Bonterra Energy Corp. Announces Year End 2019 Results and Provides Dividend Update

CALGARY, March 10, 2020 /CNW/ - Bonterra Energy Corp. (www.bonterraenergy.com) (TSX: BNE) ("Bonterra" or the "Company") is pleased to announce its operating and financial results for the year ended December 31, 2019. The related financial statements and notes, as well as management's discussion and analysis ("MD&A") for the year ended December 31, 2019 and annual information form ("AIF") as of December 31, 2019 are available on SEDAR at www.sedar.com and on Bonterra's website at www.bonterraenergy.com.

HIGHLIGHTS

As at and for the year ended ($000s except $ per share)		**December 31, 2019**	December 31, 2018	December 31, 2017
FINANCIAL				
Revenue - realized oil and gas sales		**202,749**	223,388	202,566
Funds flow [1]		**96,261**	107,251	102,444
Per share - basic and diluted		**2.88**	3.22	3.08
Dividend payout ratio		**4%**	34%	39%
Cash flow from operations		**81,132**	115,963	103,873
Per share - basic and diluted		**2.43**	3.48	3.12
Dividend payout ratio		**5%**	32%	38%
Cash dividends per share		**0.12**	1.11	1.20
Net earnings		**21,923**	7,167	2,506
Per share - basic and diluted		**0.66**	0.22	0.08
Capital expenditures		**53,627**	78,737	82,441
Disposition		-	-	56,752 [2]
Total assets		**1,087,817**	1,103,833	1,125,551
Working capital deficiency		**19,745**	30,281	27,790
Long-term debt		**273,065**	298,660	292,212
Shareholders' equity		**503,949**	483,970	510,260
OPERATIONS				
Oil	-bbl per day	**7,310**	8,119	7,907
	-average price ($ per bbl)	**66.34**	65.51	59.30
NGLs	-bbl per day	**986**	995	905
	-average price ($ per bbl)	**25.83**	40.32	31.47
Natural gas	-MCF per day	**24,053**	24,549	24,087
	-average price ($ per MCF)	**1.87**	1.63	2.40
Total barrels of oil equivalent per day (BOE)[3]		**12,305**	13,206	12,827

(1) Funds Flow is not a recognized measure under IFRS. 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) For 2017, includes the disposition of a two percent overriding royalty interest on the total production from the Company's Pembina Cardium pool that closed December 20, 2017 and was effective January 1, 2018. Consideration consisted of $52 million of cash and incremental Cardium assets valued at

$4.7 million which is included in capital expenditures (refer to Note 5 of the December 31, 2017 audited annual financial statements).

(3) 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.

2019 IN REVIEW

During 2019, Bonterra took a prudent approach to capital expenditures in response to both its debt reduction focus and continued commodity price volatility. For 2019, the Company's Funds Flow[1] totaled $96.3 million, of which $53.6 million was directed to capital expenditures with approximately $4 million returned to shareholders in the form of dividends. As a result, Bonterra successfully generated $36.1 million of Free Funds Flow[1] which was allocated to strengthening the balance sheet and led to an 11 percent decrease in net debt year-over-year. The Company invested $44.5 million into drilling and completions capital expenditures, resulting in production for the year averaging 12,305 BOE per day, just under the low end of the Company's previously announced guidance range of 12,600 BOE per day to 13,200 BOE per day. Bonterra generated returns for shareholders and Free Funds Flow[1] through a challenging operating environment in 2019, achieving a capital plus dividend payout ratio[1] of 71 percent for the year.

2019 HIGHLIGHTS

- Averaged 12,305 BOE per day of production in 2019 and 12,387 BOE per day for the fourth quarter, reflecting the impact of disciplined capital spending through 2019 coupled with the impact of approximately 350 BOE per day of shut-in production volumes related to facility maintenance and low natural gas prices.

- Generated Funds Flow[1] of $96.3 million ($2.88 per share) in 2019 which supported continued funding of Bonterra's capital program, monthly dividend and debt repayment, and generated meaningful Free Funds Flow[1] of $36.1 million.

- Improved Bonterra's financial flexibility and enhanced its long-term sustainability by reducing debt by 11 percent, exiting 2019 with net debt of $292.8 million compared to $328.9 million at December 31, 2018.

- Prudent capital expenditures program of $53.6 million supported the allocation of $44.5 million to drill 30 gross (23.7 net) wells with a 100% success rate, and complete and tie-in 27 gross (20.7 net) wells, with the remaining three gross (3.0 net) wells commencing production in early Q1 2020; the additional $9.1 million was directed to infrastructure investments.

- Total proved reserves per fully diluted share totaled 2.44 BOE, a one percent increase over 2.42 BOE in 2018, while proved plus probable ("P+P") reserves per fully diluted share totaled 3.03 BOE compared to 3.04 BOE per share in 2018.

- Total proved reserves increased 0.9 million BOE to 81.5 million BOE (67 percent oil and liquids), while total P+P reserves were maintained at 101.1 million BOE (67 percent oil and liquids).

- Increased P+P reserve life index ("RLI")[1] to approximately 23 years, a two year increase relative to

2018, supporting Bonterra's ability to continue drilling and developing its Cardium light oil focused asset base.

- Replaced 120 percent of production through growth in total proved reserves of 5.4 million BOE before production.

Given the Company's oil weighted asset base, Bonterra benefited from Canadian crude oil differentials that were significantly narrower through 2019 relative to the fourth quarter of 2018, as mandatory production curtailments imposed by the Government of Alberta helped mitigate the discounts on Canadian crude. Persistent weakness and volatility of natural gas prices prevailed through 2019 and resulted in Bonterra shutting in approximately 350 BOE per day of production through the year primarily due to facility maintenance, as well as the voluntary shut-in of British Columbia ("BC") natural gas wells due to low realized natural gas prices. As gas prices increased in the fourth quarter, the BC natural gas wells were placed back on production, which positively impacted production in the period.

Bonterra's cash flow from operations was impacted during 2019 by the combination of lower production volumes and higher production costs per BOE, partially offset by a decrease in royalties per BOE. Although total production costs in 2019 were relatively stable with 2018, the per BOE costs were higher due primarily to several maintenance related factors allocated over reduced volumes from less capital spent and shut-in production. Bonterra required increased trucking in 2019 as volumes from new wells exceeded facility capacity, chemical costs for pipeline integrity and maintenance prevention programs increased, and the Company incurred costs associated with a number of periodic facility turnarounds that were required in 2019, many of which will not be required for another five years, all of which contributed to the higher per BOE production costs in 2019.

With a $36.1 million decrease in net debt over the year, and a 2020 capital budget focused on balance sheet strength, Bonterra retains appropriate liquidity and financial flexibility to continue executing on its business plan.

OUTLOOK

Facing unprecedented volatility and weakness in global commodity markets stemming from demand concerns related to COVID-19 (Coronavirus) and a price war fueled by certain OPEC+ members, Bonterra's focus remains on protecting the balance sheet, preserving the inherent value of its assets and retaining financial flexibility. The current global events mentioned above have reinforced the importance of maintaining an adaptable capital strategy and taking a defensive position to protect the organization amidst severe uncertainty. Consistent with this strategy, the Company has taken several steps to ensure strength and resiliency during this period. Bonterra has committed to spending capital of approximately $25 million and will defer any additional drilling or completions capital investment until pricing is more supportive. Further, the Company has actively assessed areas and infrastructure that are uneconomic in the current environment and has shut-in production volumes to protect corporate returns. Lastly, the Company's Board of Directors has elected to suspend its monthly dividend, commencing in April, until the economic environment can support a sustained dividend payment.

Given Bonterra's efficient operations, lean overhead, controlled cost structure and defensive stance, the Company believes it is well positioned to withstand continued market uncertainty, while protecting asset and shareholder value. Bonterra will continue to actively monitor commodity prices, market conditions, and Funds Flow[1], with the objective of balancing Funds Flow[1] with the capital program to maintain or further reduce debt levels.

The Company's 2020 capital budget was designed to offer greater flexibility around the execution of its capital program throughout the year. With an improvement in oil prices, Bonterra plans to focus the remainder of its 2020 capital budget on drilling and completion activities within the Company's operated Carnwood, Willesden Green and Rose Creek areas, with a portion of the capital allocated to facilities and pipelines, non-operated drilling and completion activities and a continued commitment to abandonments. Bonterra will continue to closely monitor the market environment to evaluate the possibility of shifting capital timing and implementing further production shut-ins.

To mitigate the unparalleled volatility in commodity markets and to support further stability, the Company has entered into physical delivery sales and risk management contracts to realize average Edmonton Par prices on crude oil between C$59.08 and C$69.60 per bbl on 2,000 barrels per day of production for January to February, 2,500 barrels per day for March and 2,000 barrels per day for the second quarter of 2020. The Company also diversified its natural gas prices by entering into a physical delivery sales contract for 5,000 GJs per day ranging between $1.55 CAD per GJ to $1.64 CAD per GJ from April to October, 2020, which are typically the warmest months with the weakest natural gas prices.

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(1) "Recycle Ratio", "Reserve Life Index", "Capital Plus Dividend Payout Ratio", "Free Funds Flow", and "Funds Flow" do not have standardized meanings. See "Cautionary Statements" below.

YEAR END FILINGS

Bonterra has also filed its Annual Information Form ("AIF") today on SEDAR. Selected financial and operational information is outlined above and should be read in conjunction with the Financial Statements, which were prepared in accordance with IFRS, and the related MD&A. The AIF includes information pursuant to the requirements of National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101") of the Canadian Securities Administrators relating to reserves data and other oil and gas information. The AIF, Financial Statements, and related MD&A can be accessed either on Bonterra's website at www.bonterraenergy.com or under the Company's profile on SEDAR at www.sedar.com.

Bonterra Energy Corp. is a conventional oil and gas corporation with operations in Alberta, Saskatchewan and British Columbia, focused on its strategy of long-term, sustainable growth and value creation for shareholders. 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

Use of Non-IFRS Financial Measures

Throughout this release the Company uses the terms "Funds Flow", "Capital Plus Dividend Payout Ratio", and "Free Funds Flow" and to analyze operating performance, which are not standardized measures recognized under IFRS and do not have a standardized meaning prescribed by IFRS. These measures are commonly utilized in the oil and gas industry and are considered informative by management, shareholders and analysts. These measures may differ from those made by other companies and accordingly may not be comparable to such measures as reported by other companies.

The Company defines Funds Flow as funds provided by operations excluding effects of changes in non-cash working capital items and commissioning expenditures settled. Capital plus dividends payout ratio is calculated by dividing the sum of capital expenditures and cash dividends paid by funds flow. Free Funds Flow is defined as funds flow less dividends paid to shareholders, capital and decommissioning expenditures settled.

Information Regarding Disclosure on Oil and Gas Reserves and Operational Information

All amounts in this news release are stated in Canadian dollars unless otherwise specified. Bonterra's oil and gas reserves statement for the year ended December 31, 2019, which includes complete disclosure of its oil and gas reserves and other oil and gas information in accordance with NI 51-101, is contained within its Annual Information Form which is available on Bonterra's SEDAR profile at www.sedar.com or on the Company's website. The recovery and reserve estimates contained herein are estimates only and there is no guarantee that the estimated reserves will be recovered. In relation to the disclosure of estimates for individual properties or subsets thereof, such estimates may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation. The Company's belief that it will establish additional reserves over time with conversion of probable undeveloped reserves into proved reserves is a forward-looking statement and is based on certain assumptions and is subject to certain risks, as discussed below under the heading "Forward-Looking Information and Statements".

This press release contains metrics commonly used in the oil and natural gas industry, such as "recycle ratio" and "reserve life index". 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. Such metrics have been included to provide readers with additional information to evaluate the Company's performance however, such metrics should not be unduly relied upon for investment or other purposes. Management uses these metrics for its own performance measurements and to provide readers with measures to compare Bonterra's performance over time.

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 ARO; 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.

Frequently recurring terms

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

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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