

Bonterra Energy Corp. Announces Third Quarter 2017 Financial and Operational Results

CALGARY, ALBERTA--(Marketwired - Nov. 8, 2017) - Bonterra Energy Corp. (www.bonterraenergy.com) (TSX:[BNE](#)) ("Bonterra" or "the Company") is pleased to announce its operating and financial results for the three and nine months ended September 30, 2017. The related unaudited condensed financial statements and notes, as well as management's discussion and analysis (MD&A), are available on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com and on Bonterra's website at www.bonterraenergy.com.

HIGHLIGHTS

	Three months ended		Nine months ended		
As at and for the periods ended	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	
(\$ 000s except for \$ per share and \$ per BOE)					
FINANCIAL					
Revenue - realized oil and gas sales	46,349	46,236	148,374	120,896	
Funds flow ⁽¹⁾	21,745	23,510	75,496	69,647	
Per share - basic and diluted	0.65	0.71	2.27	2.10	
Dividend payout ratio	46%	42%	40%	43%	
Cash flow from operations	25,491	19,219	77,401	43,757	
Per share - basic and diluted	0.77	0.58	2.32	1.32	
Dividend payout ratio	40%	52%	39%	68%	
Cash dividends per share	0.30	0.30	0.90	0.90	
Net earnings (loss)	(3,043)	(5,830)	410	(22,967)	
Per share - basic and diluted	(0.09)	(0.18)	0.01	(0.69)	
Capital expenditures, net of dispositions	14,121	17,424	63,666	28,527	
Total assets			1,146,498	1,163,743	
Working capital deficiency			28,260	26,361	
Long-term debt			345,322	335,953	
Shareholders' equity			517,719	549,870	
OPERATIONS					
Oil	-barrels per day	8,038	8,197	7,954	8,101
	-average price (\$ per barrel)	53.48	51.80	57.38	46.81
NGLs	-barrels per day	1,000	942	886	888
	-average price (\$ per barrel)	27.81	17.29	28.67	17.62
Natural gas	- MCF per day	25,460	24,948	23,959	23,005
	- average price (\$ per MCF)	1.81	2.47	2.58	2.02
Total barrels of oil equivalent per day (BOE) ⁽²⁾	13,281	13,298	12,834	12,823	

(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) 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.

Bonterra's third quarter financial and operating results remained relatively stable compared to the same period in 2016 demonstrating the sustainability and low declines inherent in the Company's long-life asset base. Although capital spending in the third quarter was 27 percent lower than the second quarter of 2017, production was one percent higher at 13,281 BOE per day compared to 13,153 BOE per day. During the third quarter, production increased 128 BOE per day compared to the second quarter of 2017, despite an additional 530 BOE per day shut-in during the period due to well workovers, pipeline restrictions and non-operated facility turnarounds.

Production was also positively impacted by three wells that were brought on production early in the third quarter. Bonterra invested \$14.1 million in capital expenditures which was directed to drilling four new wells which will be brought on-stream in the fourth quarter. In order to mitigate against service company availability issues anticipated during the first quarter of 2018, Bonterra will drill five (4.5 net) additional wells in November and December, which were originally scheduled for the first quarter of 2018 as part of the first quarter 2018 capital program. These wells will be completed and tied-in during the fourth quarter of 2017, which is anticipated to have a positive impact on Bonterra's 2017 exit production rate and position the Company for a strong start to 2018. The Company expects its 2017 annual capital spending to be approximately \$73 million.

Highlights for Q3 and the Nine Months Ended September 30, 2017

- Averaged 13,281 BOE per day of production during the quarter, an increase of one percent over the previous quarter and flat over the same period in 2016, reflecting new production from three wells brought on stream early in the quarter, offset by natural declines and shut-in production;
- Generated funds flow of \$21.7 million (\$0.65 per share), compared to \$23.5 million (\$0.71 per share) in Q3 2016, and \$28.5 million (\$0.86 per share) in the second quarter of 2017. Funds flow for the nine months ended September 30, 2017 totaled \$75.5 million (\$2.27 per share) compared to \$69.6 million (\$2.10 per share) for the same period in 2016;
- Maintained strong sustainability with capital spending plus dividends being less than cash flow from operations, resulting in an all-in cash out / cash in ratio of 95 percent;
- During the first nine months of 2017, Bonterra invested approximately \$47 million to drill 25 gross operated (23.5 net) horizontal wells and complete and tie-in 24 gross (21.1 net) wells (of which three (1.7 net) wells were drilled in 2016, but not completed until 2017). The Company will place the remaining four (4.0 net) wells drilled but not completed on production during the fourth quarter, and intends to drill five incremental wells in the fourth quarter that were originally planned for the first quarter of 2018;
- Cash netbacks were \$17.59 per BOE for the quarter, compared to \$17.83 per BOE in Q3 2016, primarily due to relatively flat commodity prices and all-in cash costs (royalties, operating costs, general and administration and interest costs) that averaged \$20.34 per BOE. For the nine months ended September 30, 2017 cash netbacks were \$21.48 per BOE, 36 percent higher than the \$15.74 per BOE for the same period in 2016; and
- Paid out \$0.30 per share in cash dividends to shareholders in the third quarter (\$0.90 per share during the first nine months of 2017), resulting in a payout ratio of 46 percent of funds flow (40 percent for nine months ending September 30, 2017).

On November 1, 2017, following the semi-annual review of its bank facility, the Company's borrowing base was successfully renewed at \$380 million, which continues to provide the Company with sufficient liquidity and financial flexibility to execute its business plan. The modest increase in bank debt over the end of the second quarter resulted from continued capital investment in the quarter, which was compounded by lower commodity prices in the third quarter relative to the second quarter. As at September 30, 2017, Bonterra had \$345 million drawn on the \$380 million bank facility.

During the first nine months of 2017, WTI benchmark crude oil prices increased from lows of \$30.62 US per bbl in February of 2016 to over \$50.00 US per barrel into Q1 2017, but softened through Q2 and Q3 2017, averaging \$48.30 US per bbl in the quarter. The AECO benchmark price for natural gas has deteriorated through the third quarter of 2017. The operator of the main provincial natural gas transmission pipeline introduced a new methodology for managing pipeline capacity during periods of maintenance whereby interruptible delivery service was cut rather than firm service receipts. This new methodology resulted in limiting access to certain storage facilities causing severe AECO price volatility (primarily downward). With the onset of winter, less maintenance and cooler temperatures are expected, which is anticipated to have a positive effect on natural gas prices.

Outlook

With the drilling and completions activity planned for the fourth quarter, including the five wells being accelerated into 2017, Bonterra expects production levels of approximately 13,000 to 13,200 BOE per day through the fourth quarter, which is expected to result in annual production of approximately 12,900 BOE per day. Given its significant inventory of highly economic, low-risk drilling locations, the Company will continue pursuing its sustainable growth strategy focused on operational efficiencies, dividend management and debt reduction, with the goal of delivering attractive returns for shareholders across a variety of commodity price levels.

Bonterra is a low-cost and low production decline producer whose attractive asset base offers significant exposure to the massive Pembina Cardium light crude oil pool. The Company's large and oil weighted inventory of low-risk, highly economic undrilled locations supports its sustainable growth plus dividend model across a variety of commodity price levels, with significant torque to the upside in a rising oil price environment. The

future for Bonterra remains positive and the Company will continue to manage the business conservatively for the benefit of 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".

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 therefrom. 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, "NGL" 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.

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