley Montney land base and is pleased to announce that it has consolidated 71.75 net sections (approximately 46,000 net acres) to date of contiguous acreage in the light oil window of the Alberta Montney play. The land capture has given Bonterra a meaningful footprint with significant future resource and drilling inventory to develop. As a part of the development strategy for the lands, the Company has secured further area processing capacity to continue its delineation of the land base.

In the first quarter the Company executed completion operations on its third Montney well. The well was completed over a three-mile lateral length with approximately 300 successful stages. During drilling and completion operations the well experienced operational challenges and required unanticipated sand clean outs which have prolonged clean up operations. Thus far in its flowback the well is showing encouraging early-stage results and is still recovering load fluid as it continues to clean up. The well has not yet reached stabilized production levels.

Net production from the Wembley Montney asset in the first quarter was approximately 710 BOE per day<sup>2</sup> representing 5 percent of the total production in the quarter.

### Updated 2026 Outlook

The Company reaffirms its production and capital guidance for 2026 outlined below:

- Annual average production range of 16,200 to 16,400 BOE per day<sup>2</sup>, weighted approximately 50 to 52% to oil and liquids; and
- Capital expenditure range of \$75 million to \$80 million.

The remainder of the 2026 capital program consists of an additional three wells in the Bonanza Charlie Lake asset, one of which will be further targeting the acquisition lands from Q4 2025 and a targeted Pembina Cardium program featuring locations to be drilled into historically delineated areas with vertical producing wells and water flood support.

The Company retains capital flexibility for the remainder of the year in response to prevailing commodity price conditions and remains well positioned to continue to expand its drilling inventory through the derisking and delineation of its Bonanza Charlie Lake and Wembley Montney assets in addition to continuing the exploitation and optimization of its Pembina Cardium asset.

In response to the recent volatility in crude oil prices, the Company has been strategically securing hedges through its commodity risk management program in the second half of 2026 and 2027 at progressively higher oil prices. Bonterra remains committed to a disciplined approach to managing leverage levels with further debt repayment remaining in focus for the remainder of 2026.

## Notes Excluding Tables

- (1) Non-IFRS measure. See advisories contained in this press release.  
(2) See "Information Regarding Product Types" contained in this press release.

## About Bonterra

Bonterra Energy Corp. (TSX: BNE | OTCID: BNEFF) is a Calgary-based oil and gas producer offering investors exposure to a portfolio of high-impact assets across three of Alberta's premier light oil plays. Bonterra leverages the stable production and free cash flow of the Pembina Cardium — one of Canada's largest oil plays — alongside the growth potential of the Bonanza Charlie Lake and Wembley Montney. Built on disciplined growth, capital efficiency, and steady debt reduction, Bonterra is positioned to deliver long-term, sustainable value to shareholders through commodity cycles. For more information, visit [www.bonterraenergy.com](http://www.bonterraenergy.com) or follow Bonterra on LinkedIn and X.

## For further information please contact:

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## Cautionary Statements

This summarized press release should not be considered a suitable source of information for readers who are unfamiliar with Bonterra Energy Corp. and should not be considered in any way as a substitute for reading the full report for the three-month period ended March 31, 2026. For the full report, please go to [www.bonterraenergy.com](http://www.bonterraenergy.com).

## Non-IFRS and Other Financial Measures

In this press release, the Company refers to certain financial measures to analyze operating performance, which are not standardized measures recognized under IFRS Accounting Standards and do not have a standardized meaning. These measures are commonly utilized in the oil and gas industry and are considered informative by management, shareholders and analysts. These measures may differ from those made by other companies and accordingly may not be comparable to such measures as reported by other companies. This release contains the terms "funds flow", "capital expenditures", "adjusted net debt", "adjusted net debt to EBITDA ratio", "field netback" and "cash netback" to analyze operating performance. Non-IFRS and other financial measures within this release may refer to forward-looking non-IFRS and other financial measures and are calculated consistently with the three-month period ended March 31, 2026 reconciliations as outlined below.

## Funds Flow

Funds flow is a non-IFRS financial measure. Funds flow is cash flow from operating activities including proceeds from sale of investments and investment income received excluding effects of changes in non-cash working capital items and decommissioning expenditures settled. Management considers funds flow from operations to be a key measure to assess the Company's management of capital. Funds flow is an

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

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

(\$ millions)	Three months ended	
	March 31, 2026	March 31, 2025
Cash flow from operating activities	10.9	29.6
Adjusted for:		
Changes in non-cash working capital	8.4	(0.7)
Interest expense	(4.3)	(4.3)
Interest paid	7.9	1.9
Decommissioning expenditures	0.6	1.0
Investment income received	-	0.1
<b>Funds flow</b>	<b>23.5</b>	<b>27.6</b>

### Capital Expenditures

Capital expenditures are a non-IFRS financial measure. Management utilizes capital expenditures to measure total cash capital expenditures incurred in the period. Capital expenditures represent exploration and evaluation and property, plant and equipment expenditures in the statement of cash flows in the Company's annual audited financial statements as follows:

(\$ millions)	Three months ended	
	March 31, 2026	March 31, 2025
Comprised of:		
Exploration and evaluation expenditures	1.3	0.2
Property, plant and equipment expenditures	36.7	32.3
<b>Capital Expenditures</b>	<b>38.0</b>	<b>32.5</b>

### Adjusted Net Debt and Adjusted Net Debt to EBITDA Ratio

Adjusted net debt is a non-IFRS financial measure, calculated as subordinated notes and bank debt plus working capital deficiency (current liabilities less current assets), excluding risk management contracts, the current portion of decommissioning liabilities and deferred consideration, and unamortized issue costs on subordinated notes. EBITDA is a non-IFRS financial measure. EBITDA is a measure showing net earnings excluding deferred consideration, finance costs, provision for current and deferred taxes, depletion and depreciation, share-based compensation, gain or loss on sale of assets, impairment or impairment reversal, extinguishment of debt and unrealized gain or loss on risk management contracts. Adjusted Net debt to EBITDA is a non-IFRS ratio. Adjusted Net debt to EBITDA is calculated as adjusted net debt divided by EBITDA for the trailing twelve months. This measure provides management with an indication of the Company's leverage and overall financial flexibility. For more information about adjusted net debt or adjusted net debt to EBITDA ratio please refer to Note 10 of Bonterra's March 31, 2026 unaudited condensed financial statements.

The following is a summary of adjusted net debt and adjusted net debt to EBITDA and a reconciliation of trailing twelve-month EBITDA to the most directly comparable IFRS measure, "Net earnings (loss)":

(\$ millions)	March 31, 2026	December 31, 2025
Bank debt	48.2	40.7
Subordinated notes	132.4	135.7
Current liabilities	79.7	43.5
Current assets	(44.7)	(40.9)
<b>Net debt</b>	<b>215.6</b>	<b>179.0</b>
Risk management contracts	(18.2)	2.1
Decommissioning liabilities - current portion	(5.6)	(5.5)
Deferred consideration - current portion	(0.6)	(0.8)
Unamortized issue costs on subordinated notes	5.0	5.2
<b>Adjusted Net Debt</b>	<b>196.2</b>	<b>180.0</b>
Net loss	(24.1)	(17.1)
Adjustments to net loss:		
Unrealized loss (gain) on risk management contracts	17.5	(1.3)
Gain on sale of property	(1.1)	(4.6)
Deferred consideration	(0.9)	(1.0)
Finance costs	21.9	22.3
Share-based compensation	2.5	2.5
Depletion and depreciation	95.8	101.6
Extinguishment of debt	-	11.6
Current income tax recovery	(2.2)	(1.7)
Deferred income tax recovery	(4.7)	(3.0)
<b>EBITDA (trailing twelve months)</b>	<b>104.7</b>	<b>109.3</b>
<b>Adjusted net debt to EBITDA ratio</b>	<b>1.9</b>	<b>1.6</b>

### Field and Cash Netback

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

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

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

(\$ millions)	Three months ended	
	March 31, 2026	March 31, 2025
Oil and gas sales	66.4	70.7
Realized gain (loss) on risk management contracts	(4.1)	0.4
Royalties	(7.3)	(10.0)
Production costs	(23.9)	(25.7)
<b>Field Netback</b>	<b>31.1</b>	<b>35.4</b>
Office and administration	(1.0)	(1.5)
Employee compensation	(2.6)	(1.9)
Administrative and investment income	0.2	0.2
Interest expense	(4.4)	(4.3)
Current income (tax) recovery	0.2	(0.3)
<b>Cash Netback</b>	<b>23.5</b>	<b>27.6</b>
<b>Barrel of oil equivalent (BOE)</b>	<b>1,391,644</b>	<b>1,436,167</b>
<b>Field Netback (\$ per BOE)</b>	<b>22.36</b>	<b>24.65</b>
<b>Cash Netback (\$ per BOE)</b>	<b>16.92</b>	<b>19.23</b>

### Information Regarding Product Types

References to gas or natural gas and NGLs in this press release refer to conventional natural gas and natural gas liquids product types, respectively, as defined in National Instrument 51-101, Standards of Disclosure for Oil and Gas Activities, except where specifically noted otherwise. The Company's aggregate average production for the past five quarters and the references to "crude oil", "NGLs", and "natural gas" reported herein consist of the following product types, as defined in NI 51-101 and using a conversion ratio of 1 Bbl : 6 Mcf where applicable:

	2026	2025			
	Q1	Q4	Q3	Q2	Q1
<b>Average daily production</b>					
Light oil (bbls/d)	6,228	6,274	6,051	6,794	6,546
NGLs (bbls/d)	1,540	1,507	1,353	1,508	1,679
Conventional natural gas (MCF/d)	46,173	44,839	42,336	48,584	46,584
Total (BOE/d)	15,463	15,254	14,460	16,399	15,957

- 2026 annual average production, at the midpoint of the guidance range, is anticipated to be comprised of approximately 40% light crude oil, 11% NGLs and 49% conventional natural gas.
- Charlie Lake production for the Q1 2026 comprised approximately 38% light crude oil, 5% NGLs and 57% conventional natural gas.
- Montney production for Q1 2026 comprised approximately 36% light crude oil, 15% NGLs and 49% conventional natural gas.

### Forward Looking Information

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

assumptions and analysis made by us derived from our experience and perceptions. Forward-looking information in this release includes, but is not limited to: the Company's 2026 financial and operating guidance relating to production and capital expenditures; the Company's 2026 priorities and outlook; exploration and development activities; plans relating to repayment of indebtedness; oil and natural gas prices and demand; expansion and other development trends of the oil and gas industry; business strategy and outlook; expansion and growth of our business and operations; and other such matters.

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

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

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

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

### **Frequently Recurring Terms**

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

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

## **Numerical Amounts**

All amounts in this press release are stated in Canadian dollars unless otherwise specified. The reporting and the functional currency of the Company is the Canadian dollar.

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following report dated May 14, 2026 is a review of the operations and current financial position for the three months ended March 31, 2026 for Bonterra Energy Corp. ("Bonterra" or "the Company") and should be read in conjunction with the unaudited condensed financial statements and the audited financial statements including the notes related thereto for the fiscal year ended December 31, 2025 presented under IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), as well as Bonterra's Annual Information Form ("AIF"), each of which is filed on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

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

### Description of Business

Bonterra Energy Corp. is one of Canada's longest-standing oil and gas exploration, development, and production companies, with established operations in the Pembina Cardium and growth potential of the Bonanza Charlie Lake and Wembley Montney formations in the Western Canadian Sedimentary Basin. The Company is committed to sustainable production growth, financial resilience, and advancing toward a shareholder returns-based model through disciplined capital allocation and operational efficiency.

Bonterra plays a vital role as an economic contributor to rural and northern Alberta communities, fostering positive stakeholder relationships and upholding high standards of environmental and corporate responsibility. Bonterra's common shares are traded on the Toronto Stock Exchange ("TSX") under the symbol "**BNE**" and are also quoted in the United States on the OTCID market under the symbol "**BNEFF**." Investors should be aware that trading on the U.S. OTC market may involve different liquidity, transparency and regulatory standards than trading on Canadian exchanges; accordingly, U.S. quotations may not fully reflect the pricing or trading activity on the TSX.

### Frequently Recurring Terms

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

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

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

**Numerical Amounts**

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

## QUARTERLY COMPARISONS

As at and for the periods ended (\$ 000s except \$ per share)	2026		2025		
	Q1	Q4	Q3	Q2	Q1
<b>Financial</b>					
Revenue - oil and gas sales	<b>66,423</b>	57,833	55,166	64,185	70,690
Funds flow	<b>23,540</b>	22,111	21,330	23,092	27,635
Per share - basic	<b>0.65</b>	0.61	0.59	0.63	0.74
Per share - diluted	<b>0.64</b>	0.60	0.58	0.62	0.73
Cash flow from operations	<b>10,881</b>	21,526	8,344	29,996	29,614
Per share - basic	<b>0.30</b>	0.60	0.23	0.81	0.79
Per share - diluted	<b>0.30</b>	0.59	0.23	0.80	0.78
Net loss	<b>(14,626)</b>	(4,648)	(3,554)	(1,313)	(7,610)
Per share - basic	<b>(0.40)</b>	(0.13)	(0.10)	(0.04)	(0.20)
Per share - diluted	<b>(0.40)</b>	(0.13)	(0.10)	(0.04)	(0.20)
Capital expenditures	<b>37,996</b>	16,348	14,783	6,351	32,450
Oil and gas property acquisition <sup>(1)</sup>	-	16,029	-	-	-
Total assets	<b>982,204</b>	959,434	935,536	949,202	978,798
Adjusted net debt	<b>196,224</b>	179,943	168,698	171,027	185,276
Shareholders' equity	<b>507,569</b>	522,032	526,565	530,935	533,830
<b>Operations</b>					
Light oil (barrels per day)	<b>6,228</b>	6,274	6,051	6,794	6,546
NGLs (barrels per day)	<b>1,540</b>	1,507	1,353	1,508	1,679
Conventional natural gas (MCF per day)	<b>46,173</b>	44,839	42,336	48,584	46,390
Total BOE per day	<b>15,463</b>	15,254	14,460	16,399	15,957

<sup>(1)</sup> On December 18, 2025, the Company acquired assets in the Company's Bonanza Charlie Lake area for cash consideration 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.

2024

As at and for the periods ended (\$ 000s except \$ per share)	Q4	Q3	Q2	Q1
<b>Financial</b>				
Revenue - oil and gas sales	69,699	69,204	72,465	68,589
Funds flow	30,100	30,066	31,484	27,018
Per share - basic	0.81	0.81	0.84	0.73
Per share - diluted	0.81	0.81	0.84	0.72
Cash flow from operations	28,587	31,531	33,180	21,654
Per share - basic	0.77	0.84	0.89	0.58
Per share - diluted	0.77	0.84	0.89	0.58
Net earnings (loss)	(2,213)	4,258	7,310	848
Per share - basic	(0.06)	0.11	0.20	0.02
Per share - diluted	(0.06)	0.11	0.20	0.02
Capital expenditures	22,438	24,095	21,619	32,924
Oil and gas property acquisition <sup>(1)</sup>	-	-	-	24,234
Total assets	975,043	982,256	984,065	984,464
Adjusted net debt	167,402	172,398	175,987	184,293
Shareholders' equity	540,639	542,344	537,498	529,605
<b>Operations</b>				
Light oil (barrels per day)	6,588	6,775	6,571	6,622
NGLs (barrels per day)	1,625	1,538	1,418	1,468
Conventional natural gas (MCF per day)	44,436	42,039	37,519	36,594
Total BOE per day	15,619	15,320	14,242	14,189

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

## Business Environment and Sensitivities

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

	Q1-2026	Q4-2025	Q3-2025	Q2-2025	Q1-2025	Q4-2024	Q3-2024	Q2-2024
Crude oil								
WTI (U.S.\$/bbl)	<b>71.93</b>	59.14	64.93	63.74	71.42	70.27	75.09	80.57
WTI to MSW Stream Index								
Differential (U.S.\$/bbl) <sup>(1)</sup>	<b>(3.74)</b>	(4.25)	(2.19)	(2.82)	(5.00)	(2.37)	(3.31)	(3.62)
Foreign exchange								
U.S.\$ to Cdn\$	<b>1.3716</b>	1.3949	1.3774	1.3840	1.4348	1.3991	1.3636	1.3694
Bonterra average realized								
oil price (Cdn\$/bbl)	<b>89.89</b>	71.90	81.92	79.85	91.22	92.11	94.30	102.09
Natural gas								
AECO (Cdn\$/mcf)	<b>2.00</b>	2.22	0.63	1.68	2.16	1.47	0.68	1.17
Bonterra average realized								
gas price (Cdn\$/mcf)	<b>2.41</b>	2.69	1.16	2.03	2.42	1.60	0.96	1.64

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

WTI crude oil prices averaged \$71.93 per barrel (USD) in the first quarter of 2026, representing a modest increase of one percent compared to the same period in 2025. WTI prices in March 2026 were approximately 34 percent higher than in March 2025, driven by geopolitical developments in the Middle East and the associated impact on global supply. This strength more than offset weaker pricing earlier in the quarter, as average WTI prices in January and February 2026 were approximately 15 percent lower than the comparable period in 2025.

In addition to movements in the WTI benchmark, the Company's realized crude oil prices are influenced by the Mixed Sweet Blend ("MSW") stream index, commonly referred to as the Edmonton Par differential (the "Differential"). During the first quarter of 2026, the Differential averaged negative \$3.74 per barrel (USD), tightening by \$1.26 per barrel compared to the first quarter of 2025. The narrowing Differential was primarily attributable to improved pipeline egress and access to incremental global markets following the start-up of the Trans Mountain Expansion ("TMX"). Planned optimization projects on the Enbridge Mainline system and TMX, expected to come into service in 2027 and 2028, are anticipated to further enhance takeaway capacity from the basin over the longer term. On April 1, 2026, the Company entered into a basis differential contract for 1,000 barrels per day for the period of May 1, 2026 to September 30, 2026, fixing the Edmonton Par differential at a positive \$2.10 USD per barrel relative to WTI.

AECO daily spot natural gas prices averaged \$2.00 per Mcf in the first quarter of 2026, representing a 7 percent decrease compared to the first quarter of 2025. The decrease was primarily driven by milder winter weather conditions, particularly in February, which reduced seasonal heating demand and contributed to lower export volumes from the basin.

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

#### Annualized sensitivity analysis on before tax cash flow, as estimated for 2026<sup>(1)</sup>

Impact on cash flow	Change (\$)	\$000s	\$ per share <sup>(2)</sup>
Realized crude oil price (\$/bbl)	1.00	2,108	0.06
Realized natural gas price (\$/mcf)	0.10	1,447	0.04
U.S.\$ to Canadian \$ exchange rate	0.01	1,180	0.03

<sup>(1)</sup> This analysis uses current royalty rates, annualized estimated average production of 16,300 BOE per day and no changes in working capital.

<sup>(2)</sup> Based on annualized basic weighted average shares outstanding of 36,260,490.

## Business Overview, Strategy and Key Performance Drivers

In 2026, Bonterra continued to advance its strategy of delivering long-term shareholder value through the disciplined development of its high-quality, balanced commodity asset base. During the first quarter, funds flow was impacted by lower crude oil prices in the first two months of the period.

Bonterra's strategy continues to focus on sustainable funds flow generation, maintaining balance sheet strength, and allocating capital toward high-return development opportunities while preserving financial flexibility across commodity price cycles.

### Normal Course Issuer Bid (NCIB)

On April 13, 2026, the Toronto Stock Exchange had accepted the Company's notice of intention to renew its NCIB. Under the renewed NCIB, the Company may repurchase up to 3,110,454 common shares, representing approximately 10 percent of its public float between April 15, 2026, and April 14, 2027.

During the three months ended March 31, 2026, no common shares were repurchased for cancellation.

Repurchases may be funded through available cash flow or borrowings under the Company's credit facilities and are executed through the TSX or alternative Canadian trading systems at prevailing market prices. Bonterra has also renewed its automatic share purchase plan with an independent broker to provide flexibility during blackout periods. All shares repurchased under the NCIB will be cancelled.

### Production and Operational Highlights

Bonterra averaged 15,463 BOE per day during the first quarter of 2026, a 3 percent decrease from 15,957 BOE per day in the prior year period. The decrease was primarily attributable to approximately 400 BOE per day of unplanned shut-in production. The addition of new production was also delayed by the timing of start-up on the Company's step-out Charlie Lake well and its third Montney well. The third Montney well has since returned to production and is cleaning up, while the step-out Charlie Lake well is expected on production in the third quarter of 2026.

The Company reaffirms its production and capital guidance for 2026 outlined below:

- Annual average production range of 16,200 to 16,400 BOE per day, weighted approximately 50 to 52 percent to oil and liquids; and
- Capital expenditure range of \$75 million to \$80 million.

### Bonanza Charlie Lake

The Company brought four new Charlie Lake wells on production late in the quarter, including one DUC from Q4 2025 and one well that was brought online ahead of its original Q2 2026 schedule to take advantage of the recent changes to the crude oil price environment. Three of the wells were focused in the core Bonanza development area following the Company's strong results in Q4 2025. The new wells have demonstrated average 30-day peak rates at a combined 3,100 BOE per day including approximately 1,325 barrels per day of light crude oil, 130 barrels per day of natural gas liquids and 10.0 mmcf per day of conventional natural gas. The fourth well was a step out to the southwest to validate a portion of the acquisition from Q4 2025

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.

Net production from the Bonanza Charlie Lake asset in the first quarter was approximately 3,632 BOE per day (43% light oil and NGLs), representing 23 percent of the total production in the quarter and a 108% increase from Q1 2025.

### *Wembley Montney*

Over the past few years, the Company has been compiling its Greater Wembley Montney land base and is pleased to announce that it has consolidated 71.75 net sections (approximately 46,000 net acres) to date of contiguous acreage in the light oil window of the Alberta Montney play. The land capture has given Bonterra a meaningful footprint with significant future resource and drilling inventory to develop. As a part of the development strategy for the lands, the Company has secured further area processing capacity to continue its delineation of the land base.

In the first quarter the Company executed completion operations on its third Montney well. The well was completed over a three-mile lateral length with approximately 300 successful stages. During drilling and completion operations the well did experience operational challenges and required unanticipated sand clean outs which have prolonged clean up operations. Thus far in its flowback the well is showing encouraging early-stage results and is still recovering load fluid as it continues to clean up. The well has not yet reached stabilized production levels.

Net production from the Wembley Montney asset in the first quarter was approximately 710 BOE per day (49% light oil and NGLs) representing 5 percent of the total production in the quarter.

### **Capital Expenditures and Environmental Stewardship**

Capital expenditures totaled \$38.0 million in the first three months of 2026. Of this amount, \$32.3 million was directed to the drilling, completion, equipping and tie-in of three gross (2.8 net) operated wells. Two (1.9 net) operated wells that were drilled and uncompleted in 2025 were completed and tied-in during the first quarter of 2026. An additional \$5.7 million was allocated to land acquisitions, recompletions, non-operated capital and infrastructure to support development in the Bonanza Charlie Lake and Wembley Montney plays.

The remainder of the 2026 capital program consists of an additional three wells in the Bonanza Charlie Lake asset, one of which will be further targeting the acquisition lands from Q4 2025 and a targeted Pembina Cardium program featuring locations to be drilled into historically delineated areas with vertical producing wells and water flood support. The Company continues to monitor commodity price conditions and maintain capital flexibility for the remainder of the year.

Bonterra remains committed to responsible operations and environmental stewardship. In Q1 2026, the Company invested \$0.7 million toward reducing its decommissioning liabilities. For the full year, Bonterra plans to abandon 18.7 net wells, 8.0 net facilities and 20.0 net pipelines and complete initial reclamation of 24.4 net sites. The Company expects to invest approximately \$8.0 million in decommissioning activities in 2026, which is anticipated to again exceed the mandatory spending requirements under the Alberta Energy Regulator's Liability Management Program.

### **Risk Management and Commodity Pricing**

The Company recorded a \$14.6 million net loss (\$0.40 per basic share) for the three months ended March 31, 2026 primarily reflecting a \$20.3 million unrealized loss and a \$4.1 million realized loss on risk management contracts related to the Company's commodity hedging program. The hedge losses impacted net loss per basic share by \$0.67 and were driven by the rapid increase in oil prices during March 2026, which increased the mark-to-market value of outstanding hedge positions.

In response to the constructive crude oil price environment, the Company has been strategically securing hedges through its commodity risk management program in the second half of 2026 and 2027 at progressively higher oil prices in order to protect free funds flow. Bonterra remains committed to a disciplined approach to managing leverage levels with further debt repayment remaining in focus for the remainder of 2026.

### Key Performance Drivers

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

### Production

	March 31, 2026	Three months ended December 31, 2025	March 31, 2025
Light oil (barrels per day)	6,228	6,274	6,546
NGLs (barrels per day)	1,540	1,507	1,679
Conventional natural gas (MCF per day)	46,173	44,839	46,390
Average BOE per day	15,463	15,254	15,957

Bonterra averaged 15,463 BOE per day during the first quarter of 2026, a 3 percent decrease from 15,957 BOE per day in the prior year period. Production was impacted by approximately 400 BOE per day of temporarily shut-in volumes, primarily related unplanned downtime, as well as start-up timing that delayed contributions from the Charlie Lake step-out well and Bonterra's third Montney well. The third Montney well has since been brought onstream and is continuing to clean up, while the Charlie Lake step-out well is anticipated to commence production in the third quarter of 2026.

### Cash Netback

\$ per BOE	March 31, 2026	Three months ended December 31, 2025	March 31, 2025
Production volumes (BOE)	1,391,644	1,403,369	1,436,167
Gross production revenue	47.73	41.21	49.22
Realized (loss) gain on risk management contracts	(2.96)	1.11	0.27
Royalties	(5.24)	(4.37)	(6.94)
Production costs	(17.17)	(15.98)	(17.90)
Field netback	22.36	21.97	24.65
General and administrative	(2.58)	(4.70)	(2.40)
Administrative and investment income	0.08	0.10	0.12
Interest	(3.12)	(3.02)	(2.96)
Current income tax (expense) recovery	0.18	1.41	(0.18)
Cash netback	16.92	15.76	19.23

In Q1 2026, field netbacks declined on a per BOE basis relative to the same period in 2025, primarily due to lower commodity prices and a decrease on the gain on risk management contracts. This impact was partially offset by a 7 percent reduction in total pre-tax costs, which decreased by \$2.14 per BOE. Total pre-tax costs include royalties, production expenses, general and administrative costs, and interest.

## Oil and Gas Sales

	March 31, 2026	Three months ended December 31, 2025	March 31, 2025
Revenue - oil and gas sales (\$ 000s)			
Light oil	50,382	41,505	53,742
NGL	6,012	5,214	6,860
Conventional natural gas	10,029	11,114	10,088
	<b>66,423</b>	<b>57,833</b>	<b>70,690</b>
Average realized prices:			
Light oil (\$ per barrel)	89.89	71.90	91.22
NGL (\$ per barrel)	43.39	37.61	45.39
Conventional natural gas (\$ per MCF)	2.41	2.69	2.42
Average (\$ per BOE)	47.73	41.21	49.22
Average BOE per day	15,463	15,254	15,957

Revenue from oil and gas sales in Q1 2026 decreased by \$4.3 million, or 6 percent, as compared to the same period in 2025. This decrease was driven by approximately 3 percent reduction in Bonterra's average realized commodity prices and production. Quarter-over-quarter revenue from oil and gas sales increased 15 percent primarily due to an increase in crude oil prices.

Bonterra's product split on a revenue basis was weighted approximately 85 percent to crude oil and NGLs during the first quarter of 2026.

## Royalties

	March 31, 2026	Three months ended December 31, 2025	March 31, 2025
(\$ 000s)			
Crown royalties	5,061	4,259	7,288
Freehold, gross overriding and other royalties	2,233	1,876	2,679
Total royalties	7,294	6,135	9,967
Crown royalties - percentage of revenue	7.6	7.4	10.3
Freehold, gross overriding and other royalties - percentage of revenue	3.4	3.2	3.8
Royalties - percentage of revenue	11.0	10.6	14.1
Royalties \$ per BOE	5.24	4.37	6.94

Bonterra's royalty obligations include Crown royalties paid to the provinces of Alberta and British Columbia, as well as freehold, gross overriding, and other royalties.

Total royalties per BOE decreased in Q1 2026 compared to the same period in 2025, primarily reflecting a 20 percent decrease in the average Alberta Crown oil reference price used in the calculation of Alberta oil Crown royalties.

## Production Costs

	March 31, 2026	Three months ended December 31, 2025	March 31, 2025
(\$ 000s except \$ per BOE)			
Production costs	23,891	22,425	25,709
\$ per BOE	17.17	15.98	17.90

Production costs for the first three months of 2026 decreased on a per BOE basis compared to the same period in 2025, primarily due to lower production volumes from areas utilizing third-party infrastructure and reduced service rig costs, as Q1 2025 included a larger Pembina Cardium well reactivation program.

Compared to Q4 2025, production costs per BOE increased in Q1 2026, primarily due to higher well and facility maintenance activity and the impact of approximately 400 BOE per day of shut-in production during the quarter.

## Other Income

(\$ 000s)	March 31, 2026	Three months ended December 31, 2025	March 31, 2025
Investment income	52	48	132
Administrative income	37	79	47
Gain on sale of property	-	-	3,557
Deferred consideration	151	243	245
Realized gain (loss) on risk management contracts	(4,116)	1,556	393
Unrealized gain (loss) on risk management contracts	(20,291)	613	(1,516)
	<b>(24,167)</b>	2,539	2,858

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

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

To reduce exposure to commodity price fluctuations on crude oil and natural gas sales, Bonterra has entered into financial derivative contracts.

The outstanding crude oil price hedges primarily relate to the period from April 1, 2026 to December 31, 2026 and cover approximately 847,750 barrels of light crude oil (or approximately 3,083 barrels per day) at fixed WTI prices ranging from \$60.00 to \$92.00 USD per barrel.

The Company has also entered into additional crude oil price hedges for the period from January 1, 2027 to December 31, 2027 covering 182,500 barrels of light crude oil (approximately 500 barrels per day) at a fixed average WTI price of \$75.00 USD per barrel.

In addition, Bonterra has entered into basis differential contracts for the period from May 1, 2026 to September 30, 2026 on 153,000 barrels of oil (approximately 1,000 barrels per day), fixing the differential between WTI and Edmonton Par at a positive differential of \$2.10 USD per barrel.

These contracts are not considered normal sales contracts and are recorded at fair value.

## General and Administrative (“G&A”) Expense

(\$ 000s except \$ per BOE)	Three months ended		
	March 31, 2026	December 31, 2025	March 31, 2025
Employee compensation	2,598	5,108	1,944
Office and administrative	986	1,483	1,496
Total G&A	3,584	6,591	3,440
\$ per BOE	2.58	4.70	2.40

Employee compensation increased in Q1 2026 compared to the same period in 2025, primarily reflecting timing differences in compensation-related accruals, which were largely recorded in the fourth quarter of 2025 in the prior year.

Office and administrative expenses decreased in the first three months of 2026, reflecting less the associated costs the Bonanza asset acquisition and the increase in the Company’s revolving credit facility borrowing base capacity from \$125 to \$150 million in Q4 2025 and the debt refinancing in Q1 2025.

## Finance Costs

(\$ 000s except \$ per BOE)	Three months ended		
	March 31, 2026	December 31, 2025	March 31, 2025
Interest on bank debt	793	688	557
Subordinated notes	3,544	3,544	2,363
Subordinated debentures	-	-	826
Subordinated term debt	-	-	512
Interest expense	4,337	4,232	4,258
\$ per BOE	3.12	3.02	2.96
Accretion of decommissioning liabilities	993	1,131	938
Accretion on subordinated notes	184	249	31
Accretion on subordinated debentures	-	-	537
Accretion on subordinated term debt	-	-	121
Total finance costs	5,514	5,612	5,885

Interest on bank debt increased in Q1 2026 compared to Q1 2025, primarily due to an increase in bank debt following the Bonanza Asset acquisition in Q4 2025.

For more information on Subordinated Notes refer to Note 5 of the March 31, 2026, condensed financial statements.

A one percent increase (decrease) in the Canadian prime rate would decrease (increase) both annual net earnings and comprehensive income by approximately \$371,000. For more information on bank debt and Subordinated Notes, see the Liquidity and Capital Resources section herein.

## Share-Based Compensation

(\$ 000s)	Three months ended		
	March 31, 2026	December 31, 2025	March 31, 2025
Share-based compensation	839	204	873

Share-based compensation is a statistically calculated value representing the estimated expense of issuing employee stock options and the fair value of share awards at grant comprised of restricted share units

(RSUs) and deferred share units (DSUs). The Company records a compensation expense over the vesting period based on the fair value of options and share awards granted to directors, officers, and employees.

Based on the outstanding options and share awards as of March 31, 2026, the Company has an unamortized expense of \$5.6 million, of which; \$3.3 million will be recognized in the remainder of 2026; \$1.8 million in 2027; and \$0.5 million thereafter. For more information about options and share awards issued and outstanding, refer to Note 7 of the March 31, 2026, condensed financial statements.

## Depletion and Depreciation

(\$ 000s)	March 31, 2026	Three months ended December 31, 2025	March 31, 2025
Depletion and depreciation	<b>20,085</b>	25,373	25,834

Depletion and depreciation expense decreased by approximately \$5.0 million compared to the prior period, primarily due to a change in estimate effective January 1, 2026.

In the comparative periods, PP&E properties, excluding production facilities, were depleted using the unit-of-production method over proved plus probable developed reserves, while production facilities were depreciated separately using a declining balance method at 10 percent per year.

Effective January 1, 2026, the Company revised its depletion calculation to apply the unit-of-production method to PP&E properties, including production facilities, based on proved plus probable reserves, incorporating estimated future development costs and salvage values. The change in estimate better reflects the useful life of the Company's assets and is expected to be more comparable with peers. This change in estimate was applied prospectively and resulted in a lower depletion rate per unit of production and reduced depletion expense for the period.

There were no indicators of impairment identified for each of the periods ended.

## Taxes

The Company recorded a total income tax recovery of \$4.3 million in Q1 2026 (2025 – \$2.1 million recovery). The increase in income tax recovery as compared to Q1 2025 is primarily due to a net loss before income taxes from the unrealized loss on risk management contracts, which was partially offset by extinguishment of debt costs in Q1 2025. For additional information regarding income taxes, see Note 6 of the March 31, 2026, condensed financial statements.

## Net Loss

(\$ 000s except \$ per share)	March 31, 2026	Three months ended December 31, 2025	March 31, 2025
Net loss	<b>(14,626)</b>	(4,648)	(7,610)
\$ net loss per share - basic	<b>(0.40)</b>	(0.13)	(0.20)
\$ net loss per share - diluted	<b>(0.40)</b>	(0.13)	(0.20)

Net loss for Q1 2026 were \$7.0 million higher than the same period in 2025. The increase was primarily driven by an unrealized loss on risk management contracts from the rapid increase in oil prices during March 2026, partially offset by the absence of one-time debt extinguishment costs incurred in Q1 2025 and lower depletion and depreciation in Q1 2026 due to a change in estimate.

## Funds Flow and Cash Flow From Operations

(\$ 000s except \$ per share)	March 31,	Three months ended	March 31,
	2026	December 31, 2025	2025
Funds flow	<b>23,540</b>	22,111	27,635
\$ per share - basic	<b>0.65</b>	0.61	0.74
\$ per share - diluted	<b>0.64</b>	0.60	0.73
Cash flow from operations	<b>10,881</b>	21,526	29,614
\$ per share - basic	<b>0.30</b>	0.60	0.79
\$ per share - diluted	<b>0.30</b>	0.59	0.78

Funds flow for the first three months of 2026 decreased by \$4.1 million compared to the same period in 2025, primarily due to realized losses on crude oil risk management contracts and lower realized prices for oil and NGLs.

Cash flow from operating activities decreased by \$18.7 million over the same period, primarily due to an unfavourable change in non-cash working capital, including the timing of March 2026 revenues received in April 2026, and a semi-annual interest payment of approximately \$7.0 million on subordinated notes made in January 2026 following their issuance on January 28, 2025.

### Liquidity and Capital Resources

#### Adjusted Net Debt to EBITDA

Bonterra continues to focus on reducing overall debt while managing its cash flow and capital expenditures. The Company's adjusted net debt to twelve-month trailing EBITDA ratio as of March 31, 2026 was 1.9 (versus 1.6 at December 31, 2025).

The increase in Bonterra's adjusted net debt to EBITDA ratio is primarily due to an increase in debt from the Bonanza Asset Acquisition and a decrease in EBITDA, reflecting lower crude oil prices and realized losses on risk management contracts.

The Company has also entered into firm processing (take-or-pay) agreements to advance the development of its Bonanza Charlie Lake and Wembley Montney plays, with total commitments of approximately \$21.0 million over four years, representing fixed contractual cash outflows, including \$8.0 million in 2026, \$9.8 million in 2027, and \$1.6 million in each of 2028 and 2029. These commitments are expected to be funded from cash flow from operating activities.

To provide cashflow protection, the Company has hedged approximately 45 percent of its forecasted oil and 27 percent of its forecasted natural gas production over the next nine months.

For more information about adjusted net debt to EBITDA, please see Note 10 of the March 31, 2026, condensed financial statements.

## Working Capital Deficiency and Adjusted Net Debt

(\$ 000s)	March 31, 2026	December 31, 2025	March 31, 2025
Working capital deficiency	35,038	2,614	30,500
Bank debt	48,165	40,722	24,209
Subordinated notes	132,354	135,713	131,393
Net debt	215,557	179,049	186,102
Risk management contracts	(18,200)	2,092	(684)
Decommissioning liabilities - current portion	(5,551)	(5,548)	(5,161)
Deferred consideration - current portion	(591)	(843)	(951)
Unamortized issue costs on subordinated notes	5,009	5,193	5,970
Adjusted net debt	196,224	179,943	185,276

Adjusted net debt is a combination of bank debt, subordinated notes and working capital, and excludes risk management contracts, the current portion of decommissioning liabilities and deferred consideration, and unamortized issue costs on subordinated notes. The Company's Bank Facility has a maturity date of April 30, 2027, and is recorded as a long-term liability at March 31, 2026 and December 31, 2025.

Working capital is calculated as current assets less current liabilities.

## Financial Risk Management

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

To manage commodity risk, the Company executed physical delivery sales contracts which are considered normal sales contracts and are not recorded at fair value in the financial statements, and also executed risk management contracts which are not considered normal sales contracts and are recorded at fair value. The Company has contracts in place on approximately 45 percent of its expected crude oil production and 27 percent of its natural gas production, through the next nine months of 2026.

The Company relies on its cash flow, access to equity markets and bank financing to support its operations and capital program. Bonterra uses these futures contracts to hedge its exposure to the potential adverse impact of commodity price volatility and provide a measure of stability to the Company's capital development program. For more information on physical delivery and risk management contracts in place, see Note 10 of the March 31, 2026 condensed financial statements.

## Capital Expenditures

(\$ 000s)	March 31, 2026	March 31, 2025
<b>Exploration and Evaluation</b>		
Land and lease	1,259	148
<b>Property, Plant and Equipment</b>		
Operated drilling, completing and equipping costs	32,293	20,994
Infrastructure, recompletions and other	3,862	10,181
Non-operated capital	582	1,127
	<b>36,737</b>	<b>32,302</b>
<b>Total capital expenditures</b>	<b>37,996</b>	<b>32,450</b>

During the three months ended March 31, 2026, the Company incurred capital expenditures of \$38.0 million (March 31, 2025 – \$32.5 million). Of this amount, \$32.3 million was directed to the drilling, completion, equipping and tie-in of three gross (2.8 net) operated wells. Two (1.9 net) operated wells that were drilled and uncompleted in 2025 were completed and tied-in during the first quarter of 2026. An additional \$5.7 million was allocated to land acquisitions, recompletions, non-operated capital and infrastructure to support development in the Bonanza Charlie Lake and Wembley Montney plays.

## Drilling Statistics

	March 31, 2026		Three months ended December 31, 2025		March 31, 2025	
	Gross <sup>(1)</sup>	Net <sup>(2)</sup>	Gross <sup>(1)</sup>	Net <sup>(2)</sup>	Gross <sup>(1)</sup>	Net <sup>(2)</sup>
Cardium oil horizontal-operated	-	-	-	-	2	2.0
Cardium oil horizontal-non-operated	1	0.1	2	0.5	2	0.3
Charlie Lake oil horizontal-operated	3	2.8	-	-	3	2.7
Montney gas horizontal-operated	-	-	1	1.0	-	-
<b>Total</b>	<b>4</b>	<b>2.9</b>	<b>3</b>	<b>1.5</b>	<b>7</b>	<b>5.0</b>
<b>Success rate</b>	<b>100%</b>		<b>100%</b>		<b>100%</b>	

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

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

## Decommissioning Liabilities

The Company spent \$0.7 million on decommissioning activities during the quarter ended March 31, 2026 (March 31, 2025 - \$1.0 million). For 2026, the Company plans to invest approximately \$8.0 in decommissioning liabilities, exceeding its \$5.5 million mandatory spend requirements under the Alberta Energy Regulator's Liability Management Program.

## Bank Debt and Subordinated Notes

Bank debt represents the outstanding amounts drawn on the Company's Bank Facility. As at March 31, 2026, the Company has a total Bank Facility of \$150.0 million, comprised of a \$125.0 million syndicated revolving credit facility and a \$25.0 million non-syndicated revolving facility. The amount drawn under the total Bank Facility at March 31, 2026 was \$48.1 million (December 31, 2025 - \$40.7 million).

The amounts borrowed under the total Bank Facility bear interest at a floating rate based on the applicable Canadian prime rate or CORRA rate, plus between 2.00 percent and 6.25 percent, depending on the type of borrowing and the Company's consolidated debt to EBITDA ratio. As at March 31, 2026, the terms of the

total revolving Bank 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. In addition, all financial covenants have been removed.

The available lending limit of the bank facility is reviewed semi-annually on or before April 30<sup>th</sup> and October 31 and based on the lender’s assessment of the Company’s reserves, future commodity prices and costs. Effective March 16, 2026, the syndicate of lenders have agreed to extend the borrowing base redetermination on the Bank Facility to May 31, 2026.

The amount available for borrowing under the Bank Facility is reduced by outstanding letters of credit. Letters of credit totaling \$2.0 million were issued as at March 31, 2026 (December 31, 2025 - \$2.1 million). Security for the Bank Facility consists of various floating demand debentures totaling \$750 million (December 31, 2025 - \$750 million) over all of the Company’s assets and a general security agreement with first ranking over all personal and real property.

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

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

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

Based on the calculated fair value of the Notes as at March 31, 2026, the effective interest rate was determined to be 11.4 percent, by discounting future payments of interest and principal with the residual value allocated to issue costs. The value of the debt will accrete up to the principal balance at maturity.

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

For more information about Bank Debt and Subordinated Notes, please see Note 4 and 5, respectively, of the March 31, 2026 condensed financial statements.

## Shareholders’ Equity

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

	Number	Amount (\$ 000s)
Issued and fully paid - common shares		
Balance, beginning of year	36,068,680	779,371
Shares released from trust upon vesting of share awards	191,810	639
Share issue costs, net of tax	-	-
<b>Balance, end of year</b>	<b>36,260,490</b>	<b>780,010</b>

<sup>(1)</sup> The Company had 36,574,980 common shares issued and outstanding, excluding 314,490 common shares acquired and held for settlement of share-based compensation awards. Such shares are treated as treasury shares and excluded from shares outstanding.

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

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

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

The Company's share-based compensation program also provides a stock option plan for its directors, officers and employees. Under the plan, the Company may grant options for up to 3,657,498 (December 31, 2025 – 3,657,498) common shares. The exercise price of each option granted will not be lower than the market price of the common shares on the date of grant and the option's maximum term is five years.

For additional information regarding share-based compensation outstanding, see Note 7 of the March 31, 2026, condensed financial statements.

## Quarterly Financial Information

For the periods ended (\$ 000s except \$ per share)	2026		2025		
	Q1	Q4	Q3	Q2	Q1
Revenue - oil and gas sales	<b>66,423</b>	57,833	55,166	64,185	70,690
Cash flow from operations	<b>10,881</b>	21,526	8,344	29,996	29,614
Net loss	<b>(14,626)</b>	(4,648)	(3,554)	(1,313)	(7,610)
Per share - basic	<b>(0.40)</b>	(0.13)	(0.10)	(0.04)	(0.20)
Per share - diluted	<b>(0.40)</b>	(0.13)	(0.10)	(0.04)	(0.20)

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

Quarter-to-quarter fluctuations in the Company's revenue and net earnings are primarily driven by changes in production volumes and realized commodity prices, as well as the resulting impacts on royalties, production expenses, general and administrative costs, and finance costs. The net loss in the first quarter of 2026 was primarily attributable to unrealized losses on risk management contracts and Q1 2025 was primarily attributable to a one-time debt extinguishment charge of \$11.6 million. Net losses in the final three quarters of 2025 were mainly due to lower realized commodity prices.

## Contractual Obligations and Commitments

At March 31, 2026, Bonterra's total contractual obligations and commitments were \$325.2 million. These include obligations and commitments in place as of December 31, 2025, changes in accrued interest and rent in the period, as well as firm processing and service commitments entered into during the three months ended March 31, 2026. The firm processing commitments relate to fixed processing obligations with total future payments of approximately \$21.0 million over four years. For more information, refer to Note 11 "Commitments and Financial Liabilities" of the March 31, 2026, condensed financial statements.

## **Off-Balance Sheet Financing**

Bonterra does not have any guarantees or off-balance sheet arrangements that have been excluded from the annual statement of financial position or balance sheet other than commitments disclosed in Note 11 of the March 31, 2026 condensed financial statements.

## **Critical Accounting Estimates**

There have been no changes to the Company's critical accounting policies and estimates during the three months ended March 31, 2026, other than those previously disclosed in the Company's audited annual financial statements for the year ended December 31, 2025.

## **Assessment of Business Risk**

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

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

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

Additional information regarding risk factors including, but not limited to, business risks is available in the Company's Annual Information Form for the year ended December 31, 2025, which can be accessed on its website [www.bonterraenergy.com](http://www.bonterraenergy.com) or on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

## **Environmental Risk**

### **General Risks**

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

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

## Climate Change Risks

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

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

Additional information regarding risk factors including, but not limited to, environmental risks is available in the Company's Annual Information Form for the year ended December 31, 2025, which can be accessed on its website at [www.bonterraenergy.com](http://www.bonterraenergy.com) or on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

## Forward-Looking Information

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

Forward-looking information in this MD&A includes, but is not limited to: estimated production; cash flow sensitivity to commodity price variables; earnings sensitivity to interest rates; abandonment and reclamation activities and targets; expected cash provided by continuing operations; plans relating to repayment of indebtedness and share buybacks; future capital expenditures, including the amount and nature thereof; oil and natural gas prices and demand; expansion and other development trends of the oil and gas industry; business strategy and outlook; expansion and growth of our business and operations; maintenance of existing customer, supplier and partner relationships; supply channels; accounting policies; and other such matters.

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

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

## **Internal Controls Over Financial Reporting**

The Company is required to comply with National Instrument 52-109 “Certification of Disclosure in Issuers’ Annual and Interim Filings.” The certification of interim filings for the interim period ended March 31, 2026 requires that Bonterra disclose in the interim MD&A any changes in the Company’s internal control over financial reporting that occurred during the period that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting. Bonterra confirms that no such changes were made to its internal controls over financial reporting during three months ended March 31, 2026.

## **Use of Non-IFRS Financial Measures**

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

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

### ***Funds Flow***

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

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

(\$ 000s except \$ per share)	Three months ended		
	March 31, 2026	December 31, 2025	March 31, 2025
Cash flow from operations	10,881	21,526	29,614
Adjusted for			
Changes in non-cash working capital	8,380	2,472	(726)
Interest expense	(4,337)	(4,231)	(4,258)
Interest paid	7,882	688	1,895
Decommissioning expenditures	682	1,608	978
Investment income received	52	48	132
Funds Flow	23,540	22,111	27,635
\$ per share - basic	0.65	0.61	0.74

### **Adjusted Net Debt**

Adjusted net debt is a non-IFRS financial measure, calculated as subordinated notes and bank debt plus working capital deficiency (current liabilities less current assets), excluding risk management contracts, the current portion of decommissioning liabilities and deferred consideration, and unamortized issue costs on subordinated notes. This metric is used by management to analyze the level of debt in the Corporation including the impact of working capital, which varies with the timing of settlement of these balances.

The following is a reconciliation of adjusted net debt to the most directly comparable IFRS financial measure:

(\$ 000s)	March 31, 2026	December 31, 2025
Bank debt	48,165	40,722
Subordinated notes	132,354	135,713
Current liabilities	79,689	43,527
Current Assets	(44,651)	(40,913)
<b>Net Debt</b>	<b>215,557</b>	<b>179,049</b>
Risk management contracts	(18,200)	2,092
Decommissioning liabilities - current portion	(5,551)	(5,548)
Deferred consideration - current portion	(591)	(843)
Unamortized issue costs on subordinated notes	5,009	5,193
<b>Adjusted Net Debt</b>	<b>196,224</b>	<b>179,943</b>

### **EBITDA**

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

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

(\$ 000s)	March 31, 2026	December 31, 2025
Net loss	(24,141)	(17,125)
Adjustments to net loss:		
Unrealized loss (gain) on risk management contracts	17,515	(1,260)
Gain on sale of property	(1,077)	(4,634)
Deferred consideration	(861)	(955)
Finance costs	21,901	22,272
Share-based compensation	2,479	2,513
Depletion and depreciation	95,845	101,594
Extinguishment of debt	-	11,597
Current income tax recovery	(2,193)	(1,691)
Deferred income tax recovery	(4,674)	(2,998)
<b>EBITDA</b>	<b>104,794</b>	<b>109,313</b>
<b>Adjusted Net Debt to EBITDA ratio</b>	<b>1.9</b>	<b>1.6</b>

### ***Adjusted Net Debt to EBITDA***

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

### ***Capital Expenditures***

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

### ***Field Netback and Cash Netback***

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

## **Management's Responsibility for Financial Statements**

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

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

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

## CONDENSED STATEMENT OF FINANCIAL POSITION

As at (unaudited) (\$ 000s)	Note	March 31, 2026	December 31, 2025
<b>Assets</b>			
<b>Current</b>			
Accounts receivable		38,734	31,386
Crude oil inventory		1,061	840
Prepaid expenses		4,856	6,595
Risk management contracts	10	-	2,092
		<b>44,651</b>	40,913
Exploration and evaluation assets		10,489	9,231
Property, plant and equipment	3	927,064	909,290
		<b>982,204</b>	959,434
<b>Liabilities</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		55,347	37,136
Risk management contracts	10	18,200	-
Decommissioning liabilities		5,551	5,548
Deferred consideration		591	843
		<b>79,689</b>	43,527
Bank debt	4	48,165	40,722
Subordinated notes	5	132,354	135,713
Deferred consideration		6,424	6,324
Decommissioning liabilities		86,234	85,271
Deferred tax liability	6	121,769	125,845
		<b>474,635</b>	437,402
<b>Shareholders' equity</b>			
Share capital	7	780,010	779,371
Contributed surplus		44,275	44,751
Deficit		(316,716)	(302,090)
		<b>507,569</b>	522,032
		<b>982,204</b>	959,434
<b>Commitments and contingencies</b>	11		
<b>Subsequent events</b>	4,10,12		

See accompanying notes to these condensed financial statements.

## CONDENSED STATEMENT OF COMPREHENSIVE LOSS

For the three months ended March 31 (unaudited)

(\$ 000s, except \$ per share)	Note	2026	2025
<b>Revenue</b>			
Oil and gas sales, net of royalties	8	59,129	60,723
Loss on risk management contracts	10	(24,407)	(1,123)
Deferred consideration		151	245
Other income		89	3,736
		<b>34,962</b>	<b>63,581</b>
<b>Expenses</b>			
Production		23,891	25,709
Office and administration		986	1,496
Employee compensation		2,598	1,944
Finance costs	9	5,514	5,885
Share-based compensation		839	873
Depletion and depreciation	3	20,085	25,834
Extinguishment of debt		-	11,597
		<b>53,913</b>	<b>73,338</b>
<b>Loss before income taxes</b>		<b>(18,951)</b>	<b>(9,757)</b>
<b>Taxes</b>			
Current income tax expense (recovery)	6	(249)	253
Deferred income tax recovery	6	(4,076)	(2,400)
		<b>(4,325)</b>	<b>(2,147)</b>
<b>Net loss and comprehensive loss for the period</b>		<b>(14,626)</b>	<b>(7,610)</b>
<b>Net loss per share - basic and diluted</b>	7	<b>(0.40)</b>	<b>(0.20)</b>

See accompanying notes to these condensed financial statements.

## CONDENSED STATEMENT OF CASH FLOW

For the three months ended March 31 (unaudited)

(\$ 000s)	Note	2026	2025
<b>Operating activities</b>			
Net loss		(14,626)	(7,610)
Items not affecting cash			
Deferred income tax recovery		(4,076)	(2,400)
Share-based compensation		839	873
Investment income		(52)	(132)
Finance costs		5,514	5,885
Extinguishment of debt		-	11,597
Unrealized loss on risk management contracts	10	20,292	1,516
Deferred consideration		(151)	(245)
Depletion and depreciation		20,085	25,834
Gain on sale of property		-	(3,557)
Decommissioning expenditures		(682)	(978)
Interest paid	9	(7,882)	(1,895)
Changes in non-cash working capital accounts	9	(8,380)	726
<b>Cash provided by operating activities</b>		<b>10,881</b>	<b>29,614</b>
<b>Financing activities</b>			
Increase (decrease) of bank debt	4	7,443	(22,002)
Subordinated debentures		-	(62,426)
Subordinated term debt		-	(60,452)
Subordinated notes, net of issue costs	5	-	128,999
Purchase of common shares in trust	7	-	(72)
Tax withholdings on share awards		(676)	-
<b>Cash provided by (used in) financing activities</b>		<b>6,767</b>	<b>(15,953)</b>
<b>Investing activities</b>			
Investment income received		52	132
Exploration and evaluation expenditures		(1,259)	(148)
Property, plant and equipment expenditures	3	(36,737)	(32,302)
Proceeds on sale of property		-	1,657
Changes in non-cash working capital accounts	9	20,296	17,000
<b>Cash used in investing activities</b>		<b>(17,648)</b>	<b>(13,661)</b>
<b>Net change in cash in the period</b>		<b>-</b>	<b>-</b>
Cash, beginning of period		-	-
<b>Cash, end of period</b>		<b>-</b>	<b>-</b>
<b>The following are included in cash flow from operating activities:</b>			
Income taxes paid		-	1,515

See accompanying notes to these condensed financial statements.

## CONDENSED STATEMENT OF CHANGES IN EQUITY

For the periods ended (unaudited)

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

	Numbers of common shares outstanding (Note 7)	Share capital (Note 7)	Contributed surplus <sup>(1)</sup>	Warrants	Deficit	Total shareholders' equity
<b>January 1, 2025</b>	37,324,880	783,366	36,185	6,053	(284,965)	540,639
Share-based compensation			873			873
Purchase of shares in trust, net of tax	(20,000)	(72)				(72)
Comprehensive loss					(7,610)	(7,610)
<b>March 31, 2025</b>	37,304,880	783,294	37,058	6,053	(292,575)	533,830
Share-based compensation			1,640			1,640
Transfer to contributed surplus on expiry of warrants			6,053	(6,053)		-
Purchase of shares in trust, net of tax	(486,300)	(1,256)				(1,256)
Repurchase of common shares	(749,900)	(2,667)				(2,667)
Comprehensive loss					(9,515)	(9,515)
<b>December 31, 2025</b>	36,068,680	779,371	44,751	-	(302,090)	522,032
Share-based compensation			839			839
Release of shares from trust on vesting of share awards	191,810	639	(1,315)			(676)
Comprehensive loss					(14,626)	(14,626)
<b>March 31, 2026</b>	36,260,490	780,010	44,275	-	(316,716)	507,569

<sup>(1)</sup> All amounts reported in Contributed Surplus relate to share-based compensation.

See accompanying notes to these condensed financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

As at March 31, 2026 and December 31, 2025 and for the three months ended for March 31, 2026 and March 31, 2025 (unaudited).

### 1. NATURE OF BUSINESS AND SEGMENT INFORMATION

Bonterra Energy Corp. (“Bonterra” or the “Company”) is a public company listed on the Toronto Stock Exchange (the “TSX”) and incorporated under the Business Corporations Act (Alberta). The address of the Company’s registered office is Suite 800, 215-9<sup>th</sup> Avenue SW, Calgary, Alberta, Canada, T2P 1K3. The common shares of the Company (the “Common Shares”) are listed for trading on the TSX under the symbol “BNE”.

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

### 2. BASIS OF PREPARATION AND FUTURE OPERATIONS

#### a) Statement of Compliance

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

The accounting policies and method of computation followed in the preparation of the condensed financial statements are the same as those followed in the preparation of Bonterra’s 2025 audited annual financial statements, except as denoted below. These condensed financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the 2025 audited annual financial statements, which have been prepared in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board (“IASB”).

#### b) Adopted Accounting Pronouncements

##### Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures

On January 1, 2026 the Company adopted amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures relating to settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics of financial assets. There was no material impact on Bonterra’s financial statements from its adoption.

#### c) Future Accounting Pronouncements

##### IFRS 18 – Presentation and Disclosure in Financial Statements

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

### 3. PROPERTY, PLANT AND EQUIPMENT

Cost (\$ 000s)	Oil and gas properties	Production facilities	Furniture fixtures & other equipment	Total property plant & equipment
Balance at December 31, 2025	1,754,106	513,646	3,556	2,271,308
Additions	31,509	5,119	109	36,737
Adjustment to decommissioning liabilities	1,028	-	-	1,028
<b>Balance at March 31, 2026</b>	<b>1,786,643</b>	<b>518,765</b>	<b>3,665</b>	<b>2,309,073</b>

Accumulated depletion and depreciation (\$ 000s)	Oil and gas properties	Production facilities	Furniture fixtures & other equipment	Total property plant & equipment
Balance at December 31, 2025	(1,108,600)	(250,987)	(2,431)	(1,362,018)
Depletion and depreciation	(8,320)	(11,715)	(50)	(20,085)
Disposal and other	94	-	-	94
<b>Balance at March 31, 2026</b>	<b>(1,116,826)</b>	<b>(262,702)</b>	<b>(2,481)</b>	<b>(1,382,009)</b>

#### Carrying amounts as at:

(\$ 000s)	Oil and gas properties	Production facilities	Furniture fixtures & other equipment	Total property plant & equipment
December 31, 2025	645,506	262,659	1,125	909,290
<b>March 31, 2026</b>	<b>669,817</b>	<b>256,063</b>	<b>1,184</b>	<b>927,064</b>

#### Impairment

There were no indicators of impairment losses or reversals identified as at March 31, 2026 and 2025.

### 4. BANK DEBT

As at March 31, 2026 the Company had a total Bank Facility of \$150,000,000 (December 31, 2025 - \$150,000,000), comprised of a \$125,000,000 syndicated revolving credit facility, and a \$25,000,000 non-syndicated revolving credit facility. The amount drawn under the total Bank Facility as at March 31, 2026 was \$48,165,000 (December 31, 2025 - \$40,722,000). The amounts borrowed under the total Bank Facility bear interest at a floating rate based on the applicable Canadian prime rate or CORRA rate, plus between 2.00 percent and 6.25 percent, depending on the type of borrowing. As at March 31, 2026, the terms of the total revolving Bank 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.

The available lending limit of the bank facility is reviewed semi-annually on or before April 30<sup>th</sup> and October 31 and based on the lender's assessment of the Company's reserves, future commodity prices and costs. Effective March 16, 2026, the syndicate of lenders have agreed to extend the borrowing base redetermination on the Bank Facility to May 31, 2026.

The amount available for borrowing under the Bank Facility is reduced by outstanding letters of credit. Letters of credit totaling \$1,950,000 were issued as at March 31, 2026 (December 31, 2025 - \$2,150,000). Security for the Bank Facility consists of various floating demand debentures totaling \$750,000,000 (December 31, 2025 - \$750,000,000) over all of the Company's assets and a general security agreement with first ranking over all personal and real property.

### 5. SUBORDINATED NOTES

As at March 31, 2026, the Company has 135,000 Senior Secured Second Lien Notes (the "Notes") outstanding. Each unit consists of one Note with a par value of \$1,000, bearing interest at a fixed annual rate

of 10.5%, payable semi-annually on January 28 and July 28, commencing July 28, 2025. The Notes mature on January 28, 2030.

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

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

The Notes were issued at a discount, with an issue price of \$981.16 per \$1,000 of principal, resulting in gross proceeds of \$131.5 million and initial issue costs of \$3.5 million. The effective interest rate, determined by using the effective interest rate method and reflecting both the discount and transaction costs, was 11.4%. The carrying amount of the Notes will accrete to the principal amount over the life of the Notes. For the three months ended March 31, 2026, interest expense recognized was \$3.5 million (March 31, 2025 – \$2.4 million).

Carrying amount as at

(\$ 000s)	<b>March 31, 2026</b>	December 31, 2025
Total principal	<b>135,000</b>	135,000
Unamortized issue costs	<b>(5,009)</b>	(5,193)
Total, net unamortized issue costs	<b>129,991</b>	129,807
Accrued interest	<b>2,363</b>	5,906
<b>Total debt</b>	<b>132,354</b>	135,713

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

## 6. INCOME TAXES

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

(\$ 000s)	Rate of Utilization (%)	Amount
Undepreciated capital costs	7-100	83,398
Share issue and financing costs	20	4,504
Canadian oil and gas property expenditures	10	76,668
Canadian development expenditures	30	135,001
Canadian exploration expenditures	100	8,587
		<b>308,158</b>

The Company has \$64,111,000 (December 31, 2025 - \$64,111,000) of capital losses carried forward which can only be claimed against taxable capital gains.

As at March 31, 2026, the Company expects to receive an income tax refund of approximately \$8.2 million, primarily related to installment payments made in respect of the 2025 taxation year, which is included in accounts receivable.

## 7. SHAREHOLDERS' EQUITY

### Authorized

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

	Number <sup>(1)</sup>	Amount (\$ 000s)
Issued and fully paid - common shares		
Balance, December 31, 2025	36,068,680	779,371
Shares released from trust upon vesting of share awards	191,810	639
Balance, March 31, 2026	36,260,490	780,010

<sup>(1)</sup> The Company had 36,574,980 common shares issued and outstanding, excluding 314,490 common shares acquired and held for settlement of share-based compensation awards. Such shares are treated as treasury shares and excluded from shares outstanding.

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

On April 11, 2025, the Toronto Stock Exchange had accepted the Company's notice of intention to implement a Normal Course Issuer Bid (NCIB). Pursuant to the NCIB the Company is permitted to repurchase up to 3,199,449 common shares, representing approximately 10 percent of its public float between April 15, 2025, and April 14, 2026. During the three months ended March 31, 2026 the Company purchased nil (March 31, 2025 – nil) common shares for cancellation.

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

	2026	2025
Basic shares outstanding	36,258,479	37,323,991
Dilutive effect of share options, share awards and warrants <sup>(1)</sup>	613,356	604,368
Diluted shares outstanding	36,871,835	37,928,359

<sup>(1)</sup> The Company did not include 2,043,000 share-options, RSUs and DSUs (or share awards) and warrants (March 31, 2025 – 6,481,000) in the dilutive effect of share-options, share awards and warrants calculations as these were anti-dilutive. In addition, 2,753,000 warrants expired on October 20, 2025 and are not included in the current period calculation.

### Restricted and Deferred Share Units

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

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

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

During the three months ended March 31, 2026, the Company purchased Nil (March 31, 2025 – 20,000) common shares to be held in trust for future RSU and DSU settlements.

	Number of restricted share units	Number of deferred share units
Balance at December 31, 2025	955,000	102,500
Granted	606,850	39,000
Vested and released	(318,322)	(22,500)
<b>Balance at March 31, 2026</b>	<b>1,243,528</b>	<b>119,000</b>

## Options

The Company provides an equity settled option plan for its directors, officers, and employees. Under the plan, the Company may grant options for up to 3,657,498 (December 31, 2025 – 3,657,498 common shares). The exercise price of each option granted cannot be lower than the market price of the common shares on the date of grant and the option's maximum term is five years.

A summary of the status of the Company's stock options as of March 31, 2026 and changes during the year are presented below:

	Number of options	Weighted average exercise price
At December 31, 2025	1,732,500	\$5.24
Options granted	558,000	5.06
Options forfeited	(18,000)	5.18
At March 31, 2026	2,272,500	\$5.20

The following table summarizes information about options outstanding and exercisable as at March 31, 2026:

Range of exercise prices	Options outstanding			Options exercisable		
	Number outstanding	Weighted- average remaining contractual life	Weighted- average exercise price	Number exercisable	Weighted- average exercise price	
\$ 1.00 - \$ 5.00	525,000	3.7 years	\$ 3.96	174,997	\$ 3.96	
5.01 - 10.00	1,732,500	3.2 years	5.51	853,153	5.88	
10.01 - 15.00	15,000	0.2 years	12.32	15,000	12.32	
<b>\$ 1.00 - \$ 15.00</b>	<b>2,272,500</b>	<b>3.3 years</b>	<b>\$ 5.20</b>	<b>1,043,150</b>	<b>\$ 5.65</b>	

The Company records compensation expense equally over the annual three-year vesting period, based on the fair value of options granted to directors, officers and employees. In 2026, the Company granted 558,000 options with an estimated fair value of \$1,295,000 or \$2.32 per option using the Black-Scholes option pricing model with the following key assumptions:

	<b>March 31, 2026</b>
Weighted-average risk free interest rate (%) <sup>(1)</sup>	<b>2.83</b>
Weighted-average expected life (years)	<b>4.9</b>
Weighted-average volatility (%) <sup>(2)</sup>	<b>49.90</b>
Forfeiture rate (%)	<b>9.09</b>

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

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

## 8. OIL AND GAS SALES, NET OF ROYALTIES

(\$ 000s)	March 31, 2026	March 31, 2025
Oil and gas sales		
Crude oil	<b>50,382</b>	53,742
Natural gas liquids	<b>6,012</b>	6,860
Natural gas	<b>10,029</b>	10,088
	<b>66,423</b>	70,690
Less royalties:		
Crown	<b>(5,061)</b>	(7,288)
Freehold, gross overriding royalties and other	<b>(2,233)</b>	(2,679)
	<b>(7,294)</b>	(9,967)
Oil and gas sales, net of royalties	<b>59,129</b>	60,723

## 9. SUPPLEMENTAL CASH FLOW INFORMATION

(\$ 000s)	March 31, 2026	March 31, 2025
Change in non-cash working capital:		
Accounts receivable	(7,348)	(704)
Crude oil inventory	(314)	(122)
Prepaid expenses	1,739	1,194
Abandonment deposit	(372)	(847)
Accounts payable and accrued liabilities	18,211	18,205
	<b>11,916</b>	<b>17,726</b>
Changes related to:		
Operating activities	(8,380)	726
Investing activities	20,296	17,000
	<b>11,916</b>	<b>17,726</b>

### Finance expense

(\$ 000s)	March 31, 2026	March 31, 2025
Interest expense:		
Bank debt	793	557
Subordinated notes	3,544	2,363
Subordinated debenture	-	826
Subordinated term debt	-	512
	<b>4,337</b>	<b>4,258</b>
Accretion:		
Decommissioning liabilities	993	938
Subordinated notes	184	31
Subordinated debentures	-	537
Subordinated term debt	-	121
	<b>1,177</b>	<b>1,627</b>
Total finance costs	<b>5,514</b>	<b>5,885</b>
Interest paid:		
Expense	4,337	4,258
Change in interest accrued	3,545	(2,363)
Interest paid	<b>7,882</b>	<b>1,895</b>

## 10. FINANCIAL RISK MANAGEMENT

### Financial Risk Factors

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

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

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

The Company's overall risk management program seeks to mitigate these risks and reduce the volatility on Bonterra's financial performance. Financial risk is managed by senior management under the direction of the Board of Directors. The Company does not speculatively trade in risk management contracts. Bonterra's risk management contracts are entered into to manage the risks relating to commodity prices from its business activities.

### **Liquidity Risk Management**

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

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

### **Credit Risk**

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

- The Company only enters into material agreements with creditworthy counterparties. These include major oil and gas companies or major Canadian chartered banks; and
- Agreements for product sales are primarily on 30-day renewal terms. Of the 38,734,000 accounts receivable balance at March 31, 2026 (December 31, 2025 - \$31,386,000) over 69 percent (December 31, 2025 – 62 percent) relate to product sales or risk management contracts with national and international banks and oil and gas companies.

On a quarterly basis, Bonterra assesses if there has been any impairment of the financial assets of the Company. During the three months ended March 31, 2026, there was no material impairment provision required on any of the financial assets of the Company. Bonterra does have credit risk exposure, as the majority of the Company's accounts receivable are with counterparties having similar characteristics. However, payments from Bonterra's largest accounts receivable counterparties have consistently been received within 30 days and the sales agreements with these parties are cancellable with 30 days' notice if payments are not received.

As at March 31, 2026, approximately \$615,000 or 1.6 percent of the Company's total accounts receivable are aged over 90 days and considered past due (December 31, 2025 - \$507,000 or 1.6 percent). The majority of these accounts are due from various joint venture partners. Bonterra actively monitors past due accounts and takes the necessary actions to expedite collection, which can include withholding production or netting payables when the accounts are with joint venture partners. Should the Company determine that the ultimate collection of a receivable is in doubt, it will provide the necessary provision in its allowance for doubtful accounts with a corresponding charge to earnings.

If Bonterra subsequently determines an account is uncollectable, the account is written off with a corresponding charge to the allowance account. The Company's allowance for doubtful accounts balance at March 31, 2026 is \$1,749,000 (December 31, 2025 - \$1,714,000) with the expense being included in general and administrative expenses. There were no material accounts written off during the period.

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

### **Capital Risk Management**

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

The Company monitors its capital structure based on the ratio of adjusted net debt to EBITDA. Adjusted net debt is defined as bank debt and subordinated notes, adjusted for working capital excluding risk management contracts, the current portion of decommissioning liabilities, deferred consideration and unamortized issue costs on subordinated notes. The ratio is calculated using adjusted net debt at each quarter end divided by EBITDA for the preceding twelve months.

At March 31, 2026, the Company had an adjusted net debt to EBITDA level of 1.9:1 as compared to 1.6:1 as at December 31, 2025. The increase in Bonterra's adjusted net debt to EBITDA ratio is primarily due to an increase in debt from the Bonanza Asset Acquisition and lower EBITDA, reflecting lower commodity prices and realized losses on risk management contracts. To provide cashflow protection, the Company has hedged approximately 45 percent of its forecasted oil and 27 percent of its forecasted natural gas production over the next nine months.

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

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

a) Net debt to EBITDA ratio

The net debt and EBITDA amounts are as follows:

(\$ 000s)	March 31, 2026	December 31, 2025
Bank debt	48,165	40,722
Subordinated notes	132,354	135,713
Current liabilities	79,689	43,527
Current assets	(44,651)	(40,913)
<b>Net debt</b>	<b>215,557</b>	<b>179,049</b>
Risk management contracts	(18,200)	2,092
Decommissioning liabilities - current portion	(5,551)	(5,548)
Deferred consideration - current portion	(591)	(843)
Unamortized issue costs on subordinated notes	5,009	5,193
<b>Adjusted net debt</b>	<b>196,224</b>	<b>179,943</b>
Net loss	(24,141)	(17,125)
Adjustments to net loss:		
Unrealized loss (gain) on risk management contracts	17,515	(1,260)
Gain on sale of property	(1,077)	(4,634)
Deferred consideration	(861)	(955)
Finance costs	21,901	22,272
Share-based compensation	2,479	2,513
Depletion and depreciation	95,845	101,594
Extinguishment of debt	-	11,597
Current income tax recovery	(2,193)	(1,691)
Deferred income tax recovery	(4,674)	(2,998)
<b>EBITDA (trailing twelve months)</b>	<b>104,794</b>	<b>109,313</b>
<b>Adjusted net debt to EBITDA ratio</b>	<b>1.9</b>	<b>1.6</b>

b) Risks and mitigation

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

**Commodity Price Risk**

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

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

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

### Physical Delivery Sales Contracts

Bonterra enters into physical delivery sales contracts to manage commodity price risk. These contracts are considered normal executory sales contracts and are not recorded at fair value in the financial statements. As of March 31, 2026, the Company has the following physical delivery sales contracts in place.

Product	Type of contract	Volume	Term	Contract price (\$)
Gas	Fixed Price - AECO Daily <sup>(4)</sup>	2,500 GJ/day	Apr 1, 2026 to Dec 31, 2026	3.30 CAD/GJ
Gas	Fixed Price - AECO Daily <sup>(4)</sup>	5,000 GJ/day	Apr 1, 2026 to Mar 31, 2027	3.10 CAD/GJ
Gas	Fixed Price - AECO Daily <sup>(4)</sup>	4,000 GJ/day	Apr 1, 2026 to Oct 31, 2026	1.29 CAD/GJ
Gas	Fixed Price - AECO Daily <sup>(4)</sup>	2,500 GJ/day	Apr 1, 2026 to Oct 31, 2026	1.89 CAD/GJ

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

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

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

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

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

Subsequent to March 31, 2026, the Company entered into the following physical delivery sales contract.

Product	Type of contract	Volume	Term	Contract price (\$)
Gas	Fixed Price - AECO Daily	2,500 GJ/day	Jun 1, 2026 to Oct 31, 2026	1.60 CAD/GJ

### Risk Management Contracts

(\$ 000s)	March 31, 2026	March 31, 2025
Risk management contracts		
Realized gain (loss)	(4,116)	393
Unrealized loss	(20,291)	(1,516)
	(24,407)	(1,123)

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

As of March 31, 2026, the Company has the following risk management contracts in place.

Product	Type of contract	Volume	Term	Contract price (\$)
Oil	Financial collar - WTI	250 BBL/day	Apr 1, 2026 to Jun 30, 2026	60.00 to 66.75 USD/BBL
Oil	Financial collar - WTI	500 BBL/day	Jul 1, 2026 to Dec 31, 2026	60.00 to 66.75 USD/BBL
Oil	Financial collar - WTI	250 BBL/day	Jul 1, 2026 to Dec 31, 2026	70.00 to 90.00 USD/BBL
Oil	Financial collar - WTI	250 BBL/day	Jul 1, 2026 to Dec 31, 2026	75.00 to 92.00 USD/BBL
Oil	Financial collar - WTI	250 BBL/day	Jul 1, 2026 to Dec 31, 2026	70.00 to 85.25 USD/BBL
Oil	Fixed price - WTI	500 BBL/day	Apr 1, 2026 to Dec 31, 2026	60.04 USD/BBL
Oil	Fixed price - WTI	500 BBL/day	Apr 1, 2026 to Dec 31, 2026	60.00 USD/BBL
Oil	Fixed price - WTI	500 BBL/day	Apr 1, 2026 to Jun 30, 2026	63.00 USD/BBL
Oil	Fixed price - WTI	500 BBL/day	Apr 1, 2026 to Dec 31, 2026	60.25 USD/BBL
Oil	Fixed price - WTI	500 BBL/day	Apr 1, 2026 to Jun 30, 2026	61.03 USD/BBL
Oil	Fixed price - WTI	250 BBL/day	Apr 1, 2026 to Dec 31, 2026	64.20 USD/BBL
Oil	Fixed price - WTI	250 BBL/day	Apr 1, 2026 to Jun 30, 2026	80.95 USD/BBL
Oil	Fixed price - WTI	200 BBL/day	Jan 1, 2027 to Dec 31, 2027	75.00 USD/BBL

Subsequent to March 31, 2026, the Company entered into the following risk management contracts.

Product	Type of contract	Volume	Term	Contract price (\$)
Oil	Fixed price - MSW differential	1,000 BBL/day	May 1, 2026 to Sep 30, 2026	2.10 USD/BBL
Oil	Fixed price - WTI	300 BBL/day	Jan 1, 2027 to Dec 31, 2027	75.00 USD/BBL

### Interest Rate Risk

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

As of March 31, 2026, the Company's debt facilities consist of a \$125,000,000 syndicated revolving credit facility, and a \$25,000,000 non-syndicated revolving credit facility, and \$135,000,000 senior second lien subordinated notes. The borrowings under the total bank facilities are at bank prime plus or minus various percentages as well as by means of the Canadian Overnight Repo Rate Average ("CORRA") within Bonterra's credit facility.

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

### Sensitivity Analysis

Based on historic movements and volatilities in the interest rate markets and management's current assessment of the financial markets, the Company believes that a one percent variation in the Canadian prime interest rate is reasonably possible over a 12-month period. A one percent increase (decrease) in the

Canadian prime rate would decrease (increase) both annual net earnings and comprehensive income by \$371,000.

## Foreign Exchange Risk

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

## 11. COMMITMENTS AND FINANCIAL LIABILITIES

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

(\$ 000s)	Recognized on Financial Statements	Less than	Over 1 year	Over 3 years	Over 5 years	Total
		1 year	to 3 years	to 5 years	to 7 years	
Accounts payable and accrued liabilities	Yes - Liability	55,347	-	-	-	55,347
Bank debt	Yes - Liability	-	48,165	-	-	48,165
Subordinated notes <sup>(1)</sup>	Yes - Liability	-	-	135,000	-	135,000
Future interest	No	16,538	28,350	11,813	-	56,700
Firm processing commitments	No	8,059	11,397	1,642	-	21,098
Firm service commitments	No	1,426	2,123	899	173	4,621
Office lease commitments	No	1,144	1,701	1,407	-	4,252
<b>Total</b>		<b>82,514</b>	<b>91,736</b>	<b>150,761</b>	<b>173</b>	<b>325,183</b>

<sup>(1)</sup>Principal amount.

The Company has entered into firm service processing and transportation agreements under which it commits to minimum volumes of natural gas to be processed at various gas plants and minimum volumes of oil and natural gas to be shipped on various transportation systems. The processing agreements have remaining terms of approximately one to four years, while the transportation agreements have remaining terms of approximately one to seven years. Future minimum payment amounts for the firm service gas transportation agreements are calculated using current tariff rates.

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

## 12. SUBSEQUENT EVENT

### Normal Course Issuer Bid

On April 13, 2026, the Toronto Stock Exchange had accepted the Company's notice of intention to renew its NCIB. Under the renewed NCIB, the Company may repurchase up to 3,110,454 common shares, representing approximately 10 percent of its public float between April 15, 2026, and April 14, 2027. Repurchases will be made through the TSX or alternative Canadian trading systems at prevailing market prices.

To facilitate purchases during blackout periods, Bonterra has renewed its automatic share purchase plan with a broker, which operates independently in accordance with predetermined parameters, TSX rules, and applicable securities laws.

## CORPORATE INFORMATION

### Board of Directors

Andy J. Mah – Chair  
John J. Campbell  
David M. Humphreys  
Stacey E. McDonald  
Patrick G. Oliver  
Jacqueline R. Ricci

### Officers

Patrick G. Oliver, President and CEO  
Scott A. Johnston, CFO and Corporate Secretary  
Brad A. Curtis, Senior VP, Business Development

### Registrar and Transfer Agent

Odyssey Trust Company

### Auditors

Deloitte LLP

### Solicitors

Borden Ladner Gervais LLP

### Bankers

CIBC  
ATB Financial  
Business Development Bank of Canada

### Head Office

800, 215 – 9<sup>th</sup> Avenue SW  
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### Website

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