Bonterra Energy Corp. - XML API

Bonterra Energy Corp. Announces Year End 2017 Results

CALGARY, Alberta, March 13, 2018 (GLOBE NEWSWIRE) -- 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, 2017. The related financial statements and notes, as well as management's discussion and analysis ("MD&A") for the year ended December 31, 2017 and annual information form ("AIF") as of December 31, 2017 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, 2017**		December 31, 2016		December 31, 2015	(1)
FINANCIAL							
Revenue - realized oil and gas sales		**202,566**		169,863		197,239	
Funds flow (2)		**102,444**		96,305		117,948	
Per share - basic and diluted		**3.08**		2.90		3.61	
Dividend payout ratio		**39**	**%**	41	%	54	%
Cash flow from operations		**103,873**		75,294		107,871	
Per share - basic and diluted		**3.12**		2.26		3.30	
Dividend payout ratio		**38**	**%**	53	%	59	%
Cash dividends per share		**1.20**		1.20		1.95	
Net earnings (loss)		**2,506**		(24,135	)	(9,080	)
Per share - basic and diluted		**0.08**		(0.73	)	(0.28	)
Capital expenditures		**82,441**	(4)	40,797		58,498	
Acquisition		**-**		**-**		170,430	(3)
Disposition		**56,752**	(4)	**-**		-	
Total assets		**1,125,551**		1,147,834		1,183,593	
Working capital deficiency		**27,790**		24,921		29,804	
Long-term debt		**292,212**		329,204		332,471	
Shareholders' equity		**510,260**		543,824		595,805	
OPERATIONS							
Oil	-bbl per day	**7,907**		7,942		8,641	
	-average price ($ per bbl)	**59.30**		49.46		54.08	
NGLs	-bbl per day	**905**		894		733	
	-average price ($ per bbl)	**31.47**		19.93		20.80	
Natural gas	-MCF per day	**24,087**		22,888		19,694	
	-average price ($ per MCF)	**2.40**		2.34		2.94	
Total barrels of oil equivalent per day (BOE)(5)		**12,827**		12,650		12,656	

(1) Annual figures for 2015 include the results of a purchase (the Acquisition) of primarily Pembina Cardium oil and gas assets (Pembina Assets) for the period of April 15, 2015 to December 31, 2015. For the year ended December 31, 2015, production includes 260 days for the Pembina Assets and 365 days for the original Bonterra assets.

(2) 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.

(3) For 2015, includes the Acquisition that closed April 15, 2015 for $170,430,000.

(4) 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).

(5) 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.

2017 IN REVIEW

Bonterra is pleased to report its financial and operational results for the year ended December 31, 2017. The Company continued to realize operational success while maintaining conservative financial management through 2017 as it focused on projects offering the highest economic returns within a recovering commodity price environment.

2017 Highlights

- Generated funds flow of $102.6 million ($3.08 per share) compared to $96.3 million ($2.90 per share) in the same period in 2016, due to higher realized commodity prices year over year.

- Paid out $1.20 per share in cash dividends to shareholders in 2017, resulting in a payout ratio of 39 percent of funds flow.

- Annual production averaged 12,827 BOE per day, in-line with guidance and slightly higher than 2016 volumes of 12,650 BOE per day.

- 90 percent of Bonterra's 2017 revenues came from oil and natural gas liquids ("NGLs"), with average realized prices for crude oil of $59.30 per bbl and $31.47 per bbl for NGLs.

- Drilled 30 gross operated (27.9 net) and 8 gross non-operated (1.7 net) horizontal wells in the light oil Pembina Cardium pool with a 100 percent success rate.

- Incurred capital expenditures of $77.7 million, including $60.7 million directed to drilling and completion activities, and $17.0 million for non-operated wells and infrastructure costs. The infrastructure investment is expected to reduce gathering, compression, water hauling and injection costs resulting in lower per BOE production costs in 2018 compared to the 2017 level of $13.26 per BOE.

- Through conservative management, Bonterra demonstrated strong operational execution including:

  -- Generated 23 percent higher cash netbacks in 2017 of $21.85 per BOE compared to $17.71 per BOE in 2016;

  -- Achieved continued low all-in corporate costs (including royalties, production, general and administrative and interest) of $21.44 per BOE; and

  -- Realized an 18 percent higher price per BOE which averaged $43.29 in 2017 compared to $36.69 in 2016.

- Sold a two percent overriding royalty interest in December, 2017 (effective January 1, 2018) on the total production from Bonterra's Pembina Cardium pool for $52 million of cash and received Pembina Cardium assets valued at $4.7 million; the cash proceeds of which were used to reduce the Company's year end net debt.

- Increased proved plus probable ("P+P") reserves by five percent to 99.9 mmboe (70 percent oil and liquids), and grew P+P reserves on a fully diluted per share basis to 3.00 BOE per share, an increase of five percent compared to 2.85 BOE per share in 2016.

Bonterra achieved stable production volumes through 2017 as a result of its successful drilling program in the Pembina Cardium area coupled with a low corporate decline rate of approximately 22 percent. During the fourth quarter of 2017, the Company experienced production curtailments primarily related to pipeline restrictions and freeze-offs causing 80 bbls per day to be produced into inventory and 218 BOE per day to be shut in. All restricted pipeline volumes that were stored to inventory will be included in Q1 2018 production. Without these production curtailments, Bonterra's Q4 2017 production would have averaged 13,105 BOE per day.

Meaningful reserves growth was achieved during 2017, with P+P reserves per fully diluted share increasing five percent to 3.00 BOE compared to 2.85 BOE in 2016. Total proved reserves increased six percent to 78.6 million BOE (70 percent oil and liquids), and P+P reserves increased five percent to 99.8 million BOE (70 percent oil and liquids). Total proved reserves represent 79 percent of total P+P reserves and replaced production by 193 percent in 2017.

The Company's three year average finding, development and acquisition ("FD&A") costs continued to trend lower in 2017 to $12.60 per BOE compared to $14.28 per BOE in 2016. The Company's inventory of identified economic Cardium horizontal locations totaled 735 net undrilled as at December 31, 2017, or an estimated 21 years based on current capital spending levels. With approximately one third of its undrilled identified well locations for the Pembina and Willesden Green Cardium included in its year end 2017 reserves evaluation, Bonterra is well positioned to capture further upside with future increases in commodity prices.

The Company's commitment to cost control contributed to all-in corporate costs that are among the lowest in the oil weighted peer group at $21.44 per BOE, including royalties, operating expenses, administrative expenses and interest on debt. An increase in production costs which averaged $13.26 per BOE in 2017 ($1.49 per BOE higher than 2016), is attributable to an increase in service rigs, equipment and lease maintenance costs. With the previously deferred well and lease maintenance programs being completed and field optimization infrastructure that was added during 2017, Bonterra anticipates its production costs per BOE in 2018 will decrease relative to 2017.

Outlook

The 2018 capital budget of $75 million is intended to maintain a balance between funds flow and capital spending plus dividends. Any excess cash will be used to reduce debt. Annual production volumes in 2018 are estimated to increase between two and four percent over 2017 and range between 13,200 and 13,500 BOE per day. The Company will continue to regularly monitor commodity price changes and funds flow, with the view to adjusting capital expenditures and dividend levels up or down as required.

Going forward, Bonterra will continue to focus on operational efficiencies and financial discipline to maximize returns for shareholders. The Company will manage its business cautiously in the context of a volatile commodity price environment and increased provincial and federal political uncertainty. Bonterra continues to be one of the lowest cost producers, has one of the lowest annual production decline rates and one of the largest inventory of economic undrilled locations. These factors are expected to contribute to Bonterra's continued success in the oil and gas industry.

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. The shares are listed on The Toronto Stock Exchange under the symbol "BNE".

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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 "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: “bbl” refers to barrel, “NGLs” refers to Natural gas liquids, “MCF” refers to thousand cubic feet 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.
