Bonterra Energy Corp. Announces Year End 2016 Results

CALGARY, ALBERTA--(Marketwired - March 14, 2017) - 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, 2016. The related financial statements and notes, as well as management's discussion and analysis (MD&A) for the year ended December 31, 2016, 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			
As at and for the year ended	**December 31,**	December 31,	December 31,
($000s except $ per share)	**2016**	2015[1]	2014
FINANCIAL			
Revenue - realized oil and gas sales	**169,863**	197,239	339,694
Funds flow [2]	**96,305**	117,948	209,665
Per share - basic	**2.90**	3.61	6.57
Per share - diluted	**2.90**	3.61	6.54
Dividend payout ratio	**41%**	54%	54%
Cash flow from operations	**75,294**	107,871	222,353
Per share - basic	**2.26**	3.30	6.97
Per share - diluted	**2.26**	3.30	6.94
Dividend payout ratio	**53%**	59%	51%
Cash dividends per share	**1.20**	1.95	3.54
Net earnings (loss)	**(24,135)**	(9,080)	38,761
Per share - basic and diluted	**(0.73)**	(0.28)	1.21
Capital expenditures, net of disposition	**40,797**	58,498	155,565
Acquisition	**-**	170,430[4]	-
Total assets	**1,147,834**	1,183,593	1,042,938
Working Capital deficiency	**24,921**	29,804	53,642
Long-term debt	**329,204**	332,471	154,723
Shareholders' equity	**543,824**	595,805	635,198
OPERATIONS			
Oil			
-bbl per day	**7,942**	8,641	8,582
-average price ($ per bbl)	**49.46**	54.08	90.61
NGLs			
-bbl per day	**894**	733	807
-average price ($ per bbl)	**19.93**	20.80	52.26
Natural gas			
-MCF per day	**22,888**	19,694	22,833
-average price ($ per MCF)	**2.34**	2.94	4.86
Total barrels of oil equivalent per day (BOE)[3]	**12,650**	12,656	13,195

(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) 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.

(4) Represents the Acquisition that closed April 15, 2015 for $170,430,000.

YEAR IN REVIEW

Bonterra is pleased to report its financial and operational results for the year ended December 31, 2016. The Company continued to realize operational success through 2016 as it focused on projects offering the highest economics while preserving value in a persistently low commodity price environment.

2016 Highlights

- Generated funds flow of $96.3 million ($2.90 per share) vs. $117.9 million ($3.61 per share) in the same period in 2015, due to lower commodity prices year over year;
- Paid out $1.20 per share in cash dividends to shareholders in 2016, resulting in a payout ratio of 41 percent of funds flow;
- Average annual production of 12,650 BOE per day, in-line with guidance and essentially equal to 2015 volumes of 12,656 BOE per day;
- Drilled 21 gross operated (18.7 net) and 2 gross (0.1 net) non-operated horizontal wells with a 100% success rate;
- Through disciplined execution, Bonterra continued cost reductions through 2016, including:
  - Capital costs per well reduced further by 14 percent from 2015;
  - Achieved all in corporate costs (including royalties, production, general and administrative and interest) of $18.98 per BOE, one of the lowest in the sector;
  - Production costs on a per BOE basis reduced by two percent to $11.77 per BOE in 2016, which was already reduced by 14 percent in 2015; and
  - General and administrative costs reduced by 12 percent to $6.3 million in 2016 from $7.2 million in 2015;
- Increased proved plus probable (P+P) reserves by five percent to 94.9 mmboe (71 percent oil and liquids), and grew P+P reserves on a fully diluted per share basis to 2.85 BOE per share, an increase of three percent compared to 2.78 BOE per share in 2015;
- Increased proved reserves by 3.6 mmBOE, replacing 177 percent of production; and
- Reported a reserve life index at year end 2016 of approximately 20 years on a P+P basis, 16 years on a total proved basis, and nine years on a proved developed producing (PDP) basis using Bonterra's 2016 average production.

Bonterra continued to realize operational success through 2016 as it focused on projects offering the highest returns while preserving value in a persistently low commodity price environment. The Company's annual production volumes averaged 12,650 BOE per day (70 percent oil and liquids), in line with guidance and on a capital expenditure program that was $40 million, 30 percent lower than the 2015 program. The Company sustained ongoing success in its core Pembina Cardium area throughout 2016 and maintained stable production volumes as a result of its very low corporate decline rate of 18-20 percent, successful drilling program and the implementation of innovative completions techniques across its asset base.

In 2016, Bonterra focused on cost reduction, reducing operating and administrative costs and, bringing the corporate all-in costs to one of the lowest in the sector at $18.98 per BOE, including royalties, operating expenses, administrative expense and interest on debt.

Bonterra realized a further 14 percent reduction in capital levels required for drilling, completions and infrastructure, building on what had been achieved in 2015. By reducing drilling days per well and realizing better cost efficiencies in the field, the Company was able to grow reserves with capital efficiencies of approximately $17,000 per BOE.

Additionally, Bonterra's focus on managing financial flexibility generated free cash after capital spending and dividend distributions to pay down bank debt and reduced net debt to $354 million from $362 million in 2015. Through 2017, the Company will continue to reduce net debt to a level that is less than 2.5 times funds flow during low commodity prices and less than 1.5 times funds flow when oil prices are higher than U.S. $60 West Texas Intermediate (WTI) and Bonterra's realized price for natural gas is CDN $3.50 per MCF.

In the fourth quarter of 2016, the Company experienced production curtailments primarily related to pipeline restrictions and freeze offs causing 380 BOE per day to be shut in. All restricted volumes were produced and stored in inventory and will be included in Q1 2017 production.

In 2016, Bonterra maintained its natural gas production firm service commitments to more than 90 percent which will reduce transportation curtailments associated with interruptible service and preserve access to consistent and reliable infrastructure to move volumes to market.

Outlook

With stabilizing prices to date in 2017, the Company will continue to review capital spending and dividend levels on a monthly basis so that it can maximize gains on rising oil prices and preserve value if they fall. The current capital budget of $70 million is intended to maintain a balance between funds flow and capital spending plus dividend distributions. Bonterra estimates 2017 annual production will increase five percent and range between 13,000 and 13,500 BOE per day. With commodity price assumptions for 2017 of U.S. $55 WTI, AECO $3.10 per MCF and foreign exchange of CDN/U.S. dollar of $0.74, The Company expects to generate funds flow of approximately $145 million. Assuming dividends are approximately $40 million annually, or a stable $0.10 per share monthly, and approximately $15 million from other sources, Bonterra forecasts that approximately $50 million would be available to reduce outstanding bank debt.

In 2017, the Company will continue pursuing its sustainable growth strategy by minimizing the amount of debt and managing its dividend in a responsible manner. Bonterra will continue to focus on operations efficiencies, financial discipline and delivering optimal returns for shareholders.

Bonterra will continue to be one of the stronger companies in the resource industry by being a low-cost producer, maintaining a low production decline rate and having a large inventory of economic undrilled locations. The future for Bonterra remains positive over the long term as the Company will remain conservatively managed to withstand a challenging commodity price environment.

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 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, "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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