

Bonterra Energy Corp. Announces 2017 Year End Corporate Reserves Information

CALGARY, Alberta, Feb. 07, 2018 (GLOBE NEWSWIRE) -- 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, 2017.

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 13, 2018.

Reserve Report Highlights

- Increased proved plus probable ("P+P") reserves by five percent to 99.8 million BOE (70 percent oil and liquids) and total proved reserves by six percent to 78.6 million BOE (70 percent oil and liquids).
- Increased total proved reserves by 4.3 million BOE which replaced production by 193 percent.
- Total proved reserves represent 79 percent of total P+P reserves.
- P+P reserves per fully diluted share increased to 3.00 BOE per share compared to 2.85 BOE per share from the prior year, an increase of five percent.
- Reserve life index of approximately 21 years on a P+P basis, 17 years on a total proved basis, and nine years on a proved developed producing ("PDP") basis (based on 2017 average production rate of 12,827 BOE per day).

Summary of Gross Oil and Gas Reserves as of December 31, 2017

	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	25,760	66,598	7,152	3,147	41,199	-
Developed Non-producing	617	1,468	244	69	971	1,136
Undeveloped	22,369	52,022	13,893	3,068	36,423	605,140
Total proved	48,746	120,088	21,288	6,284	78,592	606,275
Total Probable	13,148	31,894	6,604	1,684	21,248	9,651
Total P+P^{(1) (2) (3)}	61,894	151,982	27,893	7,968	99,840	615,926

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, 2017 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, 2017 ⁽¹⁾⁽²⁾

Light & Medium Oil		Conventional Natural Gas		Natural Gas Liquids		Oil Equivalent	
Total	Proved +	Total	Proved +	Total	Proved +	Total	Proved +

	Proved (MBbl)	Probable (MBbl)	Proved (MMcf)	Probable (MMcf)	Proved (MBbl)	Probable (MBbl)	Proved (MBoe)	Probable (MBoe)
Opening Balance, December 31, 2016	47,581	60,320	129,108	167,269	5,157	6,707	74,257	94,905
Extensions & Improved Recovery ⁽²⁾	4,086	5,166	7,130	9,009	427	540	5,701	7,207
Technical Revisions	(882)	(1,785)	11,905	9,803	960	964	2,062	814
Discoveries	-	-	-	-	-	-	-	-
Acquisitions	697	868	1,730	2,170	57	71	1,043	1,301
Dispositions ⁽³⁾	-	-	-	-	-	-	-	-
Economic Factors	150	211	295	415	13	16	212	296
Production	(2,886)	(2,886)	(8,792)	(8,792)	(331)	(331)	(4,682)	(4,682)
Closing Balance, December 31, 2017⁽⁴⁾	48,746	61,894	141,376	179,874	6,284	7,968	78,592	99,840

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, 2017

(\$M)	Net Present Value Before Income Taxes Discounted at (% per Year)			
Reserves Category:	0%	5%	10%	15%
Proved				
Producing	1,379,164	935,526	706,099	569,452
Non-producing	20,761	18,112	14,854	12,272
Undeveloped	930,643	514,685	306,474	190,432
Total proved	2,330,568	1,468,324	1,027,427	772,156
Probable	946,292	492,725	317,563	231,218
Total proved plus probable ⁽¹⁾⁽²⁾⁽³⁾	3,276,860	1,961,049	1,344,990	1,003,374

Notes:

(1) Evaluated by Sproule as at December 31, 2017. 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, 2017. 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.

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

Over the past three years, Bonterra has incurred the following FD&A⁽³⁾ and F&D⁽³⁾ costs both excluding and including Future Development Capital ("FDC"):

	<u>Total Proved Reserves Net Additions</u>				<u>P+P Reserves Net Additions</u>			
	2017	2016	2015	3 Yr Avg ⁽⁴⁾	2017	2016	2015	3 Yr Avg ⁽⁴⁾
FD&A Costs per BOE⁽¹⁾⁽²⁾⁽³⁾								
Including FDC	\$15.66	\$10.87	\$11.52	\$12.60	\$13.74	\$9.93	\$11.60	\$11.77
Excluding FDC	\$9.06	\$4.91	\$15.50	\$10.62	\$8.57	\$4.58	\$15.29	\$10.51

F&D Costs per BOE ⁽¹⁾⁽²⁾⁽³⁾

Including FDC	\$17.02	\$10.89	\$4.76	\$13.04	\$15.22	\$9.91	\$3.12	\$11.96
Excluding FDC	\$9.55	\$4.81	\$33.26	\$9.73	\$9.25	\$4.44	\$56.32	\$9.64

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.

FD&A and F&D Highlights

- The increase in FDC was primarily a result of increased investment infrastructure capital of \$13 million directed to initiatives designed to reduce future operating costs by enhancing water and gas handling capabilities, as well as increased drilling and completion costs due to higher industry demand.
- FD&A for 2017 was positively impacted by reserve additions from two acquisitions totaling \$5.5 million.
- On December 20, 2017, the Company closed the sale of a two percent non-convertible gross overriding royalty ("GORR") on its Pembina Cardium pool for consideration of \$56.7 million (comprised of \$52 million cash and incremental Cardium assets). The GORR transaction has been reflected in the Company's net reserves.

Operational Highlights

Bonterra realized ongoing success in its core Pembina Cardium area through 2017 and maintained stable production volumes as a result of its low corporate decline rate and successful drilling program. The Company was able to grow reserves and lower net debt with no shareholder dilution due to the GORR transaction and its successful 2017 development program. Bonterra's realized oil prices are based on Edmonton Par pricing; accordingly, the Company has not been exposed to the significantly lower differentials which have negatively impacted the Western Canadian Select benchmark price.

Bonterra's 2017 full year and fourth quarter production summary follows:

- Average daily production for the full year was 12,827 BOE per day (70 percent oil and liquids), which was in line with the Company's 2017 guidance of 12,900 BOE per day, representing a two percent increase over the 12,650 BOE per day average in 2016;
- Average daily production in the fourth quarter was 12,807 BOE per day, an increase of six percent compared to the fourth quarter of 2016; and
- During the fourth quarter of 2017, the Company experienced pipeline restrictions which resulted in 80 barrels of oil per day being produced into inventory rather than being sold. In addition, due to extremely cold weather, numerous pipelines and wellhead freeze offs resulted in unplanned downtime of 218 BOE per day. Without these production curtailments, the Company would have averaged 13,105 BOE per day in Q4 2017. The inventory build will be included in Q1 2018 production and unplanned downtime is expected to be resolved early in the first quarter of 2018.

2018 Guidance

Bonterra is maintaining the 2018 capital budget at \$75 million which will be directed largely to new wells and facility upgrades focused primarily in the Pembina Cardium area. Bonterra anticipates the 2018 average annual production to range between 13,200 and 13,500 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, 2017 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, 2017 and changes could be material.

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Caution Regarding Engineering Terms

Disclosure provided herein in respect of barrels of oil equivalent (BOE) may be misleading, particularly if used in isolation. In accordance with NI 51-101, a BOE conversion ratio of 6 MCF to 1 barrel has been used in all cases in this disclosure. This BOE conversion ratio is based on an energy equivalency conversion method primarily available at the burner tip and does not represent a value equivalency at the wellhead.

Summary of Selected Price Forecasts Sproule (December 31, 2017)

Year	WTI Cushing Oklahoma 40 ^o API (\$US/bbl)	Canadian Light Sweet Crude 40 ^o API \$/bbl	AECO-C Spot \$/Mmbtu	Exchange Rate \$US/\$CDN
2018	55.00	65.44	2.85	0.79
2019	65.00	74.51	3.11	0.82
2020	70.00	78.24	3.65	0.85
2021	73.00 ⁽¹⁾	82.45 ⁽¹⁾	3.80	0.85

1. Escalation Rate 2% thereafter

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.

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

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