MANAGEMENT’S DISCUSSION AND ANALYSIS

The following report dated November 12, 2025 is a review of the operations and current financial position for the three and nine months ended September 30, 2025 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, 2024 presented under International Financial Reporting Standards (IFRS®), as well as Bonterra’s Annual Information Form (“AIF”), each of which is filed on SEDAR+ at 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 International Financial Reporting Standards (IFRS®) as issued by the International Accounting Standards Board (IASB®).

Description of Business

Bonterra Energy Corp. is one of Canada’s longest-standing oil and gas exploration, development, and production companies, with a focus on its core assets in the Cardium, Charlie Lake, and Montney formations within 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**.

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)	2025 Q3	2025 Q2	2025 Q1	2024 Q4	2024 Q3	2024 Q2	2024 Q1
Financial							
Revenue - oil and gas sales	**55,166**	64,185	70,690	69,699	69,204	72,465	68,589
Funds flow	**21,330**	23,092	27,635	30,100	30,066	31,484	27,018
Per share - basic	**0.59**	0.63	0.74	0.81	0.81	0.84	0.73
Per share - diluted	**0.58**	0.62	0.73	0.81	0.81	0.84	0.72
Cash flow from operations	**8,344**	29,996	29,614	28,587	31,531	33,180	21,654
Per share - basic	**0.23**	0.81	0.79	0.77	0.84	0.89	0.58
Per share - diluted	**0.23**	0.80	0.78	0.77	0.84	0.89	0.58
Net earnings (loss)(1)	**(3,554)**	(1,313)	(7,610)	(2,213)	4,258	7,310	848
Per share - basic and diluted	**(0.10)**	(0.04)	(0.20)	(0.06)	0.11	0.20	0.02
Capital expenditures	**14,783**	6,351	32,450	22,438	24,095	21,619	32,924
Oil and gas property acquisition (2)	**-**	-	-	-	-	-	24,234
Total assets	**935,536**	949,202	978,798	975,043	982,256	984,065	984,464
Net debt	**167,803**	169,938	186,102	167,210	168,278	172,622	181,400
Shareholders' equity	**526,565**	530,935	533,830	540,639	542,344	537,498	529,605
Operations							
Light oil (barrels per day)	**6,051**	6,794	6,546	6,588	6,775	6,571	6,622
NGLs (barrels per day)	**1,353**	1,508	1,679	1,625	1,538	1,418	1,468
Conventional natural gas (MCF per day)	**42,336**	48,584	46,390	44,436	42,039	37,519	36,594
Total BOE per day	**14,460**	16,399	15,957	15,619	15,320	14,242	14,189

(1) Net loss for the three months ended March 31, 2025, primarily reflects a one-time debt extinguishment cost of $11.6 million.

(2) On March 1, 2024, the Company acquired the Charlie Lake Assets for cash consideration of $23.6 million and $0.3 million in non-core mineral rights, including closing adjustments. The 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.

	2023			
As at and for the periods ended ($ 000s except $ per share)	Q4	Q3	Q2	Q1
Financial				
Revenue - oil and gas sales	81,739	84,909	75,606	77,263
Funds flow	40,442	42,722	34,799	29,342
Per share - basic	1.09	1.15	0.94	0.79
Per share - diluted	1.08	1.14	0.93	0.79
Cash flow from operations	44,596	37,715	33,854	24,018
Per share - basic	1.20	1.01	0.91	0.65
Per share - diluted	1.19	1.01	0.91	0.64
Net earnings	14,973	13,486	8,844	7,640
Per share - basic	0.40	0.36	0.24	0.21
Per share - diluted	0.40	0.36	0.24	0.20
Capital expenditures	14,009	36,130	16,116	60,223
Total assets	967,870	955,484	962,021	963,890
Net debt	145,440	172,489	173,299	188,629
Shareholders' equity	528,258	512,479	498,449	488,762
Operations				
Light oil (barrels per day)	7,306	7,177	7,282	7,068
NGLs (barrels per day)	1,619	1,410	1,248	1,155
Conventional natural gas (MCF per day)	37,214	34,241	32,286	31,448
Total BOE per day	15,128	14,294	13,911	13,464

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.

	Q3-2025	Q2-2025	Q1-2025	Q4-2024	Q3-2024	Q2-2024	Q1-2024	Q4-2023
Crude oil								
WTI (U.S.$/bbl)	**64.93**	63.74	71.42	70.27	75.09	80.57	76.96	78.32
WTI to MSW Stream Index								
Differential (U.S.$/bbl)[1]	**(2.19)**	(2.82)	(5.00)	(2.37)	(3.31)	(3.62)	(8.64)	(5.16)
Foreign exchange								
U.S.$ to Cdn$	**1.3774**	1.3840	1.4348	1.3991	1.3636	1.3694	1.3488	1.3619
Bonterra average realized								
oil price (Cdn$/bbl)	**81.92**	79.85	91.22	92.11	94.30	102.09	88.96	97.01
Natural gas								
AECO (Cdn$/mcf)	**0.63**	1.68	2.16	1.47	0.68	1.17	2.48	2.29
Bonterra average realized								
gas price (Cdn$/mcf)	**1.16**	2.03	2.42	1.60	0.96	1.64	2.65	2.73

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

WTI prices averaged $64.93 USD per barrel in the third quarter of 2025, a 13 percent decrease compared to the same period in 2024. The decline reflects continued volatility in global supply and demand conditions, influenced by a range of macroeconomic and geopolitical factors. In particular, growth in global supply and OPEC+'s decision to accelerate the reintroduction of production in 2025 continued to place downward pressure on crude oil prices.

In addition to movements in the WTI benchmark, the Company's realized crude oil price is affected by the Mixed Sweet Blend (MSW) Stream Index, or Edmonton Par differential (the "Differential"). During the third quarter of 2025, the Differential averaged ($2.19) USD per barrel, representing an improvement of $1.12 USD per barrel compared to the same period in 2024. This improvement reflects the completion of the Trans Mountain Expansion (TMX) pipeline, which has provided additional export capacity from the basin and supported stronger local pricing.

AECO daily spot prices averaged $0.63 per Mcf in the third quarter of 2025, a 7 percent decrease from the third quarter of 2024. The decline primarily resulted from extensive summer maintenance on intra-basin and downstream export pipelines, which constrained market access. Elevated storage inventories, which limited injection capacity during this period, were an additional contributing factor to weaker pricing.

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 2025(1)

Impact on cash flow	Change ($)	$000s	$ per share(2)
Realized crude oil price ($/bbl)	1.00	1,947	0.05
Realized natural gas price ($/mcf)	0.10	1,627	0.04
U.S.$ to Canadian $ exchange rate	0.01	1,285	0.04

(1) This analysis uses current royalty rates, annualized estimated average production of 15,100 BOE per day and no changes in working capital.

(2) Based on annualized basic weighted average shares outstanding of 36,098,080.

Business Overview, Strategy and Key Performance Drivers

In 2025, Bonterra advanced its strategy of delivering long-term shareholder value through the profitable development of its high-quality, balanced commodity asset base. The Company achieved meaningful production growth and executed a successful financial restructuring, which simplified its capital structure, increased liquidity and positioned Bonterra to resume a shareholder return strategy.

Normal Course Issuer Bid (NCIB)

As part of this renewed capital allocation strategy, Bonterra received approval from the Toronto Stock Exchange on April 11, 2025, to implement a Normal Course Issuer Bid (NCIB). The program allows the Company 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 nine months ended September 30, 2025 the Company purchased 737,700 common shares for cancellation at an average price of $3.54 per common share.

Repurchases will be funded through available cash flow or credit facilities and executed through the TSX or alternative Canadian trading systems at prevailing market prices. To ensure flexibility during blackout periods, Bonterra has entered into an automatic share purchase plan with an independent broker. All repurchased shares will be cancelled, underscoring Bonterra's commitment to enhancing shareholder value and exercising disciplined capital management.

Debt Refinancing and Capital Management

In early 2025, Bonterra undertook a series of strategic financing transactions to further strengthen its balance sheet. On January 28, 2025, the Company closed a private placement of $135 million in Senior Secured Second Lien Notes due 2030, with proceeds used to repay its second lien subordinated term debt and reduce borrowings under its revolving credit facility.

Following this, on February 26, 2025, Bonterra redeemed its subordinated debentures in full. On April 30, 2025, the Company renewed and increased its revolving credit facility to $125 million. The renewed facility features improved terms, including a wider borrowing base, lower interest rate spreads, and the removal of financial covenants, providing enhanced flexibility to support the Company's capital program and return initiatives.

Production Growth and Operational Highlights

Bonterra averaged 15,600 BOE per day during the first nine months of 2025, a 7 percent increase from 14,586 BOE per day in the same period of 2024. The increase reflects the success of the 2025 drilling program and well reactivations completed in the first quarter, which supported four consecutive quarters of record production through the first half of the year. Bonterra is maintaining its previously revised annual production guidance of 15,000 to 15,200 BOE per day and capital expenditure guidance of $65 to $70 million. The Company continues to preserve capital flexibility for the remainder of the year in response to prevailing commodity price conditions.

Charlie Lake

The Company drilled an additional three gross (2.7 net) wells in the third quarter of 2025. The recent three-well pad was executed with three-mile laterals and increased fracture stimulation intensity as compared to the previously drilled wells in the Charlie Lake. Currently, two of the three wells are cleaning up post completion operations and progressing as planned, with the third well planned to be completed in the first quarter of 2026. Net production from the Charlie Lake asset in Q3 2025 was approximately 1,900 BOE per day.

Montney

The Company's latest Montney well (the "4-28 well") continues to deliver strong results after 12 months, currently producing at rates of approximately 530 BOE per day, including approximately 185 barrels per day of light crude oil, 1.7 mmcf per day of conventional natural gas and 65 barrels per day of natural gas liquids. The 4-28 well has cumulatively produced 87,600 barrels of light crude oil, 680 mmcf of conventional natural gas and 24,400 barrels of natural gas liquids over a nine-month period. Net production from the Montney asset in Q3 2025 was approximately 950 BOE per day.

The Montney remains a strategic asset in the Company's portfolio for enhancing shareholder value. Based on the strong production results to date from its two operated wells Bonterra is planning to continue delineation of its Montney lands with commencement of drilling operations for a new Montney well in Q4 2025, to be completed and tied-in to existing egress capacity in the region in 2026.

Capital Expenditures and Environmental Stewardship

Capital expenditures totaled $53.6 million in the first nine months of 2025, with $30.9 million allocated to the drilling of fifteen gross (8.4 net) wells, of which twelve gross (5.7 net) wells were completed, equipped, and tied-in. Two of the remaining three gross (2.7 net) wells are expected to be tied-in during the fourth quarter of 2025, with the third anticipated in the first quarter of 2026. An additional $22.7 million was directed toward land and lease acquisitions, infrastructure, recompletions, and the construction of a new battery and water disposal well to support development in the northern area of the Charlie Lake play.

Bonterra remains committed to responsible operations and environmental stewardship. In the first nine months of 2025, the Company invested $5.5 million toward decommissioning liabilities. For the full year, Bonterra plans to abandon 28.7 net wells and 35.2 net pipelines totaling 34.0 kilometers in length, and complete decommissioning work on 185.9 net well sites in preparation for future reclamation activities. Additionally, initial reclamation was completed on 12.5 net sites. The Company expects to invest approximately $7.5 million in decommissioning activities during 2025, exceeding the mandatory spend requirements set by the Alberta Energy Regulator's Liability Management Program.

Risk Management and Commodity Pricing

To protect future cash flows, Bonterra has secured physical delivery sales and risk management contracts for approximately 43% (net of royalties payable) of its expected crude oil production and 30% (net of royalties payable) of its natural gas production over the next nine months, ending June 30, 2026.

During this period, the Company has secured WTI prices between $55.00 USD and $75.50 USD per barrel for 2,169 barrels per day, primarily through costless collar contracts. For natural gas, Bonterra has locked in prices between $1.75 and $3.30 per GJ for 11,284 GJ per day, also primarily using costless collars.

In addition, Bonterra has secured WTI pricing of $60.04 USD per barrel for 500 barrels per day for the final six months of 2026, and natural gas prices between $3.10 and $3.30 per GJ for 6,679 GJ per day covering the final six months of 2026 and the first quarter of 2027, through fixed-price contracts.

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

	Three months ended			Nine months ended	
	September 30, 2025	June 30, 2025	September 30, 2024	**September 30, 2025**	September 30, 2024
Crude oil (barrels per day)	**6,051**	6,794	6,775	**6,462**	6,656
NGLs (barrels per day)	**1,353**	1,508	1,538	**1,512**	1,475
Conventional natural gas (MCF per day)	**42,336**	48,584	42,039	**45,755**	38,730
Average BOE per day	**14,460**	16,399	15,320	**15,600**	14,586

Production for the first nine months of 2025 averaged 15,600 BOE per day, representing a 7 percent increase compared to the same period in 2024. The increase was primarily driven by new well additions and the successful execution of a well reactivation program early in the year.

On a quarter-over-quarter basis, production decreased by 1,939 BOE per day, reflecting planned declines in the latter half of the year following strong additions earlier in 2025. The decrease also includes approximately 300 BOE per day of shut-in production due to unplanned downtime from third-party outages, as well as the temporary shut-in of higher-gas wells in response to weak gas pricing during the month of September. New production additions were muted in the quarter with 5 gross (0.7 net) non-operated wells in the Cardium being brought on production in Q3 2025 and no new operated wells.

Cash Netback

$ per BOE	Three months ended September 30, 2025	June 30, 2025	September 30, 2024	Nine months ended September 30, 2025	September 30, 2024
Production volumes (BOE)	**1,330,294**	1,492,316	1,409,407	**4,258,777**	3,996,653
Gross production revenue	**41.47**	43.01	49.10	**44.62**	52.61
Realized gain on risk management contracts	**0.37**	0.33	0.85	**0.33**	0.49
Royalties	**(5.27)**	(5.62)	(7.66)	**(5.96)**	(7.54)
Production costs	**(16.41)**	(16.44)	(16.04)	**(16.92)**	(16.71)
Field netback	**20.16**	21.28	26.25	**22.07**	28.85
General and administrative	**(2.18)**	(2.09)	(1.72)	**(2.22)**	(2.29)
Disposal of investments	**-**	-	-	**-**	0.36
Interest and other	**(3.04)**	(2.73)	(3.06)	**(2.86)**	(3.27)
Current income tax	**1.09**	(0.99)	(0.14)	**(0.07)**	(1.49)
Cash netback	**16.03**	15.47	21.33	**16.92**	22.16

In the first nine months of 2025, field netbacks declined on a per BOE basis relative to the same period in 2024, primarily due to lower crude oil prices and a slightly increased gas-to-oil production ratio. This impact was partially offset by a 6 percent reduction in total pre-tax costs, which decreased by $1.85 per BOE. Total pre-tax costs include royalties, production expenses, general and administrative costs, and interest and other expenditures.

Oil and Gas Sales

	Three months ended September 30, 2025	June 30, 2025	September 30, 2024	Nine months ended September 30, 2025	September 30, 2024
Revenue - oil and gas sales ($ 000s)					
Light oil	**45,602**	49,366	58,774	**148,710**	173,423
NGL	**5,031**	5,841	6,714	**17,732**	18,688
Conventional natural gas	**4,533**	8,978	3,716	**23,599**	18,147
	55,166	64,185	69,204	**190,041**	210,258
Average realized prices:					
Light oil ($ per barrel)	**81.92**	79.85	94.30	**84.30**	95.09
NGL ($ per barrel)	**40.42**	42.58	47.44	**42.95**	46.24
Conventional natural gas ($ per MCF)	**1.16**	2.03	0.96	**1.89**	1.71
Average ($ per BOE)	**41.47**	43.01	49.10	**44.62**	52.61
Average BOE per day	**14,460**	16,399	15,320	**15,600**	14,586

Revenue from oil and gas sales in the first nine months of 2025 decreased by $20.2 million, or 9.6 percent, as compared to the same period in 2024. This decrease was primarily driven by a 15 percent reduction in Bonterra's average realized commodity prices, partially offset by a 7 percent increase in production over the same period. Quarter-over-quarter revenue from oil and gas sales decreased 14 percent primarily due to a 12 percent decrease in production.

Bonterra's product split on a revenue basis was weighted approximately 88 percent to crude oil and NGLs during 2025.

Royalties

	Three months ended			Nine months ended	
	September 30,	June 30,	September 30,	**September 30,**	September 30,
($ 000s)	**2025**	2025	2024	**2025**	2024
Crown royalties	**4,910**	5,996	7,631	**18,194**	20,906
Freehold, gross overriding and other royalties	**2,104**	2,391	3,163	**7,174**	9,225
Total royalties	**7,014**	8,387	10,794	**25,368**	30,131
Crown royalties - percentage of revenue	**8.9**	9.3	11.0	**9.6**	9.9
Freehold, gross overriding and other royalties - percentage of revenue	**3.8**	3.7	4.6	**3.8**	4.4
Royalties - percentage of revenue	**12.7**	13.0	15.6	**13.4**	14.3
Royalties $ per BOE	**5.27**	5.62	7.66	**5.96**	7.54

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. Following the divestment of its Saskatchewan assets in Q1 2025, the Company no longer incurs Crown royalties in that province.

Total royalties per BOE decreased in the first nine months of 2025 compared to prior periods, primarily due to weaker commodity prices.

Production Costs

	Three months ended			Nine months ended	
	September 30,	June 30,	September 30,	**September 30,**	September 30,
($ 000s except $ per BOE)	**2025**	2025	2024	**2025**	2024
Production costs	**21,825**	24,541	22,611	**72,075**	66,792
$ per BOE	**16.41**	16.44	16.04	**16.92**	16.71

On a per BOE basis, production costs increased slightly in the first nine months of 2025 compared to the same period in 2024. The increase was primarily driven by initial third-party infrastructure charges related to the Charlie Lake and Montney plays, along with higher activity levels from the Company's well reactivation program. These increases were partially offset by a 35 percent reduction in power rates and a decrease in facility and pipeline maintenance in the Cardium play.

Q3 2025 compared to Q2 2025, production costs per BOE remained relatively unchanged, primarily due to the concentration of the Cardium well reactivation program in the first half of the year and a decrease in gas processing fees at third-party facilities, partially offset by an increase in property taxes.

Other Income

	Three months ended			Nine months ended	
	September 30,	June 30,	September 30,	**September 30,**	September 30,
($ 000s)	**2025**	2025	2024	**2025**	2024
Investment income	**87**	52	60	**271**	280
Administrative income	**44**	67	49	**158**	177
Gain on sale of property	**1,077**	-	-	**4,634**	153
Deferred consideration	**214**	253	223	**712**	682
Realized gain on risk management contracts	**494**	499	1,203	**1,386**	1,943
Unrealized gain (loss) on risk management contracts	**(13)**	2,176	2,101	**647**	1,182
	1,903	3,047	3,636	**7,808**	4,417

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

The Company disposed of certain non-core oil and gas assets primarily located in Saskatchewan for total consideration of $2.2 million, including closing adjustments. The consideration consisted of $2.1 million in cash and $0.1 million in non-core mineral rights. The transaction resulted in a gain on sale of property of $4.6 million. As part of the disposition, decommissioning liabilities of approximately $3.8 million associated with the assets were also derecognized.

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 minimize commodity price risk on crude oil and natural gas sales, Bonterra has entered into financial derivatives. The financial derivatives outstanding are primarily for the period from October 1, 2025 to June 30, 2026 and are for a total of 592,250 barrels of light crude oil (approximately 2,169 barrels of oil per day) at fixed WTI prices ranging from $55.00 USD to $75.50 USD per barrel. In addition, the Company has entered into financial derivatives on natural gas prices between $1.75 and $3.30 on 7,951 GJ per day for the period from October 1, 2025 to June 30, 2026. 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 **September 30, 2025**	June 30, 2025	September 30, 2024	Nine months ended **September 30, 2025**	September 30, 2024
Employee compensation	**1,724**	1,679	1,795	**5,347**	5,238
Office and administrative	**1,180**	1,442	623	**4,118**	3,928
Total G&A	**2,904**	3,121	2,418	**9,465**	9,166
$ per BOE	**2.18**	2.09	1.72	**2.22**	2.29

Employee compensation increased in 2025 compared to 2024, primarily due to retirement-related costs in Q1 2025.

Office and administrative expenses increased year over year, reflecting one-time costs associated with the head office relocation and higher bank fees associated with the refinancing in the second quarter of 2025.

Finance Costs

($ 000s except $ per BOE)	Three months ended **September 30, 2025**	June 30, 2025	September 30, 2024	Nine months ended **September 30, 2025**	September 30, 2024
Interest on bank debt	**618**	642	1,026	**1,817**	2,817
Subordinated notes	**3,544**	3,543	-	**9,450**	-
Subordinated debentures	**-**	-	1,328	**826**	3,983
Subordinated term debt	**-**	-	2,069	**512**	6,707
Interest expense	**4,162**	4,185	4,423	**12,605**	13,507
$ per BOE	**3.13**	2.80	3.14	**2.96**	3.38
Accretion of decommissioning liabilities	**961**	940	940	**2,839**	2,739
Accretion on subordinated notes	**249**	278	-	**558**	-
Accretion on subordinated debentures	**-**	-	821	**537**	2,378
Accretion on subordinated term debt	**-**	-	424	**121**	1,340
Total finance costs	**5,372**	5,403	6,608	**16,660**	19,964

Interest on bank debt was lower in 2025 compared to 2024, primarily due to a reduction in bank debt following a comprehensive debt refinancing.

In the first quarter of 2025, the Company completed a private placement of second lien Subordinated Notes, generating gross proceeds of $135 million. The proceeds were used to repay the Subordinated Term Debt, which resulted in a loss on extinguishment of debt of $5.5 million. This included a $3.4 million early redemption fee and $2.1 million of accelerated unamortized issue costs. Remaining funds were used to reduce borrowings under the Company's revolving first lien credit facility (bank debt) and to cover transaction costs.

Additionally, Bonterra redeemed its subordinated debentures, incurring a redemption premium of $3.5 million and $2.6 million in accelerated unamortized issue costs. These were also recognized in the loss on extinguishment of debt, bringing the total extinguishment cost to $11.6 million comprising of $6.8 million in cash payments and $4.7 million in non-cash accretion.

For more information on Subordinated Notes or the repayment of Subordinated Term Debt and Subordinated Debentures, refer to Note 5 of the September 30, 2025, 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 $200,000. For more information on bank debt and Subordinated Notes, see the Liquidity and Capital Resources section herein.

Share-Based Compensation

	Three months ended			Nine months ended	
($ 000s)	**September 30, 2025**	June 30, 2025	September 30, 2024	**September 30, 2025**	September 30, 2024
Share-based compensation	**394**	1,042	588	**2,309**	1,785

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.

During the nine months ended September 30, 2025, 1,715,500 stock options were forfeited or expired prior to their original expiry dates, primarily due to employee departures and changes to the Company's long-term incentive structure. The early expiry of these options resulted in a $0.6 million recovery of share-based compensation expense.

Based on the outstanding options and share awards as of September 30, 2025, the Company has an unamortized expense of $2.8 million, of which $0.8 million will be recognized in the remainder of 2025, $1.5 million in 2026, and $0.5 million thereafter. For more information about options and share awards issued and outstanding, refer to Note 7 of the September 30, 2025, condensed financial statements.

Depletion and Depreciation, Exploration and Evaluation ("E&E") and Impairment

	Three months ended			Nine months ended	
($ 000s)	**September 30, 2025**	June 30, 2025	September 30, 2024	**September 30, 2025**	September 30, 2024
Depletion and depreciation	**24,031**	26,356	24,124	**76,221**	70,311

The provision for depletion and depreciation ("D&D") increased due to an increase in production from the same period in 2024. Quarter-over-quarter depletion and depreciation decreased due to a decrease in production. There were no indicators of impairment identified for each of the periods ended.

Taxes

The Company recorded a total income tax recovery of $3.4 million in 2025 (2024 – $4.1 million expense). The increase in income tax recovery as compared to 2024 is due to a net loss before income taxes from the extinguishment of debt costs. For additional information regarding income taxes, see Note 6 of the September 30, 2025, condensed financial statements.

Net Earnings (Loss)

	Three months ended			Nine months ended	
($ 000s except $ per share)	**September 30, 2025**	June 30, 2025	September 30, 2024	**September 30, 2025**	September 30, 2024
Net earnings (loss)	**(3,554)**	(1,313)	4,258	**(12,477)**	12,416
$ net earnings (loss) per share - basic	**(0.10)**	(0.04)	0.11	**(0.34)**	0.33
$ net earnings (loss) per share - diluted	**(0.10)**	(0.04)	0.11	**(0.33)**	0.33

Net earnings for the first nine months of 2025 were $24.9 million lower than the same period in 2024. The decline was mainly driven by lower commodity prices, one-time debt extinguishment costs related to refinancing, and higher depletion and depreciation, and production expenses tied to increased activity levels. These impacts were partly offset by a gain on the sale of property and an income tax recovery.

Q3 2025 compared to Q2 2025, net loss increased by $2.2 million, primarily reflecting lower oil and gas sales resulting from reduced production volumes and weaker commodity prices, as well as the absence of an unrealized gain on risk management contracts recognized in Q2 2025. These impacts were partially offset by lower royalties, production costs, and depletion and depreciation expenses in Q3 2025.

Funds Flow and Cash Flow From Operations

	Three months ended			Nine months ended	
($ 000s except $ per share)	**September 30, 2025**	June 30, 2025	September 30, 2024	**September 30, 2025**	September 30, 2024
	21,330	23,092	30,066	**72,057**	88,568
Funds flow					
$ per share - basic	**0.59**	0.63	0.81	**1.96**	2.37
$ per share - diluted	**0.58**	0.62	0.81	**1.93**	2.37
Cash flow from operations	**8,344**	29,996	31,531	**67,954**	86,365
$ per share - basic	**0.23**	0.81	0.84	**1.85**	2.32
$ per share - diluted	**0.23**	0.80	0.84	**1.82**	2.31

Funds flow for the first nine months of 2025 decreased by $16.5 million compared to the same period in 2024, primarily due to lower crude oil prices in the second and third quarters of 2025. These decreases were partially offset by a lower current income tax provision.

Cash flow from operating activities decreased by $18.4 million over the same period, primarily due to a reduction in non-cash working capital and lower funds flow. On a quarter-over-quarter basis, cash flow from operating activities declined mainly due to increased decommissioning expenditures and, lower non-cash working capital. The latter largely reflects the semi-annual $7 million interest payment on the subordinated notes made in July 2025, reduced third-party gas processing and the payment of annual property taxes.

Liquidity and Capital Resources

Net Debt to EBITDA

Bonterra continues to focus on reducing overall debt while managing its cash flow and capital expenditures. The Company's net debt to twelve-month trailing EBITDA ratio as of September 30, 2025 was 1.4 (versus 1.2 at December 31, 2024).

The increase in Bonterra's net debt to EBITDA ratio is primarily due to a decrease in EBITDA from lower crude oil prices and an increase in production costs associated with higher production volumes. The net debt to EBITDA ratio is anticipated to improve in subsequent quarters due to the Company's focus on debt reduction from a disciplined capital program and currently having at least 30 percent (net of royalties payable) of Bonterra's forecasted oil and natural gas production hedged over the next nine months.

For more information about net debt to EBITDA, please see Note 10 of the September 30, 2025, condensed financial statements.

Working Capital Deficiency and Net Debt

($ 000s)	**September 30, 2025**	June 30, 2025	December 31, 2024	September 30, 2024
Working capital deficiency	**9,873**	5,111	29,377	30,008
Bank debt	**26,011**	29,614	46,211	41,871
Subordinated debentures	**-**	-	55,872	56,291
Subordinated term debt (long-term portion)	**-**	-	35,750	40,108
Subordinated notes	**131,919**	135,213	-	-
Net debt	**167,803**	169,938	167,210	168,278

Net debt is a combination of bank debt, subordinated notes, subordinated debentures, subordinated term debt and working capital. The Company's Bank Facility has a maturity date of April 30, 2026, and is recorded as a long-term liability at September 30, 2025 and December 31, 2024.

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 43% (net of royalties payable) of its expected crude oil production and 30% (net of royalties payable) of its natural gas production, through the next nine months of 2025.

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 September 30, 2025 condensed financial statements.

Capital Expenditures

($ 000s)	**September 30, 2025**	September 30, 2024
Exploration and Evaluation		
Land and lease	**819**	944
Property, Plant and Equipment		
Operated drilling, completing and equipping costs	**27,793**	55,492
Infrastructure, recompletions and other	**21,821**	20,496
Non-operated capital	**3,151**	1,706
	52,765	77,694
Total capital expenditures	**53,584**	78,638

During the nine months ended September 30, 2025, the Company incurred capital expenditures of $53.6 million (September 30, 2024 – $78.6 million). Of this amount, $30.9 million was allocated to the drilling of fifteen gross (8.4 net) wells, of which twelve gross (5.7 net) wells were completed, equipped, and tied-in. Two of the remaining three gross (2.7 net) wells are expected to be tied-in during the fourth quarter of 2025, with the third anticipated in the first quarter of 2026. An additional $22.7 million was directed toward land and lease acquisitions, infrastructure, recompletions, and the construction of a new battery and water disposal well to support development in the northern area of the Charlie Lake play.

Drilling Statistics

	Three months ended						Nine months ended			
	September 30, 2025		June 30, 2025		September 30, 2024		**September 30, 2025**		September 30, 2024	
	Gross[1]	**Net[2]**	Gross[1]	Net[2]	Gross[1]	Net[2]	**Gross[1]**	**Net[2]**	Gross[1]	Net[2]
Cardium oil horizontal-operated	**-**	**-**	-	-	2	1.9	**2**	**2.0**	15	14.3
Cardium oil horizontal-non-operated	**2**	**0.3**	3	0.4	4	0.6	**7**	**1.0**	4	0.6
Charlie Lake oil horizontal-operated	**3**	**2.7**	-	-	2	1.8	**6**	**5.4**	4	3.6
Total	**5**	**3.0**	3	0.4	8	4.3	**15**	**8.4**	23	18.5
Success rate		**100%**		100%		100%		**100%**		100%

(1) "Gross" wells are the number of wells in which Bonterra has a working interest.
(2) "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 $5.5 million on decommissioning activities during the nine months ended September 30, 2025 (September 30, 2024 - $5.0 million). For 2025, the Company plans to invest approximately $7.5 in decommissioning liabilities, exceeding its $5.2 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 September 30, 2025, the Company has a total Bank Facility of $125.0 million, comprised of a $100.0 million syndicated revolving credit facility and a $25.0 million non-syndicated revolving facility. The amount drawn under the total Bank Facility at September 30, 2025 was $26.0 million (December 31, 2024 - $46.2 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 September 30, 2025, 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 amount available for borrowing under the Bank Facility is reduced by outstanding letters of credit. Letters of credit totaling $2.1 million were issued as at September 30, 2025 (December 31, 2024 - $2.0 million). Security for the Bank Facility consists of various floating demand debentures totaling $750 million (December 31, 2024 - $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, 2024 - $Nil) 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 September 30, 2025, 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 September 30, 2025 condensed financial statements.

Shareholders' Equity

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

Issued and fully paid - common shares	Number	Amount ($ 000s)
Balance, December 31, 2024	37,324,880	783,366
Purchase of common shares in trust	(489,100)	(1,282)
Repurchase of common shares	(737,700)	(2,624)
Balance, September 30, 2025	36,098,080	779,460

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.

A total of 2,753,000 Warrants are outstanding as at September 30, 2025, entitling the holder to purchase one Common Share of Bonterra for each Warrant at a price of $7.75. All outstanding Warrants expired on October 20, 2025.

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.

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 3,658,718 (December 31, 2024 – 3,732,488) 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 warrants and share-based compensation outstanding, see Note 7 of the September 30, 2025, condensed financial statements.

Quarterly Financial Information

	2025			2024			
For the periods ended ($ 000s except $ per share)	**Q3**	Q2	Q1	Q4	Q3	Q2	Q1
Revenue - oil and gas sales	**55,166**	64,185	70,690	69,699	69,204	72,465	68,589
Cash flow from operations	**8,344**	29,996	29,614	28,587	31,531	33,180	21,654
Net earnings (loss)	**(3,554)**	(1,313)	(7,610)	(2,213)	4,258	7,310	848
Per share - basic	**(0.10)**	(0.04)	(0.20)	(0.06)	0.11	0.20	0.02
Per share - diluted	**(0.10)**	(0.04)	(0.20)	(0.06)	0.11	0.20	0.02

	2023			
For the periods ended ($ 000s except $ per share)	Q4	Q3	Q2	Q1
Revenue - oil and gas sales	81,739	84,909	75,606	77,263
Cash flow from operations	44,596	37,715	33,854	24,018
Net earnings	14,973	13,486	8,844	7,640
Per share - basic	0.40	0.36	0.24	0.21
Per share - diluted	0.40	0.36	0.24	0.20

The fluctuations in the Company's revenue and net earnings from quarter-to-quarter are caused by variations in production volumes, realized commodity pricing and the related impact on royalties, production, G&A and finance costs. Q1 2025 net loss is due to a one-time extinguishment of debt costs of $11.6 million.

Contractual Obligations and Commitments

At September 30, 2025, Bonterra's total contractual obligations and commitments were $265.7 million. These include obligations and commitments in place as of December 31, 2024, changes in accrued interest in the period, as well as additional rent and firm service commitments entered into during the nine months ended September 30, 2025. For more information, refer to Note 11 "Commitments and Financial Liabilities" of the September 30, 2025, 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 September 30, 2025 condensed financial statements.

Critical Accounting Estimates

There have been no changes to the Company's critical accounting policies and estimates as of the period ended in the financial statements.

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, 2024, which can be accessed on its website www.bonterraenergy.com or on SEDAR+ at 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, 2024, which can be accessed on its website at www.bonterraenergy.com or on SEDAR+ at 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 to continue funding the NCIB; 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 September 30, 2025 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 nine months ended September 30, 2025.

Use of Non-IFRS Financial Measures

This MD&A contains financial measures and uses the terms "capital expenditures", "funds flow", "net debt", "EBITDA", "net debt to EBITDA", "field netback" and "cash netback" which are not prescribed by IFRS as issued by the International Accounting Standards Board ("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 measure, cash flow from operating activities:

	Three months ended			Nine months ended	
($ 000s except $ per share)	**September 30, 2025**	June 30, 2025	September 30, 2024	**September 30, 2025**	September 30, 2024
Cash flow from operations	**8,344**	29,996	31,531	**67,954**	86,365
Adjusted for					
Changes in non-cash working capital	**6,066**	(4,662)	(2,581)	**678**	(3,191)
Interest expense	**(4,162)**	(4,185)	(4,423)	**(12,605)**	(13,507)
Interest paid	**7,705**	642	3,095	**10,242**	12,179
Decommissioning expenditures	**3,290**	1,249	2,384	**5,517**	4,994
Investment income received	**87**	52	60	**271**	280
Proceeds on sale of investments	**-**	-	-	**-**	1,448
Funds Flow	**21,330**	23,092	30,066	**72,057**	88,568
$ per share - basic	**0.59**	0.63	0.81	**1.96**	2.37

Net Debt

Net debt is a non-IFRS financial measure, calculated as long-term subordinated term debt, subordinated debentures and bank debt plus working capital deficiency (current liabilities less current assets). 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 net debt to the most directly comparable IFRS measures:

($ 000s)	**September 30, 2025**	December 31, 2024
Bank debt	**26,011**	46,211
Subordinated debentures	**-**	55,872
Subordinated term debt (long-term)	**-**	35,750
Subordinated notes	**131,919**	-
Current liabilities[(1)]	**39,889**	61,389
Current Assets	**(30,016)**	(32,012)
Net Debt	**167,803**	167,210

[(1)] Included in current liabilities is $Nil (December 31, 2024 - $19.0 million) of Subordinated Term Debt.

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 measure, net earnings (loss):

($ 000s)	**September 30, 2025**	December 31, 2024
Net earnings (loss)	**(14,690)**	10,203
Adjustments to net earnings (loss):		
Unrealized loss on risk management contracts	**2,060**	1,525
Gain on sale of property	**(4,481)**	-
Deferred consideration	**(988)**	(958)
Finance costs	**23,228**	26,532
Share-based compensation	**2,817**	2,293
Depletion and depreciation	**103,047**	97,137
Extinguishment of debt	**11,597**	-
Current income tax expense (recovery)	**(489)**	5,167
Deferred income tax recovery	**(3,336)**	(1,513)
EBITDA	**118,765**	140,386
Net debt to EBITDA ratio	**1.4**	1.2

Net Debt to EBITDA

Net debt to EBITDA is a non-IFRS ratio. Net debt to EBITDA is calculated as 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.