



Bonterra.

2024

Annual Report



Bonterra Energy Corp.
December 31, 2024

ABOUT BONTERRA

Bonterra Energy Corp. is a conventional oil and gas corporation forging a grounded path forward for Canadian energy. Operations include a large, concentrated land position in Alberta's Pembina Cardium, one of Canada's largest oil plays. Bonterra's liquids-weighted Cardium production provides a foundation for implementing a return of capital strategy over time, which is focused on generating long-term, sustainable growth and value creation for shareholders.

Emerging Charlie Lake and Montney resource plays are expected to provide enhanced optionality and an expanded potential development runway for the future. Our shares are listed on the Toronto Stock Exchange under the symbol "BNE" and we invite stakeholders to follow us on LinkedIn and X (formerly Twitter) for ongoing updates and developments.



TABLE OF CONTENTS

About Bonterra	2
Report to Shareholders	3
Highlight Tables	7
Statistical Review	9
Management's Discussion and Analysis	13
Financial Statements	34
Notes to Financial Statements	42
Corporate Information	IBC

CONTACT INFORMATION

HEAD OFFICE

Suite 901, 1015-4th Street SW
Calgary, AB T2R 1J4
T: (403) 262-5307
F: (403) 265-7488

OFFICERS

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

REPORT TO SHAREHOLDERS

As we look back on the past year, I am proud to share the great progress and important achievements that Bonterra Energy made in 2024. It was a transformative year that saw us strategically reposition the Company for long-term growth and sustainability, while navigating market volatility with discipline and resilience.

Transformative Pivot

In 2024, we executed on our refreshed corporate strategy, thereby reshaping our asset portfolio to better align with our growth objectives. We successfully transitioned from a sole focus on the Cardium to a more diversified approach, integrating high-impact, oil-weighted plays in the Charlie Lake and Montney formations. These additions complement our low-risk, high-netback legacy asset in the Cardium, enhancing our overall asset base and positioning us for sustainable growth.

In March, we closed the Charlie Lake acquisition for \$24.1 million, adding 79 net sections to our existing 37 sections acquired through Crown land sales. This strategic move significantly expanded our drilling inventory, ensuring a longer development runway and enhancing our ability to generate high-margin production. The Charlie Lake acquisition also provides significant development flexibility, enabling us to strategically allocate capital to the most capital efficient projects.

We are particularly pleased with the early-stage drilling results from the Charlie Lake and Montney plays, which exceeded expectations and validated our strategic pivot. The Montney formation, known for its robust economics and prolific resource potential, offers an exciting growth avenue that further diversifies our production base. Our team's operational excellence allowed us to deliver record production volumes in the fourth quarter, contributing to an annual production of 14,846 BOEPD, exceeding our original guidance. This operational success underscores our commitment to disciplined execution and value creation.

Strength and Flexibility

We took significant steps to strengthen our financial position, ensuring the Company is well-capitalized to execute its strategic initiatives. After year-end, we closed \$135 million of Senior Secured Second Lien 10.5% Notes, refinancing two tranches of junior debt. This strategic refinancing fortified our balance sheet, providing enhanced liquidity and financial flexibility supported by five years of committed debt capital. This long-term debt capital structure not only enhances our financial stability but also allows us to pursue strategic opportunities with confidence.

Our strong financial position enables us to pursue strategic acquisitions in our core operating areas, further enhancing our scale, drilling inventory, and cost efficiencies. We remain committed to maintaining a disciplined capital allocation strategy focused on generating free funds flow to facilitate debt reduction and prepare for a return of capital to

shareholders through share buybacks and dividends. Our capital allocation framework is designed to maximize shareholder value while maintaining financial flexibility to adapt to changing market conditions.

2024 Financial and Operating Snapshot

- Production averaged **14,846 BOE per day** during the year, which exceeded the midpoint of our original guidance range of 14,000 BOE per day;
- We efficiently invested **\$101.1 million** of capital in 2024, on guidance and a significant reduction from \$126.5 million in 2023;
- Funds flow¹ totaled **\$118.7 million (\$3.18 per fully diluted share)** in 2024;
- Net earnings totaled **\$10.2 million (\$0.27 per diluted share)** in the year;
- Net debt¹ totaled **\$167.2 million** at year-end 2024, of which \$46,211 is bank debt;
- Production costs of **\$16.54 per BOE** in 2024 were three per cent higher than the \$16.02 per BOE in 2023; and
- The Company **invested \$7.2 million** in decommissioning liabilities for 2024, exceeding its mandatory spend requirements under the Alberta Energy Regulator's Liability Management Program.

Operational Excellence in a Mid-Cycle Crude Oil Pricing Environment

Of the \$101.1 million capital invested this year, \$69.1 million was directed to the drilling of 20 gross (18.9 net) operated wells and completing, equipping, tying-in and placing on production 24 gross (22.7 net) operated wells, of which four gross (3.6 net) were drilled in Q4 of 2023. An additional \$32.0 million was directed primarily to related infrastructure, recompletions and drilling, completing, equipping and tying-in a water disposal well to reduce water handling costs in the Montney area.

WTI prices averaged \$70.27 USD per barrel in Q4 of 2024, reflecting a 10% decline compared to Q4 2023. This decrease was driven by supply and demand volatility influenced by various macroeconomic and geopolitical factors, including global supply growth and OPEC+ signaling its intent to reintroduce supply to the market starting in Q2 of 2025.

Beyond the WTI benchmark, the Company's realized crude oil price is affected by the MSW Stream Index, or Edmonton Par differential. In Q4 2024, the differential averaged (\$2.37) USD per barrel, tightening by \$2.79 USD per barrel from Q4 2023. While the Differential has improved year over year, near-term volatility is expected as the market assesses the potential impact of tariffs on all grades of Canadian crude production.

On the natural gas side, AECO daily spot prices averaged \$1.47 per mcf in Q4 2024, down 36% from Q4 2023. This decline was primarily due to a significant supply-demand imbalance, leading to record storage levels and downward pressure on prices.

Team Strength

None of our achievements would have been possible without our highly skilled and motivated team. Their commitment to operational excellence and strategic execution has been instrumental in driving Bonterra's success. We have strengthened our internal technical team and are well-equipped to capitalize on the significant growth potential offered by our expanded asset base. We continue to bolster our technical capabilities to execute complex drilling programs efficiently and safely.

Our team's depth of experience and industry knowledge is a key competitive advantage, enabling us to navigate operational challenges and optimize production. We are proud of our team's adaptability and resilience, which have been crucial in executing our strategic transformation.

Looking Ahead: 2025 and Beyond

We are excited about the opportunities that lie ahead and are focused on building on the momentum achieved in 2024. Our priorities for 2025 include:

- Executing a successful 6-well capital program in the Charlie Lake, leveraging the early-stage drilling success achieved in 2024 and optimizing completion techniques to maximize productivity and returns;
- Generating significant free funds flow to facilitate debt reduction and setting the stage for initiating a return of capital strategy; and
- Pursuing strategic acquisitions within our core areas to enhance our scale, drilling inventory, and cost synergies.

Bonterra is pleased to reiterate its previously announced 2025 annual guidance with average production between 14,600 and 14,800 BOE per day based on a fully funded 2025 capital expenditure budget between \$65 million to \$75 million.

We are confident that our strategic transformation and strengthened financial position provide a solid foundation for sustainable growth and shareholder value creation. We are excited about the future and are committed to delivering on our strategic goals.

Closing Remarks

Reflecting on a successful 2024, I want to express my sincere gratitude to our shareholders, employees, and partners for their continued trust and support. Our journey of transformation and growth is just beginning, and we are more confident than ever in our ability to navigate market dynamics and create long-term value for our shareholders. We remain focused on disciplined execution, strategic capital allocation, and sustainable growth to enhance shareholder value.

My personal thanks to our Board of Directors for their continued support and guidance and shared commitment to excellence.

Thank you for your continued support and confidence in Bonterra Energy.

Sincerely,

Patrick Oliver
President & Chief Executive Officer



A handwritten signature in blue ink, appearing to read "P. Oliver". The signature is stylized and written in a cursive-like font.

ANNUAL HIGHLIGHTS

FINANCIAL AND OPERATIONAL HIGHLIGHTS

As at and for the year ended (\$000s except \$ per share)	December 31, 2024	December 31, 2023	December 31, 2022	
FINANCIAL				
Revenue - realized oil and gas sales	279,957	319,517	384,197	
Funds flow ⁽¹⁾	118,668	147,305	185,583	
Per share - basic	3.18	3.96	5.16	
Per share - diluted	3.18	3.95	4.98	
Cash flow from operations	114,952	140,183	183,553	
Per share - basic	3.08	3.77	5.10	
Per share - diluted	3.08	3.76	4.92	
Net earnings	10,203	44,943	79,023	
Per share - basic	0.27	1.21	2.20	
Per share - diluted	0.27	1.20	2.12	
Capital expenditures	101,076	126,478	79,769	
Oil and gas property acquisition ⁽²⁾	24,234	-	-	
Total assets	975,043	967,870	919,682	
Net debt ⁽³⁾	167,210	145,440	154,786	
Bank debt	46,211	14,822	17,601	
Shareholders' equity	540,639	528,258	479,839	
OPERATIONS				
Light oil	-bbl per day	6,639	7,209	7,095
	-average price (\$ per bbl)	94.35	97.58	113.93
NGLs	-bbl per day	1,513	1,359	1,141
	-average price (\$ per bbl)	46.97	48.80	66.00
Conventional natural gas	-MCF per day	40,164	33,814	31,023
	-average price (\$ per MCF)	1.68	3.12	5.44
Total barrels of oil equivalent per day (BOE) ⁽⁴⁾		14,846	14,204	13,407

⁽¹⁾ Funds flow, while not recognized under IFRS®, 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.

⁽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.

⁽³⁾ Net debt is not a recognized measure under IFRS. The Company defines net debt as current liabilities less current assets plus long-term bank debt, subordinated debentures and subordinated term debt.

⁽⁴⁾ 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.

QUARTERLY HIGHLIGHTS

2024

As at and for the periods ended (\$ 000s except \$ per share)	Q4	Q3	Q2	Q1
Financial				
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 and 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	-	-	-	24,234
Total assets	975,043	982,256	984,065	984,464
Bank debt	46,211	41,871	41,889	38,688
Net debt	167,210	168,278	172,622	181,400
Shareholders' equity	540,639	542,344	537,498	529,605
Operations				
Light oil (barrels per day)	6,588	6,775	6,571	6,622
Average price (\$ per bbl)	92.11	94.30	102.09	88.96
NGLs (barrels per day)	1,625	1,538	1,418	1,468
Average price (\$ per bbl)	48.97	47.44	45.08	46.08
Conventional natural gas (MCF per day)	44,436	42,039	37,519	36,594
Average price (\$ per MCF)	1.60	0.96	1.64	2.65
Total BOE per day	15,619	15,320	14,242	14,189

STATISTICAL REVIEW

Summary of Gross Oil and Gas Reserves as of December 31, 2024

Reserves Category:	Light & Medium Crude Oil (Mbbbl)	Conventional Natural Gas (MMCF)	Natural Gas Liquids (Mbbbl)	Oil equivalent ⁽⁴⁾ (MBOE)	Future development Capital (000s)
PROVED					
Developed Producing	16,218	88,641	3,394	34,386	-
Developed Non-Producing	2,144	7,254	280	3,633	5,801
Undeveloped	23,076	118,684	4,122	46,978	780,568
TOTAL PROVED	41,438	214,579	7,796	84,997	786,369
PROBABLE	10,286	53,211	1,919	21,073	5,082
TOTAL PROVED PLUS PROBABLE⁽¹⁾⁽²⁾⁽³⁾	51,724	267,790	9,714	106,070	791,451

(1) Reserves have been presented on gross basis which are the Company's total working interest share before the deduction of any royalties and without including any royalty interests of the Company.

(2) Totals may not add due to rounding.

(3) Based on Sproule's December 31, 2024 escalated price deck.

(4) Oil equivalent amounts have been calculated using a conversion rate of six thousand cubic feet of natural gas to one barrel of oil.

Reconciliation of Company Gross Reserves by Principle Product Type as of December 31, 2024⁽¹⁾

	Light & Medium Crude Oil		Conventional Natural Gas ⁽³⁾		Natural Gas Liquids		Total	
	Total Proved (Mbbbl)	Proved + Probable (Mbbbl)	Total Proved (MMCF)	Proved + Probable (MMCF)	Total Proved (Mbbbl)	Proved + Probable (Mbbbl)	Total Proved (MBOE)	Proved + Probable (MBOE)
Opening Balance								
December 31, 2023	42,205	53,155	184,761	231,737	7,142	8,969	80,141	100,747
Extensions & Improved Recovery ⁽²⁾	1,719	2,164	25,077	31,625	685	863	6,584	8,298
Technical Revisions	(1,439)	(2,798)	7,857	4,110	304	153	175	(1,955)
Acquisitions	1,237	1,594	12,458	16,120	249	322	3,563	4,603
Economic Factors	146	35	(873)	(1,103)	(32)	(40)	(32)	(189)
Production	(2,430)	(2,430)	(14,700)	(14,700)	(554)	(554)	(5,434)	(5,434)
Closing Balance,								
December 31, 2024⁽³⁾	41,438	51,724	214,580	267,790	7,796	9,714	84,997	106,070

(1) Gross Reserves means the Company's working interest reserves before calculation of royalties, and before consideration of the Company's royalty interests.

(2) Increases to Extensions & Improved Recovery include infill drilling and are the result of step-out locations drilled by Bonterra and other operators on and near Company-owned lands.

(3) Totals may not add due to rounding.

Summary of Net Present Values of Future Net Revenue as of December 31, 2024

Reserves Category:	Net Present Value Before Income Taxes Discounted at (% per Year)			
	0%	5%	10%	15%
PROVED				
Developed Producing	930,846	707,085	572,134	483,891
Developed Non-Producing	91,930	66,114	50,405	40,096
Undeveloped	995,773	617,634	403,117	273,456
TOTAL PROVED	2,018,549	1,390,833	1,025,656	797,443
PROBABLE	768,399	476,725	336,627	257,341
TOTAL PROVED + PROBABLE ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	2,786,948	1,867,558	1,362,283	1,054,784

(1) Evaluated by Sproule as at December 31, 2024. Net present value of future net revenue does not represent fair value of the reserves.

(2) Net present values equals net present value before income taxes based on Sproule's forecast prices and costs as of December 31, 2024. There is no assurance that the forecast price and cost assumptions will be attained and variances could be material.

(3) Includes abandonment and reclamation costs as defined in NI 51-101.

(4) Totals may not add due to rounding.

Finding, Development & Acquisition (FD&A) and Finding & Development (F&D) Costs

	Proved Reserves Net Additions				Proved + Probable Reserves Net Additions			
	2024	2023	2022	3 Yr Avg ⁽⁴⁾	2024	2023	2022	3 Yr Avg ⁽⁴⁾
FD&A COSTS PER BOE ⁽¹⁾⁽²⁾⁽³⁾⁽⁵⁾								
Including FDC	\$17.33	\$39.08	\$ 24.85	\$25.31	\$18.34	\$34.16	\$23.34	\$23.55
Excluding FDC	\$10.45	\$27.09	\$10.47	\$14.67	\$11.65	\$23.24	\$10.02	\$13.72
F&D COSTS PER BOE ⁽¹⁾⁽²⁾⁽³⁾⁽⁵⁾								
Including FDC	\$18.90	\$39.08	\$24.85	\$26.49	\$20.99	\$34.16	\$23.34	\$25.61
Excluding FDC	\$14.89	\$27.09	\$10.47	\$16.16	\$16.42	\$23.24	\$10.02	\$15.72

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

⁽²⁾ The aggregate of the exploration and development costs incurred in the most recent financial year and the change during that year in estimated future development costs generally will not reflect total finding and development costs related to reserve additions for that year.

⁽³⁾ The calculation of F&D and FD&A costs both includes or excludes, as labelled, the change in FDC required to bring proved undeveloped and developed reserves into production. The F&D or FD&A number is calculated by dividing the identified capital expenditures by applicable reserve additions including extensions, infills. Revisions, acquisitions and disposals, and economic factors, after or before changes in FDC costs (as labelled).

⁽⁴⁾ Three year average is calculated using three year total capital costs and reserve additions on both a TP and TPP reserves on a weighted average basis.

⁽⁵⁾ "FD&A Cost", "F&D Cost", and "Recycled Ratio" do not have standardized meanings and therefore may not be comparable with the calculation of similar measures for other entities. See "Information Regarding Disclosure on Oil and Gas Reserves and Operational information" in the Standout 2024 Reserves Report Highlighted by Increases Across all Reserves Categories news release.

Commodity Prices Used in the Above Calculations of Reserves are as Follows

Year	Edmonton Par Price 40° API (\$Cdn per bbl)	Natural Gas AECO-C Spot (\$Cdn per mmbtu)	NGL Butanes Edmonton (\$Cdn per bbl)	NGL Pentanes Edmonton (\$Cdn per bbl)	Operating Cost Inflation Rate (% per Year)	Exchange Rate (\$US/\$Cdn)
FORECAST ⁽¹⁾⁽²⁾						
2025	94.79	2.36	51.15	33.56	0.0	0.71
2026	97.04	3.33	49.99	32.78	0.7	0.73
2027	97.37	3.48	50.16	32.81	2.0	0.74
2028	99.80	3.69	51.41	33.63	2.0	0.74
2029	101.79	3.76	52.44	34.30	2.0	0.74
2030	103.93	3.83	53.49	34.99	2.0	0.74
2031	105.91	3.91	54.56	35.69	2.0	0.74
2032	108.03	3.99	55.65	36.40	2.0	0.74
2033	110.19	4.07	56.76	37.13	2.0	0.74
2034	112.39	4.15	57.90	37.87	2.0	0.74

⁽¹⁾ Crude oil, natural gas and liquid prices escalate at 2.0 percent thereafter.

⁽²⁾ The forecast of product prices is an average of independent reserve evaluators Sproule, GLJ Petroleum and McDaniel and Associates Consultants Ltd.

Production

	2024		
	OIL & NGLS (Bbl PER DAY)	CONVENTIONAL NATURAL GAS (MCF PER DAY)	TOTAL (BOE PER DAY)
Alberta	8,086	40,016	14,755
Saskatchewan	62	26	66
British Columbia	4	123	25
Total	8,152	40,165	14,846

Land Holdings

	2024		2023	
	Gross Acres	Net Acres	Gross Acres	Net Acres
Alberta	408,928	282,482	354,928	227,663
Saskatchewan	5,842	3,704	5,886	3,677
British Columbia	65,208	28,257	65,913	28,297
Total	479,978	314,443	426,727	259,636

Petroleum and Natural Gas Expenditures

The following table summarized petroleum and natural gas capital expenditures incurred by Bonterra on acquisitions, land, and exploration and development costs for the years ended December 31:

(\$ 000s)	2024	2023
Land	1,190	1,222
Acquisitions	24,234	-
Exploration and development costs	99,886	125,256
Net petroleum and natural gas capital expenditures	125,310	126,478

Drilling History

The following tables summarize Bonterra's gross and net drilling activity and success:

	2024					
	Development		Exploratory		Total	
	Gross	Net	Gross	Net	Gross	Net
Crude oil	23	18.5	-	-	23	18.5
Natural gas	1	1.0	-	-	1	1.0
Total	24	19.5	-	-	24	19.5
Success rate	100%	100%	100.0	100.0	100%	100%

	2023					
	Development		Exploratory		Total	
	Gross	Net	Gross	Net	Gross	Net
Crude oil	52	41.2	-	-	52	41.2
Natural gas	-	-	1	1.0	1	1.0
Total	52	41.2	1	1.0	53	42.2
Success rate	100%	100%	100.0	100.0	100%	100%

YEAR END 2024

Management's Discussion and Analysis & Financial Statements



MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") of the financial position and results of operations of Bonterra Energy Corp. ("Bonterra" or "the Company"), is for the three months and years ended December 31, 2024 and 2023. For a full understanding of the financial position and results of operations of the Company, the MD&A should be read in conjunction with the documents filed on SEDAR+, including historical financial statements, MD&A and the Annual Information Form ("AIF") dated March 13, 2025 for the year ended December 31, 2024. These documents are available 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®).

Bonterra's Board of Directors and Audit Committee have reviewed and approved the financial statements and MD&A. This MD&A is dated March 13, 2025.

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 emerging 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.

ANNUAL COMPARISONS

As at and for the year ended (\$000s except \$ per share)	December 31, 2024	December 31, 2023	December 31, 2022
FINANCIAL			
Revenue - realized oil and gas sales	279,957	319,517	384,197
Funds flow	118,668	147,305	185,583
Per share - basic	3.18	3.96	5.16
Per share - diluted	3.18	3.95	4.98
Cash flow from operations	114,952	140,183	183,553
Per share - basic	3.08	3.77	5.10
Per share - diluted	3.08	3.76	4.92
Net earnings	10,203	44,943	79,023
Per share - basic	0.27	1.21	2.20
Per share - diluted	0.27	1.20	2.12
Capital expenditures	101,076	126,478	79,769
Oil and gas property acquisition ⁽¹⁾	24,234	-	-
Total assets	975,043	967,870	919,682
Net debt	167,210	145,440	154,786
Shareholders' equity	540,639	528,258	479,839
OPERATIONS			
Light oil	-bbl per day	6,639	7,209
	-average price (\$ per bbl)	94.35	97.58
NGLs	-bbl per day	1,513	1,359
	-average price (\$ per bbl)	46.97	48.80
Conventional natural gas	-MCF per day	40,164	33,814
	-average price (\$ per MCF)	1.68	3.12
Total BOE per day		14,846	14,204

⁽¹⁾ 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 have 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.

QUARTERLY COMPARISONS

2024

As at and for the periods ended (\$ 000s except \$ per share)	Q4	Q3	Q2	Q1
Financial				
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 and diluted	0.77	0.84	0.89	0.58
Net earnings (loss)	(2,213)	4,258	7,310	848
Per share - basic and diluted	(0.06)	0.11	0.20	0.02
Capital expenditures	22,438	24,095	21,619	32,924
Oil and gas property acquisition	-	-	-	24,234
Total assets	975,043	982,256	984,065	984,464
Net debt	167,210	168,278	172,622	181,400
Shareholders' equity	540,639	542,344	537,498	529,605
Operations				
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

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.

	Q4-2024	Q3-2024	Q2-2024	Q1-2024	Q4-2023	Q3-2023	Q2-2023	Q1-2023
Crude oil								
WTI (U.S.\$/bbl)	70.27	75.09	80.57	76.96	78.32	82.26	73.78	76.13
WTI to MSW Stream Index								
Differential (U.S.\$/bbl) ⁽¹⁾	(2.37)	(3.31)	(3.62)	(8.64)	(5.16)	(1.83)	(2.96)	(2.86)
Foreign exchange								
U.S.\$ to Cdn\$	1.3991	1.3636	1.3694	1.3488	1.3619	1.3410	1.3431	1.3520
Bonterra average realized								
oil price (Cdn\$/bbl)	92.11	94.30	102.09	88.96	97.01	104.32	93.21	95.71
Natural gas								
AECO (Cdn\$/mcf)	1.47	0.68	1.17	2.48	2.29	2.58	2.44	3.20
Bonterra average realized								
gas price (Cdn\$/mcf)	1.60	0.96	1.64	2.65	2.73	3.06	3.01	3.78

⁽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 \$70.27 USD per barrel in Q4 2024, reflecting a 10 percent decline compared to Q4 2023. This decrease was driven by supply and demand volatility influenced by various macroeconomic and geopolitical factors, including global supply growth and OPEC+ signaling its intent to reintroduce supply to the market starting in Q2 2025.

Beyond the WTI benchmark, the Company's realized crude oil price is affected by the MSW Stream Index, or Edmonton Par differential (the "Differential"). In Q4 2024, the Differential averaged (\$2.37) USD per barrel, tightening by \$2.79 USD per barrel from Q4 2023. While the Differential has improved year over year, near-term volatility is expected as the market assesses the potential impact of tariffs on all grades of Canadian crude production.

AECO daily spot prices averaged \$1.47 per mcf in Q4 2024, down 36 percent from Q4 2023. This decline was primarily due to a significant supply-demand imbalance, leading to record storage levels and downward pressure on prices.

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	2,104	0.06
Realized natural gas price (\$/mcf)	0.10	1,480	0.04
U.S.\$ to Canadian \$ exchange rate	0.01	1,388	0.04

⁽¹⁾ This analysis uses current royalty rates, annualized estimated average production of 14,700 BOE per day and no changes in working capital.

⁽²⁾ Based on annualized basic weighted average shares outstanding of 37,324,880.

Business Overview, Strategy and Key Performance Drivers

In 2024, Bonterra continued its profitable development of high-quality, light oil-weighted assets, achieving significant milestones in production growth and strategic acquisitions. Subsequent to December 31, 2024, the Company completed a financial restructuring to strengthen and simplify its capital structure and support future growth initiatives.

Debt Refinancing and Capital Management

On January 28, 2025, Bonterra closed a private placement offering of \$135 million aggregate principal amount of Senior Secured Second Lien Notes due 2030 (the "Notes"). The Notes were priced at \$981.16 per \$1,000 of principal amount of Notes, will accrue interest at the rate of 10.50% per annum and will have a five-year term, maturing on January 28, 2030. Interest payments of \$7.1 million will be made bi-annually on January 28 and July 28, beginning July 28, 2025. Proceeds were used to fully repay the amount owing under the second lien subordinated term debt, with the remainder of the net proceeds used to repay the amount drawn under the Company's revolving first lien credit facility and to pay related transaction expenses.

On February 26, 2025, Bonterra redeemed its subordinated debentures, at a price of \$1,072.50 per \$1,000.00 principal amount, including accrued interest and a redemption premium.

Strategic Acquisitions and Development

On March 1, 2024, Bonterra closed an acquisition to purchase primarily undeveloped petroleum and natural gas assets in northern Alberta, for cash consideration of \$23.6 million and \$0.3 million in non-core mineral rights, after closing adjustments (the "Charlie Lake Asset Acquisition"). The Charlie Lake Asset Acquisition was funded by the bank facility and resulted in a \$24.2 million increase in property, plant and equipment, and the assumption of \$0.3 million in decommissioning liabilities. The Charlie Lake asset is located northwest of Grand Prairie, Alberta (Bonanza), on a contiguous 118 sections of land with two extensive land blocks of 91 and 100 percent working interest. The Company drilled, completed, tied in and brought on production four gross Charlie Lake wells in 2024 and is pleased with results to date. Initial production from the two most recent wells exceeded gathering infrastructure capacity resulting in area wide production restrictions in Q4 2024. The Company has since been able to resume unrestricted operations as of January of 2025. The two most recent wells achieved 30 day peak rates at a combined 1,558 BOE per day, including approximately 390 barrels per day of light crude oil. Current total production from the Charlie Lake asset is approximately 2,100 BOE per day, including approximately 685 barrels per day of light crude oil. The Charlie Lake Asset Acquisition provides a portfolio of high-quality future drilling locations and reserves, establishing a new core operating area for the Company.

Production Growth and Operational Highlights

Bonterra averaged 14,846 BOE per day of production in 2024, a five percent increase from 14,204 BOE per day in 2023, driven by new wells and a well reactivation program. Production in the fourth quarter of 2024 reached a record 15,619 BOE per day. Bonterra is pleased to reiterate its previously announced 2025 annual guidance with average production between 14,600 and 14,800 BOE per day based on a fully funded 2025 capital expenditure budget between \$65 million to \$75 million.

The Company's first Montney well (the "4-3 well") has been flowing unrestricted since November of 2024 and is currently producing approximately 575 BOE per day, including approximately 125 barrels per day of light crude oil, 2.2 mmcf per day of conventional natural gas and 85 barrels per day of natural gas liquids. To date, the 4-3 well has cumulatively produced approximately 58,350 barrels of light crude oil, 575 mmcf of conventional natural gas and 19,200 barrels of natural gas liquids over a 13 month period, of which the majority of the producing time in the first ten months was restricted.

The Company is very encouraged with the early results of its second Montney well (the "102/4-28 well"), flowing unrestricted at current rates of approximately 915 BOE per day, including approximately 300 barrels per day of light crude oil, 3.0 mmcf per day of conventional natural gas and 105 barrels per day of natural gas liquids. The 102/4-28 well was completed with a different fracture stimulation design than the 4-3 well and was able to avoid lengthy early time production restrictions that the 4-3 well experienced. To date, over

the course of approximately four months, the 102/4-28 well has cumulatively produced 35,800 barrels of light crude oil, 200 mmcf of conventional natural gas and 7,000 barrels of natural gas liquids.

Bonterra's Montney asset is located directly north of Grand Prairie, Alberta (Valhalla), on a contiguous 52 sections of land with 100 percent working interest.

Capital Expenditures and Environmental Stewardship

The Company invested \$101.1 million of capital expenditures in 2024. Of the capital invested, \$69.1 million was directed to the drilling of 20 gross (18.9 net) operated wells and completing, equipping, tying-in and placing on production 24 gross (22.7 net) operated wells, of which four gross (3.6 net) were drilled in Q4 2023. An additional \$32.0 million was directed primarily to related infrastructure, recompletions and drilling, completing, equipping and tying-in a water disposal well to reduce water handling costs in the Montney area.

Bonterra will continue to prioritize responsible environmental initiatives, including a targeted abandonment and reclamation program. During 2024, the Company abandoned 28.6 net wells, 10.4 net facilities, and 31.6 net pipelines (covering a total length of 40.4 kilometers of pipeline), decommissioned 215.8 net well sites in preparation for future reclamation, and completed the initial reclamation on 16.0 net sites. The Company invested \$7.2 million in decommissioning liabilities for 2024, exceeding its mandatory spend requirements under 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 35% and 40% (net of royalties payable) of its expected crude oil production and natural gas production, respectively, through the next nine months of 2025. The Company has locked in WTI prices between \$60.00 USD and \$86.35 USD per barrel for 1,995 barrels per day, and natural gas prices between \$1.75 and \$3.30 per GJ for 17,456 GJ per day.

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			Year ended	
	December 31, 2024	September 30, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Crude oil (barrels per day)	6,588	6,775	7,306	6,639	7,209
NGLs (barrels per day)	1,625	1,538	1,619	1,513	1,359
Conventional natural gas (MCF per day)	44,436	42,039	37,214	40,164	33,814
Average BOE per day	15,619	15,320	15,218	14,846	14,204

The Company's production in 2024 averaged 14,846 BOE per day, reflecting a five percent increase compared to the 2023 average of 14,204 BOE per day, or an additional 642 BOE per day. This growth was primarily driven by the success of Bonterra's 2024 capital and well reactivation program, which contributed significantly to the higher production levels. However, the increase was partially offset by approximately 375 BOE per day of shut-in volumes, largely due to planned major gas plant turnarounds, which are required every five years, and the new Charlie Lake wells surpassing expectations, which led to Q4 2024 capacity constraints in the current gathering infrastructure. The Company has since resumed unrestricted operations in the area as of January 2025.

Cash Netback

\$ per BOE	Three months ended			Year ended	
	December 31, 2024	September 30, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Production volumes (BOE)	1,436,969	1,409,407	1,391,754	5,433,622	5,184,455
Gross production revenue	48.50	49.10	58.73	51.52	61.63
Realized gain on risk management contracts	1.13	0.85	0.02	0.66	0.35
Royalties	(6.62)	(7.66)	(9.53)	(7.30)	(8.95)
Production costs	(16.07)	(16.04)	(13.37)	(16.54)	(16.02)
Field netback	26.94	26.25	35.85	28.34	37.01
General and administrative	(3.62)	(1.72)	(3.72)	(2.65)	(2.79)
Disposal of investments	-	-	-	0.27	-
Interest and other	(2.91)	(3.06)	(3.09)	(3.17)	(3.65)
Current income tax	0.54	(0.14)	0.02	(0.95)	(2.15)
Cash netback	20.95	21.33	29.06	21.84	28.42

In 2024, field and cash netbacks decreased on a BOE basis compared to 2023, primarily due to lower realized natural gas prices. This was partially offset by reduced royalties and current income tax costs.

Oil and Gas Sales

Revenue - oil and gas sales (\$ 000s)	Three months ended			Year ended	
	December 31, 2024	September 30, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Light oil	55,826	58,774	65,209	229,249	256,745
NGL	7,323	6,714	7,168	26,011	24,212
Conventional natural gas	6,550	3,716	9,362	24,697	38,560
	69,699	69,204	81,739	279,957	319,517
Average realized prices:					
Light oil (\$ per barrel)	92.11	94.30	97.01	94.35	97.58
NGL (\$ per barrel)	48.97	47.44	48.12	46.97	48.80
Conventional natural gas (\$ per MCF)	1.60	0.96	2.73	1.68	3.12
Average (\$ per BOE)	48.50	49.10	58.73	51.52	61.63
Average BOE per day	15,619	15,320	15,128	14,846	14,204

Revenue from oil and gas sales in 2024 decreased by \$39.6 million, or 12 percent, as compared to 2023. This decrease was primarily driven by a 16 percent reduction in Bonterra's average realized commodity prices caused primarily by a 46 percent decrease in realized gas prices, which was partially offset by a five percent increase in production over the same period.

Bonterra's product split on a revenue basis was weighted approximately 91 percent to crude oil and NGLs during 2024.

Royalties

(\$ 000s)	Three months ended			Year ended	
	December 31, 2024	September 30, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Crown royalties	6,727	7,631	9,448	27,633	32,953
Freehold, gross overriding and other royalties	2,784	3,163	3,812	12,009	13,451
Total royalties	9,511	10,794	13,260	39,642	46,404
Crown royalties - percentage of revenue	9.7	11.0	11.6	9.9	10.3
Freehold, gross overriding and other royalties - percentage of revenue	4.0	4.6	4.7	4.3	4.2
Royalties - percentage of revenue	13.7	15.6	16.3	14.2	14.5
Royalties \$ per BOE	6.62	7.66	9.53	7.30	8.95

Royalties paid by the Company consist of both Crown royalties to the Provinces of Alberta, Saskatchewan and British Columbia and other royalties. Total royalties in 2024 decreased by \$1.65 per BOE as compared to the prior year primarily due to a decrease in commodity prices.

Production Costs

(\$ 000s except \$ per BOE)	Three months ended			Year ended	
	December 31, 2024	September 30, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Production costs	23,089	22,611	18,603	89,881	83,064
\$ per BOE	16.07	16.04	13.37	16.54	16.02

Production costs for 2024 increased on a BOE basis as compared to 2023 primarily due to start up activities and early stage third party infrastructure arrangements in the Charlie Lake and Montney plays and a more active year over year well reactivation program. This was partially offset by a 52 percent decrease in power rates in 2024 compared to 2023.

Other Income

(\$ 000s)	Three months ended			Year ended	
	December 31, 2024	September 30, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Investment income	46	60	120	326	440
Administrative income	75	49	120	252	321
Gain on sale of property	25	-	-	178	17
Government grant in-kind	-	-	-	-	782
Deferred consideration	276	223	274	958	1,009
Realized gain on risk management contracts	1,626	1,203	28	3,569	1,801
Unrealized gain (loss) on risk management contracts	(2,707)	2,101	4,617	(1,525)	1,559
	(659)	3,636	5,159	3,758	5,929

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.

During the first quarter of 2024, Bonterra disposed of all of its investments in marketable securities. The dispositions resulted in a gain net of tax of \$271,000 and were recorded as an equity transfer between accumulated other comprehensive income and retained earnings.

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

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 January 1, 2025 to September 30, 2025 and are for a total of 544,750 barrels of light crude oil (approximately 1,995 barrels of oil per day) at fixed WTI prices ranging from \$60.00 USD to \$86.35 USD per barrel and 9,973 GJ per day of natural gas at fixed prices between \$1.75 and \$3.30. 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			Year ended	
	December 31, 2024	September 30, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Employee compensation	3,873	1,795	3,937	9,111	9,212
Office and administrative	1,334	623	1,234	5,262	5,245
Total G&A	5,207	2,418	5,171	14,373	14,457
\$ per BOE	3.62	1.72	3.72	2.65	2.79

Employee compensation expense in 2024 is comparable to the same period in 2023. Quarter-over-quarter increased due to a bonus accrual.

Office and administrative expense in Q4 of 2024 increased as compared Q3 of 2024 primarily due to the second lien subordinated term loan annual fee in the fourth quarter of 2024.

Finance Costs

(\$ 000s except \$ per BOE)	Three months ended			Year ended	
	December 31, 2024	September 30, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Interest on bank debt	1,153	1,026	641	3,970	3,359
Subordinated debentures	1,327	1,328	1,327	5,310	5,310
Subordinated term debt	1,834	2,069	2,596	8,541	11,046
Interest expense	4,314	4,423	4,564	17,821	19,715
\$ per BOE	3.00	3.14	3.28	3.28	3.80
Accretion of decommissioning liabilities	953	940	943	3,692	3,770
Accretion on subordinated debentures	909	821	790	3,287	2,816
Accretion on subordinated term debt	392	424	496	1,732	2,136
Total finance costs	6,568	6,608	6,793	26,532	28,437

Interest on bank debt was higher in 2024 as compared 2023 due to an increase in bank debt from the Charlie Lake Asset Acquisition that occurred towards the end of the first quarter, which was partially offset by decreases in interest rates.

Interest on the second lien Subordinated Term Debt was lower due to the \$4.75 million amortization payments per quarter and a decrease in the Canadian Prime rate. On January 28, 2025, the Subordinated Term Debt was repaid.

Subordinated Debentures are unsecured and were determined to be a compound instrument with a debt and equity component. The fair value of the \$59 million debt component was reduced by the residual value from the issuance of 3,304,000 warrants and issue costs. The debentures have a fixed interest rate of nine percent, payable semi-annually. Based on the calculated fair value of the subordinated debentures as at December 31, 2024, the effective interest rate was determined to be 15.6 percent using the effective interest rate method. The value of the subordinated debentures will accrete up to the principal balance at maturity. On February 26, 2025, the Subordinated Debentures were repaid. For more information on Subordinated Debentures, refer to Note 9 and Note 19 of the December 31, 2024, audited annual financial statements.

A one percent increase (decrease) in the Canadian prime rate would decrease (increase) both annual net earnings and comprehensive income by approximately \$685,000. For more information on bank debt and subordinated term debt, see the Liquidity and Capital Resources section herein.

Share-Option Compensation

(\$ 000s)	Three months ended			Year ended	
	December 31, 2024	September 30, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Share-option compensation	508	588	946	2,293	3,228

Share-option compensation is a statistically calculated value representing the estimated expense of issuing employee stock options. The Company records a compensation expense over the vesting period based on the fair value of options granted to directors, officers, and employees.

Based on the outstanding options as of December 31, 2024, the Company has an unamortized expense of \$1.2 million, of which; \$1.0 million in 2025 and \$0.2 million thereafter. For more information about options issued and outstanding, refer to Note 13 of the December 31, 2024, audited annual financial statements.

Depletion and Depreciation, Exploration and Evaluation (“E&E”) and Impairment

(\$ 000s)	Three months ended			Year ended	
	December 31, 2024	September 30, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Depletion and depreciation	26,826	24,124	24,071	97,137	90,479

The provision for depletion and depreciation (“D&D”) increased due to an increase in production from the same period in 2023. There were no indicators of impairment identified for each of the periods ended.

Taxes

The Company recorded a total income tax expense of \$3.7 million in 2024 (2023 – \$14.4 million). The decrease in income tax expense as compared to 2023 is due to reduced earnings before income taxes. Included in the 2024 current income tax provision of \$5.2 million, is \$1.8 million payable to the province of Alberta and \$3.4 million to the Federal government. For additional information regarding income taxes, see Note 12 of the December 31, 2024, audited annual financial statements.

Net Earnings

(\$ 000s except \$ per share)	Three months ended			Year ended	
	December 31, 2024	September 30, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Net earnings (loss)	(2,213)	4,258	14,973	10,203	44,943
\$ net earnings per share - basic	(0.06)	0.11	0.40	0.27	1.21
\$ net earnings per share - diluted	(0.06)	0.11	0.40	0.27	1.20

Net earnings for 2024 decreased by \$34.7 million as compared to 2023. The decrease in net earnings was primarily attributed to lower realized natural gas prices and an increase in production costs and depletion due to increased production volumes. This was partially offset by a decrease in royalties and the tax provision.

Net earnings for Q4 2024 decreased \$17.2 million compared to Q4 2023. The decrease in net earnings was primarily due to lower commodity prices and an increase in production costs as the Company reduced its well reactivation program in Q4 2023.

Other Comprehensive Income

Other comprehensive income for 2024 consists of an unrealized loss before tax on investments of \$186,000 relating to a decrease in the investments' fair value (December 31, 2023 – \$394,000 gain). Other comprehensive income also consisted of a realized gain of \$271,000 net of tax from the divestment of all the investments held by the Company. The realized gain resulted in transferring the remaining accumulated other comprehensive income to retained earnings.

Funds Flow and Cash Flow From Operations

(\$ 000s except \$ per share)	December 31,	Three months ended		Year ended	
	2024	September 30, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Funds flow	30,100	30,066	40,442	118,668	147,305
\$ per share - basic	0.81	0.81	1.09	3.18	3.96
\$ per share - diluted	0.81	0.81	1.08	3.18	3.95
Cash flow from operations	28,587	31,531	44,596	114,952	140,183
\$ per share - basic	0.77	0.84	1.20	3.08	3.77
\$ per share - diluted	0.77	0.84	1.19	3.08	3.76

In 2024, the Company experienced a \$28.6 million decrease in funds flow compared to 2023, primarily driven by lower realized natural gas prices and higher production costs. These challenges were partially offset by reduced royalties and current income taxes, which helped mitigate some of the financial impact.

Similarly, cash flow from operating activities decreased by \$25.2 million, which was \$2.6 million less than the decline in funds flow. This smaller reduction was due to an increase in non-cash working capital, which cushioned the impact, alongside a decrease in decommissioning expenditures settled.

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 December 31, 2024 was 1.2 (versus 0.8 at December 31, 2023).

The increase in Bonterra's net debt to EBITDA ratio is primarily due to an increase in net debt from the Charlie Lake Asset Acquisition and a decrease in EBITDA from lower commodity prices, in particular natural gas prices. The net debt to EBITDA ratio is anticipated to improve in subsequent quarters due to the Company's focus on debt reduction from a reduced capital program paired with increased production and future cash flow protection from 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 17 of the December 31, 2024 audited annual financial statements.

Working Capital Deficiency and Net Debt

(\$ 000s)	December 31, 2024	December 31, 2023
Working capital deficiency	29,377	25,015
Bank debt	46,211	14,822
Subordinated debentures	55,872	52,585
Subordinated term debt (long-term portion)	35,750	53,018
Net debt	167,210	145,440

Net debt is a combination of bank debt, 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 December 31, 2024 and December 31, 2023.

The Company's subordinated debentures are classified as non-current liabilities as of December 31, 2024. This classification is supported by the sufficient availability under the Company's Bank Facility, which provides the ability to refinance or defer repayment beyond the next financial year, ensuring that the debentures do not require settlement within that period. Included in working capital deficiency is \$19.0 million of principal payments due in the next 12 months on the subordinated term debt loan. Bonterra actively monitors its credit availability and working capital to ensure that it has sufficient available funds to meet its financial requirements as they come due. Any of these events present risks that could affect Bonterra's ability to fund ongoing operations. If required, Bonterra will also consider short-term or long-term financing alternatives to meet its future liabilities. The subordinated debentures and the subordinated term debt loans were both repaid in the first quarter of 2025.

Net debt at December 31, 2024 increased by \$21.8 million as compared to December 31, 2023, primarily due to the \$23.6 million cash consideration for the Charlie Lake Asset Acquisition and a decrease in commodity prices. The Company intends to continue its focus on net debt reduction.

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 30 percent of its estimated oil and natural gas production (net of royalties payable) for the next nine months.

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 17 of the December 31, 2024 annual audited financial statements.

Capital Expenditures and Acquisition

(\$ 000s)	December 31, 2024	December 31, 2023
Exploration and Evaluation		
Land and lease	1,190	1,221
Property, Plant and Equipment		
Operated drilling, completing and equipping costs	69,062	91,578
Infrastructure, recompletions and other	29,118	26,131
Non-operated capital	1,706	7,548
	99,886	125,257
Total capital expenditures	101,076	126,478

During 2024, the Company incurred capital expenditures of \$101.1 million (December 31, 2023 - \$126.5 million). Of the total capital invested, \$69.1 million was directed to the drilling of 20 gross (18.9 net) operated wells and the completion, equip and tie-in of 24 gross (22.7 net) operated wells, of which four gross (3.6 net) of those wells were drilled in Q4 of 2023. An additional \$32.0 million was spent primarily on related land and lease, infrastructure, recompletions and drilling a water disposal well.

On March 1, 2024, Bonterra closed an acquisition to purchase largely undeveloped petroleum and natural gas assets in northern Alberta, for cash consideration of \$23.6 million and \$0.3 million in non-core land and leases, after closing adjustments. The Charlie Lake Asset Acquisition has been accounted for as an asset acquisition, which resulted in a \$24.2 million increase in PP&E and the assumption of \$0.3 million in decommissioning liabilities. Of the 19 operated wells drilled, four (3.6 net) were in the Charlie Lake area for an average gross cost of \$2.4 million per well.

Drilling Statistics

	Three months ended						Year ended			
	December 31, 2024		September 30, 2024		December 31, 2023		December 31, 2024		December 31, 2023	
	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	1.8	15	14.3	40	38.2
Cardium oil horizontal-non-operated	-	-	4	0.6	5	1.0	4	0.6	11	2.0
Charlie Lake oil horizontal-operated	-	-	2	1.8	-	-	4	3.6	-	-
Montney gas horizontal-operated	1	1.0	-	-	1	1.0	1	1.0	1	1.0
Total	1	1.0	8	4.3	8	3.8	24	19.5	52	41.2
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 \$7.2 million on decommissioning activities during the year ended December 31, 2024 (December 31, 2023 - \$9.1 million). For 2025, the Company plans to invest approximately \$8.0 in decommissioning liabilities, exceeding its \$5.2 million mandatory spend requirements under the Alberta Energy Regulator's Liability Management Program.

Bank Debt and Subordinated Term Debt

Bank debt represents the outstanding amounts drawn on the Company's Bank Facility. As at December 31, 2024, the Company has a total Bank Facility of \$110.0 million, comprised of a \$85.0 million syndicated revolving credit facility and a \$25.0 million non-syndicated revolving facility. The amount drawn under the total Bank Facility at December 31, 2024 was \$46.2 million (December 31, 2023 - \$14.8 million).

The amounts borrowed under the total Bank Facility bear interest at a floating rate based on the applicable Canadian prime rate or Banker's Acceptance rate, plus between 2.00 percent and 7.00 percent, depending on the type of borrowing and the Company's consolidated debt to EBITDA ratio. As at December 31, 2024, the terms of the total revolving Bank Facility provided that the loan facility was revolving to April 30, 2025, with a maturity date of April 30, 2026, with no set terms of repayment on the credit facility.

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 December 31, 2024 (December 31, 2023 - \$2.1 million). Security for the Bank Facility consists of various floating demand debentures totaling \$750 million (December 31, 2023 - \$750 million) over all of the Company's assets and a general security agreement with first ranking over all personal and real property.

Subordinated Term Debt represents a four-year second lien, non-revolving subordinated term debt facility. The amounts borrowed under the Subordinated Term Debt bear interest at a fixed rate of 11.70 percent to be applied to 25 percent of the term facility principle and a floating interest rate of Canadian Prime Rate plus 6.25 percent on the remaining 75 percent of the principal amount. The Company is required to make mandatory principal repayments equal to \$4.75 million, payable on the last banking day of February, May, August and November of each calendar year, commencing on February 28, 2023. The term debt has a maturity date of November 30, 2026, on which the remaining outstanding principal balance is to be paid.

The amount drawn under the Subordinated Term Debt at December 31, 2024 was \$57.0 million (December 31, 2023 - \$76.0 million). Based on the calculated fair value of the debt as at December 31, 2024, the effective interest rate was determined to be 15.1 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.

Security for the Subordinated Term Debt consists of various floating demand debentures totaling \$150 million (December 31, 2023 - \$150 million) over all of the Company's assets and a general security agreement with second ranking over all personal and real property.

On January 28, 2025, the Subordinated Term Debt was repaid. For more information on the subordinated debt restructuring, please see Note 19, of the December 31, 2024 audited annual financial statements.

Financial Covenants

The Company is subject to certain financial covenants under its Bank Facility and Subordinated Term Debt facility as follows:

- Consolidated debt to trailing twelve months EBITDA ratio shall not exceed 2.50:1.00; and
- Asset coverage ratio of not less than 1.50:1.

Asset coverage ratio is defined as the proved developed producing reserves of the Company (before income tax; discounted at 10 percent), as evaluated by an independent third-party engineering report as at December 31, 2023 and evaluated on strip commodity pricing, divided by the consolidated debt of the Company. The ratio is calculated and revaluated for strip pricing on June 30 and December 31 period ends.

As at December 31, 2024, Bonterra was in compliance with all financial covenants on its first and second lien facilities. For more information about Bank Debt and Subordinated Term Debt, please see Note 8 and 10, respectively, of the December 31, 2024 audited annual financial statements.

Shareholders' Equity

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

	December 31, 2024		December 31, 2023	
	Number	Amount (\$ 000s)	Number	Amount (\$ 000s)
Issued and fully paid - common shares				
Balance, beginning of year	37,253,252	783,185	36,912,892	781,679
Issued pursuant to the Company's share option plan	71,628	50	340,360	596
Transfer from contributed surplus to share capital		131		910
Balance, end of year	37,324,880	783,366	37,253,252	783,185

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 December 31, 2024, entitling the holder to purchase one Common Share of Bonterra for each Warrant at a price of \$7.75, until October 20, 2025.

The Company provides a stock option plan for its directors, officers and employees. Under the plan, the Company may grant options for up to 3,732,488 (December 31, 2023 – 3,725,325) 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 options outstanding, see Note 13 of the December 31, 2024, audited annual financial statements.

Quarterly Financial Information

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

For the periods ended (\$ 000s except \$ per share)	2023			
	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.

Contractual Obligations and Commitments

At December 31, 2024, the Company has the following contractual obligations and commitments:

(\$ 000s)	Less than 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Total
Accounts payable and accrued liabilities	36,371	-	-	-	36,371
Bank debt	-	46,211	-	-	46,211
Subordinated debentures ⁽¹⁾	59,000	-	-	-	59,000
Subordinated term debt ⁽¹⁾	19,000	38,000	-	-	57,000
Future interest	9,921	3,231	-	-	13,152
Firm service commitments	1,824	2,866	1,601	149	6,440
Office lease commitments	518	475	-	-	993
Total	126,634	90,783	1,601	149	219,167

⁽¹⁾Principal amount.

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 17 of the December 31, 2024 audited annual 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 for comprehensive and general liability as well as limited pollution liability. 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 gasses ("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; return of capital strategy; 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.

Disclosure Controls and Procedures

Disclosure controls and procedures (“DC&P”), as defined in National Instrument 52-109 Certification of Disclosure in Issuers’ Annual and Interim Filings, are designed to provide reasonable assurance that information required to be disclosed in the Company’s annual filings, interim filings or other reports filed, or submitted by the Company under securities legislation is recorded, processed, summarized and reported within the time periods specified under securities legislation and include controls and procedures designed to ensure that information required to be disclosed is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. The Chief Executive Officer and Chief Financial Officer of Bonterra evaluated the effectiveness of the design and operation of the Company’s DC&P. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that Bonterra’s DC&P were effective at December 31, 2024.

Internal Controls Over Financial Reporting

Internal control over financial reporting (“ICFR”), as defined in National Instrument 52-109, includes those policies and procedures that:

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of Bonterra;
2. Are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of Bonterra are being made in accordance with authorizations of management and Directors of Bonterra; and
3. Are designed to provide reasonable assurance regarding prevention or timely detection of authorized acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

The CEO and CFO have designed, or caused to be designed under their supervision, ICFR as defined in National Instrument 52-109 of the Canadian Securities Administrators, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The control framework the Company used to design its ICFR was in accordance with the Committee of Sponsoring Organizations of the Treadway Commission (COSO 2013).

The Company’s CEO and CFO have evaluated, or caused to be evaluated under their supervision, the effectiveness of the Company’s internal controls over financial reporting at the financial period end of the Company and concluded that such internal controls over financial reporting are effective as of December 31, 2024.

It should be noted that while Bonterra’s CEO and CFO believe that the Company’s internal controls and procedures provide a reasonable level of assurance and are effective, they do not expect that these controls will prevent all errors and fraud.

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:

(\$ 000s except \$ per share)	Three months ended			Year ended	
	December 31, 2024	September 30, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Cash flow from operations	28,587	31,531	44,596	114,952	140,183
Adjusted for					
Changes in non-cash working capital	(2,106)	(2,581)	(8,143)	(5,297)	(1,609)
Interest expense	(4,314)	(4,423)	(4,564)	(17,821)	(19,715)
Interest paid	5,642	3,095	5,891	17,821	19,715
Decommissioning expenditures	2,245	2,384	2,542	7,239	8,291
Investment income received	46	60	120	326	440
Proceeds on sale of investments	-	-	-	1,448	-
Funds Flow	30,100	30,066	40,442	118,668	147,305
\$ per share - basic	0.81	0.81	1.09	3.18	3.96

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)	As at December 31, 2024	As at December 31, 2023
Bank debt	46,211	14,822
Subordinated debentures	55,872	52,585
Subordinated term debt (long-term)	35,750	53,018
Current liabilities ⁽¹⁾	61,389	62,175
Current Assets	(32,012)	(37,160)
Net Debt	167,210	145,440

⁽¹⁾Included in current liabilities is \$19.0 million (December 31, 2023 - \$19.0 million) of Subordinated Term Debt due in the next twelve months.

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-option compensation, gain or loss on sale of assets, impairment or impairment reversal 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 EBITDA to the most directly comparable IFRS measure, net earnings (loss):

(\$ 000s)	Twelve months ended	
	December 31, 2024	December 31, 2023
Net earnings	10,203	44,943
Adjustments to net earnings:		
Unrealized gain on risk management contracts	1,525	(1,559)
Deferred consideration	(958)	(1,009)
Finance costs	26,532	28,437
Share-option compensation	2,293	3,228
Depletion and depreciation	97,137	90,479
Impairment (reversal of impairment)	-	-
Current income tax expense	5,167	11,134
Deferred income tax expense	(1,513)	3,300
EBITDA	140,386	178,953
Net debt to EBITDA ratio	1.2	0.8

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.

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.

Deloitte LLP has been appointed by the Shareholders to serve as the Company's external auditors. They have examined the financial statements and provided their auditor's report. The audit committee has reviewed these financial statements with management and the auditors, and has reported to the Board of Directors. The Board of Directors has approved the financial statements as presented in this annual report.

"Signed Patrick G. Oliver"

Patrick G. Oliver
Chief Executive Officer
March 13, 2025

"Signed Scott A. Johnston"

Scott A. Johnston
Chief Financial Officer
March 13, 2025

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Bonterra Energy Corp.

Opinion

We have audited the financial statements of Bonterra Energy Corp. (the "Company"), which comprise the statements of financial position as at December 31, 2024 and 2023, and the statements comprehensive income, cash flow and changes in equity for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Property, Plant and Equipment - Oil and gas properties - Refer to Notes 4 and 6 to the financial statements

Key Audit Matter Description

The Company's property, plant and equipment includes oil and gas properties. Oil and gas properties are measured by depleting the assets on a unit-of-production basis ("depletion") and are evaluated for impairment and impairment reversal using the future net cash flows of the underlying proved plus probable crude oil and natural gas reserves. The Company engages an independent reserve evaluator to estimate crude oil and natural gas reserves using estimates, assumptions and engineering data. The development of the Company's reserves and the related future net cash flows used to evaluate any impairment or impairment reversal requires management to make significant estimates and assumptions related to crude oil and natural gas prices, discount rates, reserves, and future costs.

Given the significant judgments made by management related to future crude oil and natural gas prices, discount rates, reserves, and future operating and development costs, these estimates and assumptions are subject to a high degree of estimation uncertainty. Auditing these estimates and assumptions required auditor judgement in applying audit procedures and in evaluating the results of those procedures. This resulted in an increased extent of audit effort.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to future crude oil and natural gas prices, discount rates, reserves, and future operating and development costs used to measure oil and gas properties included the following, among others:

- Evaluated future crude oil and natural gas prices by independently developing a reasonable range of forecasts based on reputable third-party forecasts and market data and comparing those to the future crude oil and natural gas prices selected by management.
- Evaluated the reasonableness of the discount rates by testing the source information underlying the determination of the discount rates and developing a range of independent estimates and comparing those to the discount rates selected by management.
- Evaluated the Company's independent reserve evaluator by examining reports and assessed their

scope of work and findings; and assessing the competence, capability and objectivity by evaluating their relevant professional qualifications and experience.

- Evaluated the reasonableness of reserves by testing the source financial information underlying the reserves and comparing the reserve volumes to historical production volumes.
- Evaluated the reasonableness of future operating and development costs by testing the source financial information underlying the estimate, comparing future operating and development costs to historical results, and evaluating whether they are consistent with evidence obtained in other areas of the audit.
- Performed a retrospective review to evaluate management's ability to accurately forecast and to assess for indications of estimation bias over time.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Christopher Gill.

"Signed Deloitte LLP"
Chartered Professional Accountants
Calgary, Alberta
March 13, 2025

STATEMENT OF FINANCIAL POSITION

As at (\$ 000s)	Note	December 31, 2024	December 31, 2023
Assets			
Current			
Accounts receivable		25,778	25,364
Crude oil inventory		885	893
Prepaid expenses		4,517	6,912
Risk management contracts	17	832	2,357
Investments		-	1,634
		32,012	37,160
Exploration and evaluation assets	5	6,787	5,785
Property, plant and equipment	6	936,244	924,925
		975,043	967,870
Liabilities			
Current			
Accounts payable and accrued liabilities	7	36,371	37,226
Subordinated term debt	10	19,000	19,000
Decommissioning liabilities	11	5,161	5,040
Deferred consideration		857	909
		61,389	62,175
Bank debt	8	46,211	14,822
Subordinated debentures	9, 19	55,872	52,585
Subordinated term debt	10, 19	35,750	53,018
Deferred consideration		7,265	8,170
Decommissioning liabilities	11	98,677	118,068
Deferred tax liability	12	129,240	130,774
		434,404	439,612
Shareholders' equity			
Share capital	13	783,366	783,185
Contributed surplus		36,185	34,023
Warrants	13	6,053	6,053
Accumulated other comprehensive income		-	436
Deficit		(284,965)	(295,439)
		540,639	528,258
		975,043	967,870

Subsequent events 17, 19

Commitments and contingencies 18

See accompanying notes to these financial statements.

On behalf of the Board:

“Signed Patrick G. Oliver”

Patrick G. Oliver
Director

“Signed Stacey E. McDonald”

Stacey E. McDonald
Director

STATEMENT OF COMPREHENSIVE INCOME

For the years ended December 31

(\$ 000s, except \$ per share)	Note	2024	2023
Revenue			
Oil and gas sales, net of royalties	14	240,315	273,113
Other income		756	1,560
Deferred consideration		958	1,009
Gain on risk management contracts	17	2,044	3,360
		244,073	279,042
Expenses			
Production		89,881	83,064
Office and administration		5,262	5,245
Employee compensation		9,111	9,212
Finance costs	16	26,532	28,437
Share-option compensation		2,293	3,228
Depletion and depreciation	6	97,137	90,479
		230,216	219,665
Earnings before income taxes		13,857	59,377
Taxes			
Current income tax expense	12	5,167	11,134
Deferred income tax expense (recovery)	12	(1,513)	3,300
		3,654	14,434
Net earnings for the year		10,203	44,943
Other comprehensive loss			
Unrealized loss on investments		(186)	(394)
Deferred taxes on unrealized loss on investments		21	46
Realized gains on available for sale investments transferred to net earnings		(306)	-
Deferred taxes on realized gains on available for sale investments transferred to net earnings		35	-
Other comprehensive loss for the year		(436)	(348)
Total comprehensive income for the year		9,767	44,595
Net earnings per share - basic	13	0.27	1.21
Net earnings per share - diluted	13	0.27	1.20
Comprehensive income per share - basic	13	0.26	1.20
Comprehensive income per share - diluted	13	0.26	1.19

See accompanying notes to these financial statements.

STATEMENT OF CASH FLOW

For the years ended December 31

(\$ 000s)	Note	2024	2023
Operating activities			
Net earnings		10,203	44,943
Items not affecting cash			
Deferred income tax recovery		(1,513)	3,300
Share-option compensation		2,293	3,228
Investment income		(326)	(440)
Finance costs		26,532	28,437
Unrealized (gain) loss on risk management contracts	17	1,525	(1,559)
Deferred consideration		(958)	(1,009)
Depletion and depreciation	6	97,137	90,479
Gain on sale of property		(178)	(17)
Government grant in-kind		-	(782)
Decommissioning expenditures		(7,239)	(8,291)
Interest paid	16	(17,821)	(19,715)
Changes in non-cash working capital accounts	16	5,297	1,609
Cash provided by operating activities		114,952	140,183
Financing activities			
Increase (decrease) of bank debt	8	31,389	(2,779)
Subordinated term debt	10	(19,000)	(20,193)
Stock option proceeds		50	596
Cash provided by (used in) financing activities		12,439	(22,376)
Investing activities			
Investment income received		326	440
Exploration and evaluation expenditures		(1,190)	(1,222)
Property, plant and equipment expenditures	6	(99,886)	(125,256)
Oil and gas property acquisition	6	(23,586)	-
Proceeds on sale of property		105	28
Proceeds on sale of investments		1,448	-
Changes in non-cash working capital accounts	16	(4,608)	8,203
Cash used in investing activities		(127,391)	(117,807)
Net change in cash in the year		-	-
Cash, beginning of year		-	-
Cash, end of year		-	-
The following are included in cash flow from operating activities:			
Income taxes paid		7,007	9,625

See accompanying notes to these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the years ended

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

	Numbers of common shares outstanding (Note 13)	Share capital (Note 13)	Contributed surplus ⁽¹⁾	Warrants	Accumulated other comprehensive income (loss) ⁽²⁾	Deficit	Total shareholders' equity
January 1, 2023	36,912,892	781,679	31,705	6,053	784	(340,382)	479,839
Share-option compensation			3,228				3,228
Exercise of options	340,360	596					596
Transfer to share capital on exercise of options		910	(910)				-
Comprehensive income (loss)					(348)	44,943	44,595
December 31, 2023	37,253,252	783,185	34,023	6,053	436	(295,439)	528,258
Share-option compensation			2,293				2,293
Exercise of options	71,628	50					50
Transfer to share capital on exercise of options		131	(131)				-
Comprehensive income (loss)					(165)	10,203	10,038
Transfer on realized gain on investments, net of tax					(271)	271	-
December 31, 2024	37,324,880	783,366	36,185	6,053	-	(284,965)	540,639

⁽¹⁾ All amounts reported in Contributed Surplus relate to share-option compensation.

⁽²⁾ Accumulated other comprehensive income is comprised of unrealized gains and losses on investments fair value through other comprehensive income.

See accompanying notes to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the years ended December 31, 2024 and December 31, 2023.

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 901, 1015-4th Street SW, Calgary, Alberta, Canada, T2R 1J4. 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

These financial statements have been prepared by management in accordance with International Financial Reporting Standards (IFRS®) as issued by the International Accounting Standards Board (IASB®).

The financial statements were authorized for issue by the Company’s Board of Directors on March 13, 2025.

b) Basis of Measurement

These financial statements have been prepared on a historical cost basis, except for certain financial instruments and share-based payment transactions which are measured at fair value.

c) Functional and Presentation Currency

The Company’s functional and presentation currency is the Canadian dollar.

Foreign currency denominated monetary assets and liabilities are translated into Canadian dollars at the rates prevailing on the reporting date. Non-monetary assets and liabilities are translated into Canadian dollars at the rates prevailing on the transaction dates. Exchange gains and losses are recorded as income or expense in the period in which they occur.

d) Material Accounting Estimates and Judgments

The timely preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the statement of financial position as well as the reported amounts of revenues, expenses and cash flows during the periods presented. Such estimates relate primarily to unsettled transactions and events as of the date of the financial statements. Actual results could differ materially from estimated amounts. See Note 4 for more information.

e) Adopted Accounting Pronouncements

Amendments to IAS 1 - Classification of liabilities as current or non-current

On January 1, 2024 the Company adopted the scope amendments to IAS 1 – “Presentation of Financial Statements” to clarify that liabilities are classified as either current or non-current, depending on the existence of the substantive right at the end of the reporting period for an entity to defer settlement of the liability for at least twelve months after the reporting period. There was no material impact to Bonterra’s financial statements from its adoption.

Amendments to IFRS 16 – Leases – Lease Liability in a Sale and Leaseback

On January 1, 2024 the Company adopted amendments to IFRS 16 – Leases “Lease Liability in a Sale and Leaseback” transactions, that specify the requirement that a seller-lessee uses in its subsequent measurement of the lease liability in a sale and leaseback transaction to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. There was no material impact to Bonterra’s financial statements from its adoption.

f) 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. MATERIAL ACCOUNTING POLICIES

a) Revenue Recognition

Revenue associated with the sale of crude oil, natural gas and natural gas liquids is measured based on the consideration specified in contracts with customers. Revenue from contracts with customers is recognized when or as Bonterra satisfies a performance obligation by transferring a promised good or service to a customer. A good or service is transferred when the customer obtains control of that good or service. The transfer of control of oil, natural gas, and natural gas liquids usually coincides with title passing to the customer and the customer taking physical possession. The Company principally satisfies its performance obligations at a point in time and the amounts of revenue recognized relating to performance obligations satisfied over time are not significant. Collection of revenue associated with the sale of crude oil, natural gas and natural gas liquids occurs on or about the 25th of the month following production. Items such as royalties for Crown, freehold, gross overriding (GORR) and Saskatchewan surcharge are netted against revenue. These items are netted to reflect the deduction for other parties’ proportionate share of the revenue. Administration fee income is recorded when services are provided.

b) Joint Arrangements

Certain exploration, development and production activities are conducted jointly with others. These financial statements reflect only the Company’s interests in such activities. A jointly controlled operation involves the use of assets and other resources of the Company and those of other joint venture participants through contractual arrangements rather than through the establishment of a corporation, partnership or other entity. The Company has no interests in jointly controlled entities. The Company recognizes in its financial statements its interest in assets that it owns, the liabilities and expenses that it incurs, and its share of income earned by the joint arrangement.

c) Inventories

Inventories consist of crude oil. Crude oil stored in the Company’s tanks is valued on a first-in, first-out basis at the lower of cost or net realizable value. The inventory cost for crude oil is determined based on the combined average per barrel operating costs, and depletion and depreciation for the period, while net realizable value is determined based on estimated sales price less transportation costs.

d) Investments

Investments consist of equity securities. The Company’s investments are measured as fair value through other comprehensive income (“FVTOCI”), with gains or losses arising from changes in fair value recognized in other comprehensive income and accumulated in the fair value instrument. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the investments. Fair value is determined by multiplying the period end trading price of the investments by the number of common shares held as at period end.

e) Exploration and Evaluation Assets

General exploration and evaluation (“E&E”) expenditures incurred prior to acquiring the legal right to explore are charged to expense as incurred.

E&E expenditures represent undeveloped land costs, licenses and exploration well costs.

Undeveloped land costs, licenses and exploration well costs are initially capitalized and, if subsequently determined to have not found sufficient reserves to justify commercial production, are charged to expense. E&E assets continue to be capitalized as long as sufficient progress is being made to assess the reserves and economic viability of the asset. Once technical feasibility and commercial viability has been established, E&E assets are transferred to property, plant and equipment (“PP&E”). E&E assets are assessed for impairment annually, upon transfer to PP&E assets or whenever indications of impairment exist to ensure they are not at amounts above their recoverable amounts.

f) Property, Plant and Equipment

PP&E assets include transferred-in E&E costs, development drilling and other subsurface expenditures. PP&E assets are carried at cost less depletion and depreciation of all development expenditures and include all other expenditures associated with PP&E assets.

Oil and Gas Properties

The initial cost of an asset is comprised of its purchase price or construction cost, including expenditures such as drilling costs; the present value of the initial and changes in the estimate of any decommissioning obligation associated with the asset; and finance charges on qualifying assets that are directly attributable to bringing the asset into operation and to its present location.

Production Facilities

Production facilities are comprised of costs related to petroleum and natural gas plant and production equipment.

Leases

Leases or contractual obligations are capitalized as right of use assets (“ROUs”) with a corresponding right of use lease obligation using the present value of future lease payments on the statement of financial position. The discount rate used to determine the ROU is the stated rate in the lease contract. If no discount rate is provided, the Company’s incremental borrowing rate is used. Certain lease payments will continue to be expensed in the statement of comprehensive income. These leases are contractual obligations that contain any of the following: are equal to or less than twelve months; are for oil and gas extraction; are variable payments; the Company does not control the asset; or no asset is identified in the lease.

Depletion and Depreciation

Depletion and depreciation is recognized in the statement of comprehensive income (loss).

PP&E properties, excluding surface costs are depleted using the unit-of-production method over their proved plus probable developed reserve life, when commercial production in an area has commenced. Proved plus probable developed reserves are determined annually by qualified independent reserve engineers. Changes in factors such as estimates of proved plus probable developed reserves that affect unit-of-production calculations are accounted for on a prospective basis. Surface costs such as production facilities and furniture, fixtures and other equipment are depreciated over their estimated useful lives.

Production facilities, furniture, fixtures and other equipment are depreciated over the individual assets estimated economic lives, less estimated salvage value of the assets at the end of their useful lives.

These assets are depreciated as follows:

Production facilities	Declining balance method at 10 percent per year
Furniture, fixtures and other equipment	Declining balance method at 10 to 20 percent per year
Right of use assets	Straight line method over the term of the associated lease

g) Impairment of Assets

Impairment of Financial Assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flow of that asset. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flow discounted at the original effective interest rate. Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in net earnings. An impairment loss is reversed if there is an indicator that the impairment reversal can be related objectively to an event occurring after the impairment loss was recognized. Any subsequent recovery of an impairment loss in respect of an investment in an equity instrument classified as FVTOCI is reversed through other comprehensive income instead of net earnings. For financial assets measured at amortized cost, the reversal is recognized in net earnings.

Impairment of Non-Financial Assets

The carrying amounts of the Company's non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If such indication exists, then the assets' carrying amounts are assessed for impairment.

For the purpose of impairment testing, assets (which include E&E, PP&E and goodwill) are grouped together into the smallest group of assets that generate cash flows from continuing use which are largely independent of the cash flow of other assets or groups of assets (the cash-generating unit or "CGU"). Goodwill is allocated to the CGU expected to benefit from the synergies of the combination. The recoverable amount of an asset or a CGU is the greater of its value-in-use ("VIU") and its fair value less costs to sell ("FVLCS"). The Company has a core CGU composed of its Alberta properties and secondary CGUs for its British Columbia (BC) and Saskatchewan properties.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive income (loss). Impairment losses recognized in respect of a CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amount of the other assets of the CGU on a pro-rata basis.

In respect of assets other than goodwill, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the impairment loss has reversed. If the amount of the impairment loss reverses in a subsequent period and the reversal can be objectively related to an event occurring after the impairment was recognized, the impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation, if no impairment loss had been recognized and recorded in the statement of comprehensive income (loss). An impairment loss in respect of goodwill cannot be reversed.

h) Deferred Consideration

Deferred consideration is generated when a sale of a royalty interest linked to production at a specific property occurs. Consideration is given to the specific terms of each arrangement to determine whether a disposal of an interest in the reserves of the respective property has occurred and whether the counterparty is entitled to the associated risks and rewards attributable to the property over its estimated life. These include the contractual terms and implicit obligations related to production, such as the holder of the royalty having the option of either being paid in cash or in kind and the associated commitments, if any, to develop future expansions or projects at the property.

Proceeds for sale of a royalty interest on petroleum properties are then attributed to two components: a payment for partial disposal of an interest in PP&E; and an upfront payment received for future extraction services that will generate future royalties. Discounted future cash flows of future development and operating costs multiplied by the royalty rate are used to derive the upfront payment received for future extraction services, which is accounted for as deferred consideration and recognized as revenue over the reserve life

of the encumbered properties (as this represents the efforts incurred towards the extraction performance obligation). Upon commencement of the royalty interest the deferred consideration is depleted (recognized into revenue) using the same unit-of-production method as the depletion of the encumbered PP&E asset's carrying value.

i) Decommissioning Liabilities

The fair value of the statutory, contractual, constructive or legal liabilities associated with the retirement and reclamation of oil and gas properties is recorded when incurred, with a corresponding increase to the carrying amount of the related PP&E. The amount recognized is the estimated cost of decommissioning, discounted to its present value using the Company's risk-free rate. Changes in the estimated timing of decommissioning or decommissioning cost estimates and changes to the risk-free rates are dealt with prospectively by recording an adjustment to the decommissioning liabilities, and a corresponding adjustment to PP&E. The unwinding of the discount on the decommissioning provision is charged to net earnings as a finance cost.

The Company recognizes a decommissioning liability in the period in which it is incurred when a reasonable estimate of the liability can be made. On a periodic basis, management will review these estimates and changes and if there are any, they will be applied prospectively. The fair value of the estimated provision is recorded as a long-term liability, with a corresponding increase in the carrying amount of the related asset. The capitalized amount is depleted on a unit-of-production basis over the life of the proved plus probable developed reserves. The liability amount is increased each reporting period due to the passage of time and this amount is charged to earnings in the period. Actual costs incurred upon settlement of the obligations are charged against the provision to the extent of the liability recorded and any remaining balance of actual costs is recorded in the statement of comprehensive income (loss).

j) Income Taxes

Tax expense comprises current and deferred taxes. Tax is recognized in the statement of comprehensive income (loss) or directly in equity.

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that are substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognized using the liability method, providing for unused tax losses, unused tax credits and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they are unlikely to be reversed in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which unused tax losses, unused tax credits and temporary differences can be utilized. Deferred tax assets are reviewed at each period end and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The amount and timing of reversals of temporary differences will also depend on the Company's future operating results, and acquisitions and dispositions of assets and liabilities. A significant change in any of the preceding assumptions could materially affect the Company's estimate of the deferred income tax asset or liability.

k) Share-option Compensation

The Company accounts for share-option compensation using the fair-value method of accounting for stock options granted to directors, officers, employees and other service providers using the Black-Scholes option pricing model. Share-option payments are recognized through the statement of comprehensive income (loss) over the vesting period with a corresponding amount reflected in contributed surplus in equity. For awards

issued in tranches that vest at different times, the fair value of each tranche is recognized over its respective vesting period.

At the grant date and at the end of each reporting period, the Company assesses and re-assesses for subsequent periods its estimates of the number of awards that are expected to vest and recognizes the impact of the revisions in the statement of comprehensive income (loss). Upon exercise of share-based options, the proceeds received net of any transaction costs and the fair value of the exercised share-based options is credited to share capital.

Employees may elect to have the Company settle any or all options vested and exercisable using a cashless equity settlement. In connection with any such exercise, an employee shall be entitled to receive, without any cash payment (other than the taxes required to be paid in connection with the exercise), whole shares of the Company. The number of shares under option multiplied by the difference of the fair value at the time of exercise less the option exercise price, divided by the fair value at the time of exercise, determines the number of whole shares issued.

l) Financial Instruments

The Company classifies its financial instruments into one of the following categories: financial assets at amortized cost, financial liabilities at amortized costs; and fair value through profit or loss. All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods is dependent on the classification of the respective financial instrument.

Fair value through profit or loss financial instruments are subsequently measured at fair value with changes in fair value recognized in net earnings. All other categories of financial instruments are measured at amortized cost using the effective interest rate method.

Cash, account receivables and certain other long-term assets are classified as financial assets at amortized cost since it is the Company's intention to hold these assets to maturity and the related cash flows are mainly payments of principle and interest. The Company's investments are measured at FVTOCI, with gains or losses arising from changes in fair value recognized in other comprehensive income and accumulated in the fair value instrument. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the investments. Accounts payable, accrued liabilities, and certain other long-term liabilities and long-term debt are classified as financial liabilities at amortized cost. Risk management assets and liabilities are classified as fair value through profit or loss.

m) Fair Value Measurement

Financial instruments consisting of accounts receivable, accounts payable and accrued liabilities, due to related party, subordinated promissory note, subordinated term debt and bank debt on the statement of financial position are carried at amortized cost. Investments are carried at fair value. All of the investments are transacted in active markets. Bonterra determines the fair value of these transactions according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Bonterra's investments have been assessed on the fair value hierarchy described above and are all considered Level 1.

n) Risk Management Contracts

The Company is exposed to market risks resulting from fluctuations in commodity prices, foreign currency exchange rates and interest rates in the normal course of its business. The Company may use a variety of instruments to manage these exposures. For transactions where hedge accounting is not applied, the Company accounts for such instruments using the fair value method by initially recording an asset or liability and recognizing changes in the fair value of the instruments in earnings as unrealized gains or losses on risk management contracts. Fair values of financial instruments are based on third party quotes or valuations provided by independent third parties. Any realized gains or losses on risk management contracts are recognized in net earnings in the period they occur. Bonterra's risk management contracts have been assessed on the fair value hierarchy described above and are all considered Level 2.

o) Net Earnings and Comprehensive Income Per Share

Per share amounts are calculated by dividing the net earnings or comprehensive income (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the reporting period.

Diluted per share amounts are calculated similar to basic per share amounts except that the weighted average common shares outstanding are increased to include additional common shares from the assumed exercise of dilutive share-options. The number of additional outstanding common shares is calculated by assuming that the outstanding in-the-money share-options were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting period.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected. The following are the estimates and judgments applied by management that most significantly affect the Company's financial statements.

Exploration and Evaluation Expenditures

E&E costs are initially capitalized with the intent to establish commercially viable reserves. E&E assets include undeveloped land and costs related to exploratory wells. The Company is required to make estimates and judgments about future events and circumstances regarding the future economic viability of extracting the underlying resources. Changes to project economics, resource quantities, expected production techniques, unsuccessful drilling, expired mineral leases, production costs and required capital expenditures are important factors when making this determination. To the extent a judgment is made that the underlying reserves are not viable, the E&E costs will be impaired and charged to net earnings.

Impairment of Non-Financial Assets

PP&E and goodwill are aggregated into CGUs based on their ability to generate largely independent cash flows and are assessed for impairment or in the case of PP&E impairment reversals. CGUs have been determined based on similar geological structure, shared infrastructure, geographical proximity, commodity type, and similar market risks. Oil and gas prices and other assumptions will change in the future, which may impact the Company's recoverable amounts and may therefore require a material adjustment to the carrying value of PP&E. The determination of the Company's CGUs is subject to management's judgment. The Company has a core CGU composed of its Alberta properties and secondary CGUs for its BC and Saskatchewan properties.

The recoverable amount of E&E and PP&E, is determined based on the fair value less costs of disposal using a discounted cash flow model and is assessed at the CGU level. The period the Company used to project cash flows is approximately 50 years or the CGUs reserve life. Growth in cash flow from a single well would be determined based on the extent of total reserves assigned, which is produced at declining rates over the estimated reserve life. The fair value measurement of the Company's E&E and PP&E, is designated Level 3 on the fair value hierarchy.

The Company performs an impairment test on all of its CGUs for any potential impairment or related recovery at least annually or when impairment or recovery indicators arise. In making these evaluations, the Company uses the following information:

- 1) The net present value of the pre-tax cash flows from oil and gas reserves of each CGU based on total proved plus probable reserves estimated by the Company's independent reserve evaluator; and
- 2) Key input estimates used in the determination of cash flows from oil and gas reserves include the following:
 - a) Reserves - Assumptions that are valid at the time of reserve estimation may change significantly when new information becomes available. Changes in forward price estimates, production costs or recovery rates may change the economic status of reserves and may ultimately result in reserves being revised.
 - b) Crude oil and natural gas prices - Forward price estimates of the crude oil and natural gas prices are used in the discounted cash flow model. These prices are adjusted for quality differentials, heat content and distance to market. Commodity prices have fluctuated widely in recent years due to global and regional factors including supply and demand fundamentals, inventory levels, exchange rates, weather, economic and geopolitical factors.
 - c) Discount rate - The Company uses a pre-tax discount rate of fifteen percent that reflects risks specific to the assets for which the future cash flow estimates have not been adjusted. The discount rate was determined based on the Company's assessment of risk based on past experience. Changes in the general economic environment could result in material changes to this estimate.

No indicators of impairment or impairment reversal were identified at December 31, 2024.

Reserves Estimation

The capitalized costs of oil and gas properties and deferred consideration are depleted on a unit-of-production basis at a rate calculated by reference to proved plus probable developed reserves determined in accordance with National Instrument 51-101 and the Canadian Oil and Gas Evaluation handbook. Commercial reserves are determined using best estimates of oil and gas in place, recovery factors and future oil and gas prices. Amounts used for impairment calculations are also based on estimates of crude oil and natural gas reserves and future costs required to develop those reserves.

Risk Management Contract

The Company accounts for such instruments using the fair value method by initially recording an asset or liability, and recognizing changes in the fair value of the instruments in net earnings as unrealized gains or losses on risk management contracts. Fair values of financial instruments are based on third party futures quotes for commodities. Any realized or unrealized gains or losses on risk management contracts are recognized in net earnings in the period they occur.

Share-option Compensation

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date they are granted. Estimating the fair value requires the determination of the most appropriate valuation model for a grant, which is dependent on the terms and conditions of the grant. This also requires the determination of the most appropriate inputs to the valuation model including the expected life of the option, risk-free interest rates, volatility and dividend yield.

Deferred Consideration

Deferred consideration is incurred when the sale of a royalty interest occurs that has contractual terms or implicit obligations that requires future performance such future development costs and operating costs. Management uses judgments in determining those cash flows such as cost, inflation and the discount rate to determine the portion of proceeds that is deferred.

Decommissioning and Restoration Costs

Decommissioning and restoration costs will be incurred by the Company at the end of the operating lives of the Company's oil and gas properties. Provisions for decommissioning liabilities are based on cost estimates which can vary in response to many factors including timing of abandonment, inflation, changes in legal requirements, new restoration techniques and interest rates.

Income Taxes

The Company recognizes the net deferred tax benefit or expense related to deferred income tax assets or liabilities to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of investment tax credit receivable requires the Company to make significant estimates related to expectations of future taxable income. The provision for income taxes is based on judgments in applying income tax law and estimates of the timing, likelihood and reversal of temporary differences between the accounting and tax basis of assets and liabilities. The ability to realize on the deferred tax assets and investment tax credit receivable recorded on the balance sheet may be compromised to the extent that any interpretation of tax law is challenged, or taxable income differs significantly from estimates.

Further details regarding accounting estimates and judgments are disclosed in Note 3.

5. EXPLORATION AND EVALUATION ASSETS

(\$ 000s)

Cost and carrying amount	
Balance at January 1, 2023	4,563
Additions	1,222
Balance at December 31, 2023	5,785
Additions	1,190
Disposal of exploration and evaluation assets	(188)
Balance at December 31, 2024	6,787

6. PROPERTY, PLANT AND EQUIPMENT

Cost (\$ 000s)	Oil and gas properties	Production facilities	Furniture fixtures & other equipment	Total property plant & equipment
Balance at January 1, 2023	1,542,394	415,183	2,461	1,960,038
Additions	93,907	30,948	401	125,256
Disposal	-	-	(51)	(51)
Adjustment to decommissioning liabilities	19,212	-	-	19,212
Balance at December 31, 2023	1,655,513	446,131	2,811	2,104,455
Additions	62,417	37,368	101	99,886
Acquisition	19,354	4,880	-	24,234
Adjustment to decommissioning liabilities	(15,586)	-	-	(15,586)
Disposal	-	(282)	-	(282)
Balance at December 31, 2024	1,721,698	488,097	2,912	2,212,707

Accumulated depletion and depreciation (\$ 000s)	Oil and gas properties	Production facilities	Furniture fixtures & other equipment	Total property plant & equipment
Balance at January 1, 2023	(889,826)	(197,318)	(2,002)	(1,089,146)
Depletion and depreciation	(72,615)	(17,728)	(136)	(90,479)
Disposal and other	54	-	41	95
Balance at December 31, 2023	(962,387)	(215,046)	(2,097)	(1,179,530)
Depletion and depreciation	(77,485)	(19,534)	(118)	(97,137)
Disposal and other	2	202	-	204
Balance at December 31, 2024	(1,039,870)	(234,378)	(2,215)	(1,276,463)

Carrying amounts as at:

(\$ 000s)				
December 31, 2023	693,126	231,085	714	924,925
December 31, 2024	681,828	253,719	697	936,244

Asset Acquisition of Oil and Natural Gas Property

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 Asset Acquisition"). This acquisition has been accounted for as an asset acquisition, which resulted in a \$24.2 million increase in PP&E and the assumption of \$0.3 million in decommissioning liabilities.

Impairment

There were no indicators of impairment losses or reversals identified for the year ended December 31, 2024 and December 31, 2023.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

(\$ 000s)	December 31, 2024	December 31, 2023
Accounts payable	24,294	30,625
Accrued liabilities	12,077	6,601
	36,371	37,226

8. BANK DEBT

As at December 31, 2024 the Company had a total Bank Facility of \$110,000,000 (December 31, 2023 - \$110,000,000), comprised of a \$85,000,000 syndicated revolving credit facility, and a \$25,000,000 non-syndicated revolving credit facility. The amount drawn under the total Bank Facility at December 31, 2024 was \$46,211,000 (December 31, 2023 - \$14,822,000). The amounts borrowed under the total Bank Facility bear interest at a floating rate based on the applicable Canadian prime rate or Banker's Acceptance rate, plus between 2.00 percent and 7.00 percent, depending on the type of borrowing and the Company's consolidated debt to EBITDA ratio. EBITDA is defined as net income for the twelve-month trailing 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. As at December 31, 2024, the terms of the total revolving Bank Facility provided that the loan facility was revolving to April 30, 2025, with a maturity date of April 30, 2026, with no set terms of repayment on the credit facility.

The amount available for borrowing under the Bank Facility is reduced by outstanding letters of credit. Letters of credit totaling \$1,990,000 were issued as at December 31, 2024 (December 31, 2023 - \$2,130,000). Security for the Bank Facility consists of various floating demand debentures totaling \$750,000,000 (December 31, 2023 - \$750,000,000) over all of the Company's assets and a general security agreement with first ranking over all personal and real property.

Financial Covenants

The Company is subject to certain financial covenants under its Bank Facility and Subordinated Term Debt facility as follows:

- Consolidated debt to trailing twelve months EBITDA ratio shall not exceed 2.50:1.00; and
- Asset coverage ratio of not less than 1.50:1.

Asset coverage ratio is defined as the proved developed producing reserves of the Company (before income tax; discounted at 10 percent), as evaluated by an independent third-party engineering report as at December 31, 2024 and evaluated on strip commodity pricing, divided by the consolidated debt of the Company. The ratio is calculated and revaluated for strip pricing on June 30 and December 31 period ends. As at December 31, 2024, Bonterra was in compliance with all financial covenants on its Bank Facility.

9. SUBORDINATED DEBENTURES

As at December 31, 2024 the Company has a total of 59,000 senior unsecured subordinated debenture units outstanding. Each Unit is comprised of: (i) one senior unsecured debenture with a par value of \$1,000 per note and bearing interest at 9.0 percent per annum, payable semi-annually; and (ii) 56 common share purchase warrants of Bonterra ("Warrants"). The debentures mature on October 20, 2025 and all or a portion of the principal amount outstanding can be repaid without penalty after October 20, 2024, however, all interest due to the maturity date must be paid. A total of 3,304,000 Warrants were issued, entitling the holder to purchase one common share of Bonterra for each Warrant at a price of \$7.75, until October 20, 2025. In 2024 \$5,310,000 of interest was paid, (December 31, 2023 - \$5,310,000).

The unsecured subordinated debentures were determined to be a compound instrument with a debt and equity component. Based on the calculated fair value of the debentures, the effective interest rate was determined on issuance to be 15.6 percent using the effective interest rate method, by discounting future payments of interest and principal with the residual value allocated to Warrants and issue costs. The value of the debt will accrete up to the principal balance at maturity. For more information about Warrants please see Note 13.

The Company's subordinated debentures are classified as non-current liabilities as of December 31, 2024. This classification is supported by the sufficient availability under the Company's bank facility, which allows provides the ability to refinance or defer repayment beyond the next financial year, ensuring the debentures do not require settlement within that period.

On February 26, 2025, the Company fully repaid the subordinated debentures as described in Note 19.

10. SUBORDINATED TERM DEBT

As at December 31, 2024 the Company has a second lien, non-revolving subordinated term debt facility (“Subordinated Term Debt”). The amount drawn under the Subordinated Term Debt at December 31, 2024 was \$57,000,000 (December 31, 2023 - \$76,000,000). The amounts borrowed under the Subordinated Term Debt bear interest at a fixed rate of 11.70 percent to be applied to 25 percent of the term facility principle and a floating interest rate of Canadian Prime Rate plus 6.25 percent on the remaining 75 percent of the principal amount. The Company is required to make mandatory principal repayments equal to \$4.75 million, payable on the last banking day of February, May, August and November of each calendar year, commencing on February 28, 2023. The term debt has a maturity date of November 30, 2026, upon which the remaining outstanding principle balance is to be paid.

Based on the calculated fair value of the Subordinated Term Debt as at December 31, 2024, the effective interest rate was determined to be 15.1 percent using the effective interest rate method. The effective interest rate was calculated by discounting future payments of interest and principal with the residual value allocated to issue costs of \$6,310,000. The value of the debt will accrete up to the principal balance at maturity. Interest paid in 2024 was \$8,541,000 (December 31, 2023 - \$11,046,000).

Security for the Subordinated Term Debt consists of various floating demand debentures totaling \$150,000,000 (December 31, 2023 - \$150,000,000) over all of the Company’s assets and a general security agreement with second ranking over all personal and real property.

As at December 31, 2024, Bonterra was in compliance with all financial covenants on its second lien Subordinated Term Debt facility (as described in Note 9).

On January 28, 2025 the Company fully repaid the subordinated term debt as described in Note 19.

11. DECOMMISSIONING LIABILITIES

At December 31, 2024, the estimated total uninflated and undiscounted amount required to settle the decommissioning liabilities was \$179,396,000 (December 31, 2023- \$176,425,000). The provision has been calculated assuming a 2.0 percent inflation rate (December 31, 2023 – 2.0 percent inflation rate). These obligations will be settled at the end of the useful lives of the underlying assets, which extend up to 50 years into the future. This amount has been discounted using a risk-free interest rate of 3.45 percent (December 31, 2023 – 2.87 percent).

(\$ 000s)	December 31, 2024	December 31, 2023
Decommissioning liabilities, January 1	123,108	109,215
Changes in estimate ⁽¹⁾	(15,279)	19,212
Liabilities settled during the year ⁽²⁾	(7,683)	(8,307)
Government grant in-kind (Note 19)	-	(782)
Accretion on decommissioning liabilities	3,692	3,770
Total decommissioning liabilities, end of year	103,838	123,108
Current portion of decommissioning liabilities	(5,161)	(5,040)
Decommissioning liabilities	98,677	118,068

⁽¹⁾The change in estimate was primarily due to an increase in estimated costs less a decrease in the discount rate.

⁽²⁾Included in liabilities settled is \$444,000 of abandonment deposits (December 31, 2023 - \$2,455,000).

12. INCOME TAXES

(\$ 000s)	December 31, 2024	December 31, 2023
Deferred tax asset (liability) related to:		
Investments	-	(75)
Exploration and evaluation assets and property, plant and equipment	(149,093)	(152,653)
Investment tax credits	-	(1,216)
Decommissioning liabilities	24,565	28,899
Share issue costs	715	1,141
Financial derivative	(192)	(543)
Subordinated debenture	(720)	(1,476)
Subordinated term debt	(518)	(916)
Corporate capital tax losses carried forward	7,377	7,448
Unrecorded benefits of capital tax losses carried forward	(7,377)	(7,374)
Unrecorded benefits of successored resource related pools	(3,997)	(4,009)
Deferred tax liability	(129,240)	(130,774)

Income tax expense varies from the amounts that would be computed by applying Canadian federal and provincial tax rates as follows:

(\$ 000s)	December 31, 2024	December 31, 2023
Earnings before taxes	13,857	59,377
Combined federal and provincial income tax rates	23.01%	23.02%
Income tax provision calculated using statutory tax rates	3,189	13,666
Increase (decrease) in taxes resulting from:		
Share-option compensation	528	743
Change in unrecorded benefits of tax pools	(9)	45
Change in estimates and other	(54)	(20)
	3,654	14,434

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	78,299
Share issue and financing costs	20	3,109
Canadian oil and gas property expenditures	10	72,605
Canadian development expenditures	30	125,387
Canadian exploration expenditures	100	8,587
		287,987

The Company has \$64,111,000 (December 31, 2023 - \$64,725,000) of capital losses carried forward which can only be claimed against taxable capital gains.

13. SHAREHOLDERS' EQUITY

Authorized

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

	December 31, 2024		December 31, 2023	
	Number	Amount (\$ 000s)	Number	Amount (\$ 000s)
Issued and fully paid - common shares				
Balance, beginning of year	37,253,252	783,185	36,912,892	781,679
Issued pursuant to the Company's share option plan	71,628	50	340,360	596
Transfer from contributed surplus to share capital		131		910
Balance, end of year	37,324,880	783,366	37,253,252	783,185

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.

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

	2024	2023
Basic shares outstanding	37,302,410	37,197,337
Dilutive effect of share options and warrants ⁽¹⁾	22,854	134,317
Diluted shares outstanding	37,325,264	37,331,654

⁽¹⁾ The Company did not include 5,720,000 share-options and warrants (December 31, 2023 – 5,496,849) in the dilutive effect of share-options and warrants calculations as these were anti-dilutive.

Warrants

A summary of the status of warrants issued by the Company as of December 31, 2024 and changes during the period are presented below:

	Number of warrants	Weighted exercise price
As at December 31, 2024 and December 31, 2023	2,753,000	\$7.75

The Warrants issued entitle the holder to purchase one Common Share of Bonterra for each Warrant at a price of \$7.75, until October 20, 2025.

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 3,732,488 (December 31, 2023 – 3,725,325 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 December 31, 2024 and changes during the year are presented below:

	Number of options	Weighted average exercise price
At January 1, 2023	2,751,750	\$6.86
Options granted	1,171,000	5.47
Options exercised ⁽¹⁾	(446,750)	2.92
Options forfeited	(171,000)	7.81
Options expired	(45,000)	5.18
At December 31, 2023	3,260,000	\$6.87
Options granted	147,000	4.81
Options exercised ⁽¹⁾	(118,500)	2.67
Options forfeited	(145,500)	7.21
Options expired	(37,500)	8.13
At December 31, 2024	3,105,500	\$6.90

⁽¹⁾ 108,500 options (December 31, 2023 – 247,000) were exercised under the cashless option method, which resulted in 61,628 (December 31, 2023 -140,610) shares being issued in which the Company received no proceeds. Under the cashless option method, the remaining options between the number of options exercised and shares issued are cancelled.

The following table summarizes information about options outstanding and exercisable as at December 31, 2024:

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	165,000	3.0 years	\$ 4.37	65,000	\$ 4.35
5.01 - 10.00	2,910,500	3.1 years	6.99	1,531,955	7.39
10.01 - 15.00	30,000	0.9 years	12.32	15,000	12.32
\$ 1.00 - \$ 15.00	3,105,500	3.0 years	\$ 6.90	1,611,955	\$ 7.31

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 2024, the Company granted 147,000 options with an estimated fair value of \$198,000 or \$1.35 per option using the Black-Scholes option pricing model with the following key assumptions:

	December 31, 2024	December 31, 2023
Weighted-average risk free interest rate (%) ⁽¹⁾	3.46	3.85
Weighted-average expected life (years)	2.0	2.0
Weighted-average volatility (%) ⁽²⁾	45.79	55.778
Forfeiture rate (%)	6.15	6.40

⁽¹⁾ 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.

⁽²⁾ 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.

14. OIL AND GAS SALES, NET OF ROYALTIES

(\$ 000s)	December 31, 2024	December 31, 2023
Oil and gas sales		
Crude oil	229,249	256,745
Natural gas liquids	26,011	24,212
Natural gas	24,697	38,560
	279,957	319,517
Less royalties:		
Crown	(27,633)	(32,953)
Freehold, gross overriding royalties and other	(12,009)	(13,451)
	(39,642)	(46,404)
Oil and gas sales, net of royalties	240,315	273,113

15. OTHER INCOME

(\$ 000s)	December 31, 2024	December 31, 2023
Investment income	326	440
Administrative income	252	321
Gain on sale of property and equipment	178	17
Government grant in-kind	-	782
Other income	756	1,560

Government Grant In-kind

The Government of Alberta's Site Rehabilitation Program ("SRP") provides grant funding through service providers to abandon or remediate oil and gas sites. The Company derecognized approximately \$nil of asset retirement obligations as an in-kind grant (December 31, 2023 - \$782,000). The benefit of the in-kind grant is recognized through other income.

16. SUPPLEMENTAL CASH FLOW INFORMATION

(\$ 000s)	December 31, 2024	December 31, 2023
Change in non-cash working capital:		
Accounts receivable	(414)	1,962
Crude oil inventory	7	159
Prepaid expenses	2,395	296
Investment tax credit receivable	-	5,761
Abandonment deposit	(444)	(19)
Accounts payable and accrued liabilities	(855)	1,653
	689	9,812
Changes related to:		
Operating activities	5,297	1,609
Investing activities	(4,608)	8,203
	689	9,812

Finance expense

(\$ 000s)	December 31, 2024	December 31, 2023
Interest expense:		
Bank debt	3,970	3,359
Subordinated debenture	5,310	5,310
Subordinated term debt	8,541	11,046
	17,821	19,715
Accretion:		
Decommissioning liabilities	3,692	3,770
Subordinated debentures	3,287	2,816
Subordinated term debt	1,732	2,136
	8,711	8,722
Total finance costs	26,532	28,437
Interest expense and paid	17,821	19,715

17. 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 debentures
- Subordinated term debt

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.

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.

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. The Company does not speculatively trade in risk management contracts.

Bonterra's risk management contracts are entered into in order 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, 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 a 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 credit worthy 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 \$25,778,000 accounts receivable balance at December 31, 2024 (December 31, 2023 - \$25,364,000) over 84 percent (December 31, 2023 – 83 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 year ended December 31, 2024, 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 December 31, 2024, approximately \$196,000 or 0.8 percent of the Company's total accounts receivable are aged over 90 days and considered past due (December 31, 2023 - \$591,000 or 2.3 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 December 31, 2024 is \$1,733,000 (December 31, 2023 - \$1,878,000) 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. In order 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 net debt (total debt adjusted for working capital) to EBITDA. This ratio is calculated using each quarter end net debt divided by the preceding twelve months' EBITDA. At December 31, 2024, the Company had a net debt to EBITDA level of 1.2:1 as compared to 0.8:1 as at December 31, 2023. The increase in Bonterra's net debt to EBITDA ratio is primarily due to an increase in net debt relating to the Charlie Lake Asset Acquisition and a decrease in EBITDA from lower commodity prices. To provide cashflow protection the Company has hedged at least 30 percent of its forecasted oil and natural gas production (net of royalties payable) 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)	December 31, 2024	December 31, 2023
Bank debt	46,211	14,822
Subordinated term debt ⁽¹⁾	35,750	53,018
Subordinated debentures	55,872	52,585
Current liabilities	61,389	62,175
Current assets	(32,012)	(37,160)
Net debt	167,210	145,440
Net earnings	10,203	44,943
Adjustments to net earnings:		
Unrealized gain on risk management contracts	1,525	(1,559)
Deferred consideration	(958)	(1,009)
Finance costs	26,532	28,437
Share-option compensation	2,293	3,228
Depletion and depreciation	97,137	90,479
Current income tax expense	5,167	11,134
Deferred income tax expense	(1,513)	3,300
EBITDA (trailing twelve months)	140,386	178,953
Net debt to EBITDA ratio	1.2	0.8

⁽³⁾ Included in current liabilities is the current portion of the Subordinated Term Debt of \$19,000,000 (December 31, 2023 - \$19,000,000).

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 on 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 December 31, 2024, the Company has the following physical delivery sales contracts in place.

Product	Type of contract	Volume	Term	Contract price (\$)
Gas	Fixed Price - AECO Daily ⁽⁴⁾	2,500 GJ/day	Jan 1, 2025 to Oct 31, 2025	- 2.39 CAD/GJ
Gas	Physical collar - AECO Monthly ⁽⁵⁾	2,500 GJ/day	Apr 1, 2025 to Mar 31, 2026	1.75 to 2.70 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 December 31, 2024, the Company entered into the following physical delivery sales contracts.

Product	Type of contract	Volume	Term	Contract price (\$)
Gas	Physical collar - AECO Monthly	2,500 GJ/day	Mar 1, 2025 to Dec 31, 2025	1.75 to 2.38 CAD/GJ
Gas	Physical collar - AECO Monthly	4,000 GJ/day	Jul 1, 2025 to Mar 31, 2026	2.00 to 3.20 CAD/GJ

Risk Management Contracts

(\$ 000s)	December 31, 2024	December 31, 2023
Risk management contracts		
Realized gain	3,569	1,801
Unrealized gain (loss)	(1,525)	1,559
	2,044	3,360

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 December 31, 2024, the Company has the following risk management contracts in place.

Oil	Financial collar - WTI	500 BBL/day	Jan 1, 2025	to Mar 31, 2025	70.00	to 86.35	USD/BBL
Oil	Financial collar - WTI	500 BBL/day	Jan 1, 2025	to Jun 30, 2025	65.00	to 80.00	USD/BBL
Oil	Financial collar - WTI	500 BBL/day	Jan 1, 2025	to Jun 30, 2025	65.00	to 77.50	USD/BBL
Oil	Financial collar - WTI	500 BBL/day	Jan 1, 2025	to Jun 30, 2025	60.00	to 74.00	USD/BBL
Oil	Financial collar - WTI	500 BBL/day	Jan 1, 2025	to Dec 31, 2025	65.00	to 75.00	USD/BBL
Oil	Financial collar - WTI	500 BBL/day	Jul 1, 2025	to Dec 31, 2025	65.00	to 75.50	USD/BBL
Gas	Financial collar - AECO Monthly	5,000 GJ/day	Jan 1, 2025	to Mar 31, 2025	2.75	to 3.30	CAD/GJ
Gas	Financial collar - AECO Monthly	7,500 GJ/day	Jan 1, 2025	to Jun 30, 2025	1.75	to 2.43	CAD/GJ
Gas	Financial collar - AECO Monthly	5,000 GJ/day	Apr 1, 2025	to Mar 31, 2026	1.75	to 2.70	CAD/GJ

Subsequent to December 31, 2024, the Company entered into the following risk management contracts.

Product	Type of contract	Volume	Term	Contract price (\$)
Oil	Fixed price - MSW stream index	250 BBL/day	Apr 1, 2025 to Dec 31, 2025	71.75 USD/BBL
Oil	Fixed price - MSW differential	500 BBL/day	Apr 1, 2025 to Sep 30, 2025	(5.25) 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 its borrowings which have a variable interest rate which gives rise to a cash flow interest rate risk.

As of December 31, 2024, the Company's debt facilities consist of a \$85,000,000 syndicated revolving credit facility, and a \$25,000,000 non-syndicated revolving credit facility, \$57,000,000 second lien Subordinated Term Debt and \$59,000,000 in senior unsecured subordinated debentures. The borrowings under the total bank facilities are at bank prime plus or minus various percentages as well as by means of banker's acceptances ("BAs") within Bonterra's credit facility.

The subordinated debt has a fixed interest rate of 11.7 percent for a quarter of the outstanding balance and prime plus 6.25 percent for the remaining outstanding balance. Subordinated debentures are at a fixed interest rate of nine percent. Bonterra manages its exposure to interest rate risk on its floating interest rate debt through entering into various term lengths on its BAs 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 \$685,000.

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.

18. COMMITMENTS AND FINANCIAL LIABILITIES

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

(\$ 000s)	Recognized on					Total
	Financial Statements	Less than 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	
Accounts payable and accrued liabilities	Yes - Liability	36,371	-	-	-	36,371
Bank debt	Yes - Liability	-	46,211	-	-	46,211
Subordinated debentures ⁽¹⁾	Yes - Liability	59,000	-	-	-	59,000
Subordinated term debt ⁽¹⁾	Yes - Liability	19,000	38,000	-	-	57,000
Future interest	No	9,921	3,231	-	-	13,152
Firm service commitments	No	1,824	2,866	1,601	149	6,440
Office lease commitments	No	518	475	-	-	993
Total		126,634	90,783	1,601	149	219,167

⁽⁶⁾Principal amount.

The Company has entered into firm service gas transportation agreements in which it guarantees certain minimum volumes of natural gas will be shipped on various gas transportation systems. The terms of the various agreements expire in one to seven years. The 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 1.9 years.

19. SUBSEQUENT EVENTS

Subsequent to December 31, 2024, the Company entered into the following transactions:

i) Restructuring of Subordinated Debt

On January 28, 2025, the Company completed a restructuring of its outstanding subordinated debentures and subordinated term debt through the issuance of senior secured second lien notes.

Issuance of Senior Secured Second Lien Notes

On January 28, 2025, the Company closed a private placement offering of \$135 million aggregate principal amount of Senior Secured Second Lien Notes (the "Notes"). The Notes:

- Were issued at \$981.16 per \$1,000 of principal amount,
- Bear interest at an annual rate of 10.50%, payable semi-annually, and
- Have a five-year term, maturing on January 28, 2030.

Interest payments of \$7.1 million will be made bi-annually on January 28 and July 28, beginning July 28, 2025.

Repayment of Subordinated Term Debt

As part of the restructuring, the Company fully repaid its subordinated term debt on January 28, 2025, including:

- Principal repayment of \$57 million,
- Accrued and unpaid interest of \$0.5 million, and
- An early redemption fee of \$3.4 million, allocated between finance expenses, transaction and other costs.

Repayment of Subordinated Debentures

On February 26, 2025, the Company fully repaid its subordinated debentures, including:

- Principal repayment of \$59 million,
- Accrued and unpaid interest of \$0.8 million, and
- An early redemption fee of \$3.5 million, allocated between finance expenses, transaction and other costs.

ii) Disposal of non-core Saskatchewan Assets

On January 24, 2025, the Company disposed of its non-core Shaunavon Saskatchewan assets for total consideration of \$1.5 million, excluding closing adjustments.

CORPORATE INFORMATION

Board of Directors

D. Michael G. Stewart (Chair)
John J. Campbell
David M. Humphreys
Stacey E. McDonald
Patrick G. Oliver
Jacqueline R. Ricci

Officers

Patrick G. Oliver, President & CEO
Robb D. Thompson, CFO & 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

901, 1015 – 4th Street SW
Calgary, Alberta T2R 1J4
Telephone: 403.262.5307
Fax: 403.265.7488
Email: info@bonterraenergy.com

Website

www.bonterraenergy.com