Bonterra Energy Corp. Announces Year End 2018 Corporate Reserves Information

CALGARY, Feb. 13, 2019 /CNW/ - Bonterra Energy Corp. (www.bonterraenergy.com) (TSX: BNE) ("Bonterra" or the "Company") is pleased to provide the summary results of its independent reserve report (the "Sproule Report") prepared by Sproule Associates Limited ("Sproule") with an effective date of December 31, 2018.

Corporate Reserves Information

The following summarizes certain information contained in the Sproule Report. The Sproule Report was prepared in accordance with the definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook ("COGE Handbook") and National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101"). Additional reserve information as required under NI 51-101 will be included in the Company's Annual Information Form which will be filed on SEDAR on or by March 12, 2019.

Reserve Report Highlights

- During 2018, Bonterra invested a modest $78.8 million in capital, split between $75.1 million to drill, complete and tie-in new wells and $3.7 million towards land and the purchase of other oil and gas assets and successfully grew both average daily production by three percent and total proved reserves by three percent. The Company returned approximately $37 million to shareholders in the form of dividends, demonstrating how the Company's business model is designed to generate consistent returns for shareholders across a variety of commodity price environments.
- Increased total proved reserves by three percent to 80.6 million BOE (68 percent oil and liquids), total proved plus probable ("P+P") reserves by one percent to 101.2 million BOE (68 percent oil and liquids).
- Increased total proved reserves by 2.0 million BOE which replaced production by 142 percent.
- Total proved reserves represent 80 percent of total P+P reserves, an indication of the low-risk nature of Bonterra's asset base.
- P+P reserves per fully diluted share totaled 3.04 BOE compared to 3.00 BOE per share from the prior year, while total proved reserves per fully diluted share totaled 2.42 BOE, a three percent increase over 2.36 BOE in 2017.
- Net present value of future net revenue discounted at 10 percent (before tax) ("NPV10 BT") for P+P reserves totaled $1.4 billion, while total proved reserves totaled $1.1 billion and PDP reserves totaled $716 million. The Company's PDP NPV10 BT was 32 percent higher than Bonterra's year end 2018 enterprise value (market capitalization plus net debt) of $544 million.
- Bonterra's long-term sustainability continues to be enhanced as the number of 2018 Cardium net drilling locations which have been assigned reserves totaled 295 (291 proved and four probable), compared to 279 (275 proved and four probable) and 253 (245 proved and eight probable) in 2017 and 2016, respectively.
- The Company generated attractive finding and development ("F&D") recycle ratios of 2.1 times on a total proved basis and 1.9 times on a P+P basis, calculated based on the Company's estimated corporate annual average field netback divided by the F&D costs (including future development capital ("FDC").
- Reserve life index ("RLI") of approximately 21 years on a P+P basis, 17 years on a total proved basis, and eight years on a proved developed producing ("PDP") basis (based on 2018 average production rate of 13,206 BOE per day), affords Bonterra many years of future development drilling opportunities.

Summary of Gross Oil and Gas Reserves as of December 31, 2018

	Light and Medium Oil	Solution Gas	Natural Gas	Natural Gas Liquids	Oil equivalent[4]	Future Development Capital
	(MBbl)	(MMcf)	(MMcf)	(MBbl)	(MBoe)	($000s)
Proved						
Developed Producing	23,864	70,337	5,935	3,275	39,851	4
Developed Non-producing	684	1,516	191	57	1,025	996
Undeveloped	23,338	64,444	11,550	3,755	39,758	615,035
Total proved	47,885	136,297	17,676	7,086	80,634	616,035
Total Probable	12,182	34,573	4,833	1,842	20,591	10,027
Total P+P[1] [2] [3]	60,067	170,870	22,510	8,928	101,225	626,061

Notes:

(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, 2018 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 Principal Product Type as of December 31, 2018 [1][2]

	Light & Medium Oil		Conventional Natural Gas		Natural Gas Liquids		Oil Equivalent	
	Total Proved	Proved + Probable	Total Proved	Proved + Probable	Total Proved	Proved + Probable	Total Proved	Proved + Probable
	(MBbl)	(MBbl)	(MMcf)	(MMcf)	(MBbl)	(MBbl)	(MBoe)	(MBoe)
Opening Balance, December 31, 2017	**48,746**	**61,894**	**141,376**	**179,874**	**6,284**	**7,968**	**78,592**	**99,840**
Extensions & Improved Recovery[2]	3,488	4,321	7,404	9,271	508	640	5,230	6,505
Technical Revisions	(2,040)	(3,907)	14,020	12,609	555	548	851	(1,257)
Discoveries	-	-	-	-	-	-	-	-
Acquisitions	443	575	1,869	2,498	116	155	871	1,146
Dispositions[3]	-	-	-	-	-	-	-	-
Economic Factors	212	148	(1,736)	(1,912)	(13)	(19)	(90)	(189)
Production	(2,964)	(2,964)	(8,960)	(8,960)	(363)	(363)	(4,820)	(4,820)
Closing Balance, December 31, 2018[4]	**47,885**	**60,067**	**153,973**	**193,380**	**7,086**	**8,928**	**80,634**	**101,225**

Notes:

(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) Includes volumes associated with Farm outs.

(4) Totals may not add due to rounding.

Summary of Net Present Values of Future Net Revenue as of December 31, 2018

($M)	**Net Present Value Before Income Taxes Discounted at (% per Year)**			
Reserves Category:	**0%**	**5%**	**10%**	**15%**
Proved				
Producing	1,289,010	922,928	715,586	586,073
Non-producing	27,205	18,002	13,070	10,095
Undeveloped	1,024,361	601,316	379,722	251,837
Total proved	**2,340,576**	**1,542,246**	**1,108,378**	**848,005**
Probable	858,345	455,488	293,005	212,010
Total proved plus probable[1][2][3]	**3,198,921**	**1,997,734**	**1,401,383**	**1,060,014**

Notes:

(1) Evaluated by Sproule as at December 31, 2018. 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, 2018. There is no assurance that the forecast prices and costs assumptions will be attained and variances could be material.

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

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

Over the past three years, Bonterra has incurred the following FD&A[3] and F&D[3] costs both excluding and including FDC:

	Total Proved Reserves Net Additions				**P+P Reserves Net Additions**			
	2018	**2017**	**2016**	**3 Yr Avg[4]**	**2018**	**2017**	**2016**	**3 Yr Avg[4]**
FD&A Costs per BOE [1][2][3]								
Including FDC	$12.82	$15.66	$10.87	$13.22	$14.33	$13.74	$9.93	$12.51
Excluding FDC	$11.40	$9.06	$4.91	$8.31	$12.70	$8.57	$4.58	$8.17
F&D Costs per BOE [1][2][3]								
Including FDC	$12.99	$17.02	$10.89	$13.97	$15.56	$15.22	$9.91	$13.49
Excluding FDC	$12.54	$9.55	$4.81	$8.60	$14.95	$9.25	$4.44	$8.62
Recycle Ratio[5]								
F&D (including FDC)	2.1	1.7	2.1	2.1	1.9	2.0	2.3	2.2

Notes:

(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 capital generally will not reflect total finding and development costs related to reserve additions for that year.

(3) FD&A and F&D costs are net of proceeds of disposition and the FD&A costs per BOE are based on reserves acquired net of reserves disposed of.

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

(5) Recycle ratio is defined as field netback per BOE divided by F&D costs on a per boe basis. Field netback is calculated as revenue minus royalties, operating expenses and transportation expenses. Bonterra's operating netback in 2018, used in the above calculations, averaged $26.91 per BOE (unaudited).

2018 Operational Highlights

Capital invested during 2018 reflects a capital program that was heavily weighted to the first five months of 2018, enabling Bonterra to take advantage of favourable drilling conditions. A total of $78.8 million was invested through the year, with $75.1 million directed to drill, complete and tie-in 27 gross operated (26.8 net) wells and seven gross non-operated (1.0 net) wells. Approximately $3.7 million was spent on land and the purchase of other oil and gas assets.

Bonterra's 2018 full year and fourth quarter production summary follows:

- Average production volumes for full year 2018 were 13,206 BOE per day (69 percent oil and liquids), representing a three percent increase over the 12,827 BOE per day average in 2017, and in line with the Company's 2018 guidance of 13,200 to 13,500 BOE per day;
- Average daily production in the fourth quarter was 12,789 BOE per day, relatively stable compared to the fourth quarter of 2017;
- As a result of a significant erosion in Canadian realized oil pricing in Q4 2018, the Company elected to prudently reduce the monthly dividend from $0.10 to $0.01 per common share, which is expected to contribute to improved financial flexibility and continued strengthening of the balance sheet as prices and oil differentials recover into the first quarter of 2019.

2019 Guidance

Bonterra's 2019 capital budget has been set within a range of $57 to $77 million, which will ultimately be dependent on Canadian realized pricing per BOE. Capital expenditures and operational activities will be directed to a drilling program and associated facility capital, and is expected to result in average 2019 production volumes ranging between 12,600 and 13,200 BOE per day with a forecast exit rate range of 13,000 and 14,000 BOE per day.

Certain financial and operating information, such as production information, and F&D costs included in this press release are based on estimated unaudited financial results for the quarter and year ended December 31, 2018 and are subject to the same limitations as discussed under Forward Looking Statements set out below. These estimated amounts may change upon the completion of audited financial statements for the year ended December 31, 2018 and changes could be material.

Bonterra Energy Corp. is a conventional oil and gas corporation with operations in Alberta, Saskatchewan and British Columbia, focused on its long-term model of generating sustainable growth plus a dividend. The Company's shares are listed on The Toronto Stock Exchange under the symbol "BNE".

Cautionary Statements

This summarized news release should not be considered a suitable source of information for readers who are unfamiliar with Bonterra Energy Corp. and should not be considered in any way as a substitute for reading the full report. For the full report, please go to www.bonterraenergy.com

Unaudited Financial Information and Non-IFRS Financial Measures

Certain financial and operating information included in this press release for the year ended December 31, 2018, including finding and development costs and netbacks are based on estimated unaudited financial results for the year then ended, and are subject to the same limitations as discussed under Forward Looking Information set out below. These estimated amounts may change upon the completion of audited financial statements for the year ended December 31, 2018 and changes could be material.

Information Regarding Disclosure on Oil and Gas Reserves and Operational Information

This press release contains metrics commonly used in the oil and natural gas industry, such as "recycle ratio", "finding and development costs", "finding and development recycle ratio", "finding, development and acquisition costs" and "field netbacks". Each of these metrics are determined by Bonterra as specifically set forth in this news release. These terms do not have standardized meanings or standardized methods of calculation and therefore may not be comparable to similar measures presented by other companies, and therefore should not be used to make such comparisons.

Both F&D and FD&A costs take into account reserves revisions during the year on a per boe basis. The aggregate of the costs incurred in the financial year and changes during that year in estimated FDC may not reflect total F&D costs related to reserves additions for that year. Finding and development costs both including and excluding acquisitions and dispositions have been presented in this press release because acquisitions and dispositions can have a significant impact on ongoing reserves replacement costs and excluding these amounts could result in an inaccurate portrayal of the Company's cost structure.

Management uses these oil and gas metrics for its own performance measurements and to provide shareholders with measures to compare Bonterra's performance over time, however, such measures are not reliable indicators of the Company's future performance and future performance may not compare to the performance in previous periods. Readers are cautioned that the information provided by these metrics, or that can be derived from the metrics presented in this press release, should not be relied upon for investment or other purposes.

Forward Looking Information

Certain statements contained in this release include statements which contain words such as "anticipate", "could", "should", "expect", "seek", "may", "intend", "likely", "will", "believe" and similar expressions, relating to matters that are not historical facts, and such statements of our beliefs, intentions and expectations about development, results and events which will or may occur in the future, constitute "forward-looking information" within the meaning of applicable Canadian securities legislation and are based on certain assumptions and analysis made by us derived from our experience and perceptions. Forward-looking information in this release includes, but is not limited to: expected cash provided by continuing operations; cash dividends; 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; and maintenance of existing customer, supplier and partner relationships; supply channels; accounting policies; credit risks; and other such matters.

All such forward-looking information is based on certain assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances. The risks, uncertainties, and assumptions are difficult to predict and may affect operations, and may include, without limitation: foreign exchange fluctuations; equipment and labour shortages and inflationary costs; general economic conditions; industry conditions; changes in applicable environmental, taxation and other laws and regulations as well as how such laws and regulations are interpreted and enforced; the ability of oil and natural gas companies to raise capital; the effect of weather conditions on operations and facilities; the existence of operating risks; volatility of oil and natural gas prices; oil and gas product supply and demand; risks inherent in the ability to generate sufficient cash flow from operations to meet current and future obligations; increased competition; stock market volatility; opportunities available to or pursued by us; and other factors, many of which are beyond our control.

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

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

Drilling Locations
This press release discloses drilling locations in three categories: (i) proved locations; (ii) probable locations; and (iii) unbooked locations. Proved locations and probable locations, which are sometimes collectively referred to as "booked locations", are derived from the independent reserves evaluation prepared by Sproule Associates Ltd. as of December 31, 2018 and account for drilling locations that have associated proved and/or probable reserves, as applicable. Unbooked locations are internal estimates based on Bonterra's prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves. Of the 700 net drilling locations identified herein, 294 are proved locations, 4 are probable locations and 402 are unbooked locations. Unbooked locations have been identified by management as an estimation based on industry practice and internal review of our multi-year drilling activities, which include an evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that Bonterra will drill all unbooked drilling locations and, if drilled, there is no certainty that such locations will result in additional oil and gas reserves or production. The drilling locations on which we actually drill wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While certain of the unbooked drilling locations have been derisked by drilling existing wells in relative close proximity to such unbooked drilling locations, some of other unbooked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and, if drilled, there is more uncertainty that such wells will result in additional oil and gas reserves or production. No locations have been assigned resources other than reserves ("ROTR"). All drilling counts cited herein are net.

Frequently recurring terms
Bonterra uses the following frequently recurring terms in this press release: "bbl" refers to barrel; "NGL" refers to Natural gas liquids; "MCF" refers to thousand cubic feet; "MMBTU" refers to million British Thermal Units; "GJ" refers to gigajoule; and "BOE" refers to barrels of oil equivalent. Disclosure provided herein in respect of a BOE may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 MCF: 1 bbl is based on an energy conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

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

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

SOURCE Bonterra Energy Corp.

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