

## Bonterra Energy Corp. Announces First Quarter 2018 Financial and Operational Results

CALGARY, Alberta, May 09, 2018 (GLOBE NEWSWIRE) -- Bonterra Energy Corp. ([www.bonterraenergy.com](http://www.bonterraenergy.com)) (TSX:**BNE**) (“Bonterra” or the “Company”) is pleased to announce its operating and financial results as at and for the three months ended March 31, 2018. The related unaudited condensed financial statements and notes, as well as management’s discussion and analysis (“MD&A”), are available on SEDAR at [www.sedar.com](http://www.sedar.com) and on Bonterra’s website at [www.bonterraenergy.com](http://www.bonterraenergy.com).

### HIGHLIGHTS

As at and for the three months ended (\$000s except \$ per share)	<b>March 31, 2018</b>	December 31, 2017	March 31, 2017
<b>FINANCIAL</b>			
Revenue - realized oil and gas sales	<b>57,124</b>	54,192	49,330
Funds flow <sup>(1)</sup>	<b>27,959</b>	26,948	25,243
Per share - basic and diluted	<b>0.84</b>	0.81	0.76
Dividend payout ratio	<b>36</b>	% 37	% 40
Cash flow from operations	<b>29,877</b>	26,472	24,540
Per share - basic	<b>0.90</b>	0.79	0.74
Per share - diluted	<b>0.90</b>	0.79	0.73
Dividend Payout ratio	<b>33</b>	% 38	% 41
Cash dividends per share	<b>0.30</b>	0.30	0.30
Net earnings	<b>3,395</b>	2,096	475
Per share - basic and diluted	<b>0.10</b>	0.06	0.01
Capital expenditures, net of disposition	<b>36,168</b>	18,775	(2) 30,129
Disposition	-	56,752	(2) -
Total assets	<b>1,142,670</b>	1,125,551	1,156,398
Working capital deficiency	<b>46,630</b>	27,790	39,483
Long-term debt	<b>291,994</b>	292,212	330,118
Shareholders' equity	<b>504,240</b>	510,260	535,742
<b>OPERATIONS</b>			
Oil	-bbl per day	<b>8,034</b>	7,766
	-average price (\$ per bbl)	<b>67.78</b>	65.16
NGLs	-bbl per day	<b>900</b>	963
	-average price (\$ per bbl)	<b>38.70</b>	39.12
Natural gas	-MCF per day	<b>24,701</b>	24,466
	-average price (\$ per MCF)	<b>2.24</b>	1.90
Total barrels of oil equivalent per day (BOE)	<b>13,051</b>	12,807	12,053

(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 is 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.

During the first quarter of 2018, Bonterra continued to focus on the development of its high quality, light oil weighted assets within the Pembina Cardium area in Alberta. During the quarter the Company benefitted from a strong commodity price environment which led to

one of Bonterra's most operationally active quarters in over four years. The Company drilled 15 gross (14.9 net) Cardium wells and invested approximately \$36 million or almost 50 percent of its annual capital budget in the first quarter. Production averaged 13,051 BOE per day due to 14 wells that were brought on production in the quarter: two gross (2.0 net) in January, 12 gross (11.9 net) in March and the final well in April, 2018. Due to this timing, the full impact of the first quarter drilling program will be realized in the second quarter; as production volumes for the month of April averaged approximately 14,600 BOE per day, representing an increase of 11 percent over Q1.

### **Q1 2018 Highlights**

- Generated funds flow of \$28.0 million, or \$0.84 per share, compared to \$25.2 million in Q1 2017, or \$0.76 per share;
- Paid out \$0.30 per share in cash dividends to shareholders in the first quarter, resulting in a payout ratio of 36 percent of funds flow;
- Quarterly production averaged 13,051 BOE per day, eight percent higher than Q1 2017 volumes of 12,053 BOE per day, with production for the month of April 2018 averaging approximately 14,600 BOE per day;
- Generated a cash netback in Q1 2018 of \$23.81 per BOE compared to \$22.98 per BOE in Q4 2017;
- Realized an average crude oil price of \$67.78 per barrel and realized an average overall price of \$48.63 per BOE in Q1 2018;
- Invested approximately \$36.2 million in capital in the first quarter allocated to the drilling of 15 gross (14.9 net) operated horizontal wells and the completion and tie-in of 14 gross (13.9 net) wells, of which 12 gross (11.9 net) were placed on production in March 2018;
- Production costs increased to \$14.49 per BOE in the first quarter, compared to \$13.48 per BOE in Q1 2017 and decreased from \$14.79 per BOE in Q4 2017, with higher costs in Q1 related to additional resources expended on the optimization of existing production to limit down time in the second quarter associated with spring breakup and lease inaccessibility; and
- Completed Bonterra's annual borrowing base review in April 2018, which resulted in the renewal of its credit facilities at \$380 million with no change in terms or conditions, other than a positive pricing reduction in the interest rate grid.

The Company invested heavily in capital through the first quarter and into April to ensure production volumes would continue to increase from Q1 to Q2. Additionally, in the first three months of 2018 the Company doubled the traditional two service rigs to four and enhanced its well maintenance program to take advantage of a positive and strengthening crude oil price environment.

Typically, the first quarter of the year is the most capital intensive and a period in which the Company outspends cash flow, while the second quarter is historically the least capital intensive. As a result, during the second quarter Bonterra has been able to generate cash flow that significantly exceeds capital spending, thereby allowing the Company to continue reducing net debt. It is anticipated that Q2 2018 will present a similar opportunity.

### **Q2 and 2018 Outlook**

Bonterra's drilling and completions spending in the first quarter positioned the Company to maintain its current production levels through 2018 supported by highly economic, low-risk drilling locations. The Company will continue to pursue a sustainable growth strategy focused on operational efficiencies, while exercising financial discipline to reduce debt, manage its dividend and deliver optimal returns for shareholders across a variety of commodity price levels.

Bonterra is a low-cost producer featuring a low production decline rate, significant exposure to the massive Pembina Cardium pool, and a large inventory of low-risk, highly economic undrilled locations. With approximately 91 percent of 2018 revenue expected to be weighted towards higher value crude oil and natural gas liquids ("NGLs") Bonterra has significant torque to the upside in a rising commodity price environment. The Company's sustainable growth plus dividend model continues to contribute to stable production and predictable funds flow.

Bonterra remains on target to meet annual production guidance of 13,200 to 13,400 BOE per day and a net debt to cash flow target range between 2.1 to 2.5 times at year end 2018. The future for Bonterra is increasingly positive and the Company will continue to manage the business conservatively for the benefit of all shareholders.

Bonterra Energy Corp. is a conventional oil and gas corporation with operations in Alberta, Saskatchewan and British Columbia. The shares are listed on The Toronto Stock Exchange under the symbol "BNE".

### **For further information please contact:**

George F. Fink, Chairman and CEO

Robb D. Thompson, CFO

Adrian Neumann, COO

Telephone: (403) 262-5307

## **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](http://www.bonterraenergy.com)

## **Use of Non-IFRS Financial Measures**

Throughout this release the Company uses the terms "payout ratio" and "cash netback" 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 calculates payout ratio by dividing cash dividends paid to shareholders by cash flow from operating activities, both of which are measures prescribed by IFRS which appear on our statements of cash flows. We calculate cash netback by dividing various financial statement items as determined by IFRS by total production for the period on a barrel of oil equivalent basis.

## **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.

## **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.*

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<http://bonterraenergy.mediaroom.com/index.php?s=2429&item=122576>