

**MATERIAL CHANGE REPORT
FORM 51-102F3**

Item 1. Name and Address of Company

Bonterra Energy Corp. (“**Bonterra**” or the “**Company**”)
901, 1015 - 4th Street SW
Calgary, Alberta T2R 1J4

Item 2. Date of Material Change

The material change occurred on November 25, 2022.

Item 3. News Release

A news release was disseminated on November 25, 2022 through the facilities of Cision.

Item 4. Summary of Material Change

Bonterra completed a restructuring of the Company’s debt capitalization through the closing of two new credit facilities comprised of: (i) a \$110 million first lien secured credit facility; and (ii) a \$95 million second lien secured term debt facility. Simultaneously with the closing of the new credit facilities, the Company fully repaid its \$47 million Business Development Bank of Canada Term Facility.

Item 5. 5.1 Full Description of Material Change

Bonterra completed a restructuring of the Company’s debt capitalization through the closing of two new credit facilities (the “New Credit Facilities”). The New Credit Facilities are comprised of (i) a \$110 million first lien secured credit facility (the “First Lien Facility”); and (ii) a \$95 million second lien secured term debt facility (the “Term Debt Facility”). Simultaneously with the closing of the New Credit Facilities, the Company fully repaid its \$47 million Business Development Bank of Canada (“BDC”) Term Facility.

First Lien Credit Facility

On November 25, 2022, the Company closed on its new First Lien Facility, totaling \$110 million. The new First Lien Facility has been syndicated among three supportive banks and is restructured as a normal course, reserve-based credit facility available on a revolving basis through October 31, 2023, with bi-annual borrowing base redeterminations and a term maturity of October 31, 2024.

Four-Year Term Debt Facility

Also, on November 25, 2022 the Company closed on an amortizing four-year, non-revolving, \$95 million Term Debt Facility. Fixed interest of 11.70 percent will be applied to a portion of the Term Debt Facility and floating interest of Canadian Prime Rate plus 6.25 percent on the remaining amount.

The Term Debt Facility has been utilized to facilitate the formation of the new First Lien Facility through the repayment of the existing First Lien Facility bank debt, which was set to mature on November 30, 2022, and the full repayment of the existing BDC Term facility.

The Term Debt Facility was arranged through a private institutional lender and provides the

Company with a defined term and stable capital to facilitate the continued development of Bonterra's high-quality, conventional, light oil asset base. Furthermore, the Term Debt Facility also represents a significant step forward toward the Company's goal of implementing a shareholder returns-based business model focused on a combination of debt repayment, sustainable dividends and modest production growth.

Repayment of BDC Term Facility

Closing of the New Credit Facilities has enabled Bonterra to fully repay the Company's non-revolving, \$47 million BDC Term Facility. The repayment of the BDC Term Facility allows the Company to exit the Business Credit Availability Program ("BCA") that governed the BDC Term Facility. Participation in the BCA Program placed certain restrictions on Bonterra's capital allocation options, including the payment of dividends.

Revised Debt Capital Structure and Liquidity

Bonterra's debt capital structure has been significantly improved and the Company expects to benefit from enhanced stability. Bonterra forecasts that bank debt will be substantially repaid by the second quarter of 2023, subject to market conditions and commodity pricing, providing significant available liquidity and flexibility to the Company moving forward.

Strategic Repositioning and Outlook

Bonterra has now successfully undertaken and completed the strategic steps below over the last 24 months to reposition the Company's balance sheet.

- In October 2020, Bonterra announced that it had been approved by BDC for a second lien, non-revolving four-year term facility for up to \$45 million to allow the Company to withstand the financial and operational impacts of COVID-19 and to continue pursuing development of its high-quality, Cardium light oil assets to generate long-term, sustainable net asset value per share growth as the economy recovered;
- In October 2020, the Company announced it had been approved for up to \$38.4 million in a reserve-based lending commitment from Export Development Canada ("EDC") to provide additional liquidity. With the new First Lien Facility in place, the Company no longer required the EDC lending commitment. Bonterra would like to thank EDC for their support and the capital provided during a period of unprecedented commodity price volatility;
- In October 2021, Bonterra successfully closed an unsecured debt placement, comprised of senior unsecured debentures and common share purchase warrants for a total of \$59 million, which facilitated the restructuring of its existing First Lien Facility bank debt to a fully conforming basis; and
- The closing of the Company's New Credit Facilities, consisting of (i) a new \$110 million First Lien Facility, (ii) and a new \$95 million second lien secured Term Debt Facility along with the repayment of its existing \$47 million BDC Term Facility completes the restructuring of the Company's debt capital structure and allows the Company to continue in normal course with its long term business objectives.

Bonterra's goal is to be a well-capitalized entity generating significant free cash flow to support future shareholder returns through debt repayment, sustainable dividends and modest

production growth. In the near term, the Company plans to continue building on the significant bank debt reduction of approximately \$150 million that it achieved between Q2 2021 and Q3 2022, to further strengthen its balance sheet.

For the 2022 fiscal year, the Company anticipates funds flow of approximately \$190 million (2021 - \$105 million) with funds flow in excess of capital expenditures (“free funds flow”) of approximately \$110 million (2021 - \$33 million), resulting in a net debt to EBITDA ratio of less than 1.0 times. Bonterra plans to share its Board approved 2023 operational guidance in December 2022. See “Non-IFRS and Other Financial Measures”, below.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6. Reliance on Section 7.1(2) of National Instrument 51-102

Not applicable.

Item 7. Omitted Information

Not applicable.

Item 8. Executive Officer

Robb D. Thompson
Chief Financial Officer and Corporate Secretary
(403) 262-5307

Item 9. Date of Report

December 5, 2022.

Non-IFRS and Other Financial Measures

Throughout this material change report the Company uses the terms “funds flow”, “free funds flow”, “net debt” and “EBITDA” to analyze operating performance, which are not standardized measures recognized under IFRS and do not have a standardized meaning prescribed by IFRS. These measures are commonly utilized in the oil and gas industry and are considered informative by management, shareholders and analysts. These measures may differ from those made by other companies and accordingly may not be comparable to such measures as reported by other companies.

The Company defines funds flow as funds provided by operations including proceeds from sale of investments and investment income received excluding effects of changes in non-cash working capital items and decommissioning expenditures settled. Free funds flow is defined as funds flow less dividends paid to shareholders, capital and decommissioning expenditures settled plus option proceeds. Net debt is defined as long-term subordinated debt and subordinated debentures plus working capital deficiency (current liabilities less current assets). EBITDA is defined as net income for the period excluding finance costs, provision for current and deferred taxes, depletion and depreciation, share-option compensation, gain or loss on sale of assets and impairment of assets. Net debt to EBITDA ratio is defined as net debt at the end of the period divided by EBITDA for the period.

Forward Looking Information

Certain statements contained in this material change report 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 material change report includes, but is not limited to: the Company's plans to execute on a returns-based business model focused on debt repayment and dividends; projections relating to the Company's indebtedness, funds flow and free funds flow; expected cash provided by continuing operations; 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; changes in applicable environmental, taxation and other laws and regulations as well as how such laws and regulations are interpreted and enforced; the ability of oil and natural gas companies to raise capital or maintain its credit facilities; 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; opportunities available to or pursued by us; and other factors, many of which are beyond our control.

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 there from. 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.

Numerical Amounts

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