Bonterra Energy Corp. Announces Third Quarter 2016 Results

CALGARY, ALBERTA--(Marketwired - Nov. 9, 2016) - Bonterra Energy Corp. ("Bonterra" or "the Company") (TSX:BNE) is pleased to announce its operating and financial results for the three and nine months ended September 30, 2016. 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,**		September 30,		**September 30,**		September 30,	
($ 000s except for $ per share and $ per BOE)	**2016**		2015		**2016**		2015	
FINANCIAL								
Revenue - realized oil and gas sales [1]	**46,236**		52,160		**120,896**		152,561	
Funds flow [1][2]	**23,510**		28,754		**69,647**		93,902	
Per share - basic and diluted	**0.71**		0.87		**2.10**		2.89	
Dividend payout ratio	**42**	**%**	52	%	**43**	**%**	52	%
Cash flow from operations	**19,219**		36,024		**43,757**		80,063	
Per share - basic and diluted	**0.58**		1.09		**1.32**		2.47	
Dividend payout ratio	**52**	**%**	41	%	**68**	**%**	61	%
Cash dividends per share	**0.30**		0.45		**0.90**		1.50	
Net loss	**(5,830**	**)**	(321	)	**(22,967**	**)**	(4,967	)
Per share - basic and diluted	**(0.18**	**)**	(0.01	)	**(0.69**	**)**	(0.15	)
Corporate netback per BOE [3][4]	**17.83**		23.84		**15.74**		25.00	
Capital expenditures, net of dispositions	**17,424**		14,402		**28,527**		50,114	
Acquisition[5]	**-**		**-**		**-**		170,430	
Total assets					**1,163,743**		1,200,856	
Working capital deficiency					**26,361**		29,080	
Long-term debt					**335,953**		335,863	
Shareholders' equity					**549,870**		610,793	
OPERATIONS								
Oil								
-barrels per day	**8,197**		9,177		**8,101**		8,713	
-average price ($ per barrel)	**51.80**		53.26		**46.81**		55.58	
NGLs								
-barrels per day	**942**		753		**888**		740	
-average price ($ per barrel)	**17.29**		18.05		**17.62**		20.58	
Natural gas								
- MCF per day	**24,948**		19,191		**23,005**		19,449	
- average price ($ per MCF)	**2.47**		3.36		**2.02**		3.05	
Total barrels of oil equivalent per day (BOE) [3]	**13,298**		13,129		**12,823**		12,695	

(1) Three and nine month 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 September 30, 2015. For the nine months ended September 30, 2015 production includes 168 days for Pembina Assets and 273 days for Bonterra.

(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) Corporate cash netback is not a recognized measure under IFRS. For these purposes, the Company defines corporate 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.

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

During the third quarter of 2016, Bonterra remained focused on the continued execution of its long-term strategy and commitment to sustainability, including managing capital spending and dividends paid to remain lower than funds flow. The Company reported increased production and higher realized oil and natural gas prices which facilitated further debt reduction from the first quarter. With its low-decline Cardium-focused asset base, Bonterra is well positioned to provide upside exposure in a rising oil price environment. The Company also remained focused on controlling costs in Q3, and was pleased to report all-in costs of less than $20 per BOE in the quarter, despite significantly increased activity.

Third quarter production averaged 13,298 BOE per day, which is eight percent above Q2, and well above the full year 2016 guidance. Following an improvement in the extremely wet weather conditions, the removal of a portion of previously imposed pipeline restrictions and stronger commodity prices, Bonterra was able to undertake an aggressive reactivation and maintenance program on wells that had previously been shut-in or were uneconomic to repair at lower prices. These initiatives added an incremental 600 BOE per day of production in Q3.

During the quarter, the Company invested $17.4 million which was allocated primarily to drilling 11 gross (10.7 net) Cardium wells, and the completion, equipping and tie-in of six wells which came on production in Q3. Bonterra contracted four additional service rigs during Q3, up from the previous two rigs the Company had been running. Through Q4, the Company expects to actively run two service rigs. Bonterra will continue to monitor prices and adjust its capital investment decisions on a monthly basis in response to changing WTI oil and natural gas prices.

Subsequent to the end of the quarter, the borrowing base on Bonterra's credit facilities was reviewed and maintained at $380 million. The facilities are comprised of a $330 million syndicated revolving credit facility, and a $50 million non-syndicated revolving credit facility. The revolving period on the facilities expires on April 30, 2017 and has a maturity date of April 30, 2018, subject to an annual review. At the end of Q3, the facilities were $336 million drawn, which provides sufficient liquidity and financial flexibility to enable Bonterra to continue executing its business plan. With further corporate funds flow that exceeds capital spending and dividends, Bonterra will seek to continue reducing its bank debt.

Q3 and the Nine Months Ended September 30, 2016 Highlights:

- Production volumes in Q3 2016 were 13,298 BOE per day, an eight percent increase relative to the previous quarter, and a one percent increase over the same quarter the prior year. For the first nine months of 2016, production averaged 12,823 BOE per day, which is higher than the Company's annual 2016 guidance;

- Corporate cash net back per BOE was $17.83 in Q3 2016 compared to $23.84 per BOE in the same period in 2015 and $15.74 per BOE for the nine months ended September 30, 2016 compared to $25.00 per BOE for the same period in 2015;

- Bonterra's average Canadian dollar realized commodity price per BOE was $37.79 for the quarter, a three percent increase relative to $36.81 per BOE generated in Q2 2016, but lower than $43.18 per BOE in Q3 2015. For the first nine months of 2016, the average Canadian dollar realized commodity price was $34.41 per BOE compared to $44.02 for the same period in 2015;

- Cash flow from operations of $19.2 million was 44 percent higher than in Q2, reflecting a stronger natural gas price environment through Q3 and increased production volumes, partially offset by higher royalty and operating costs stemming from greater levels of activity during the quarter;

- Despite a continued focus on cost reduction, production costs in Q3 of $12.43 per BOE increased seven percent compared to $11.62 per BOE in Q2 2016. The quarter over quarter increase is largely a result of costs incurred to reactivate shut-in production, coupled with repairs to wells that had gone down in previous periods. In addition, Bonterra incurred higher road and lease maintenance costs stemming from required repairs to facilities that were damaged by flooding in the Pembina area. Production costs for the nine months ended September 30, 2016 were three percent lower at $11.66 per BOE compared to $12.00 per BOE for the same period in 2015;

- Capital spending in the quarter totaled $17.4 million allocated primarily to the drilling of 11 gross (10.7 net) Cardium wells, and the completion, equipping and tie-in of six wells;
- Corporate funds flow of $23.5 million ($0.71 per diluted share) was 21 percent lower than Q2 2016 stemming from higher production and royalty costs and 18 percent lower than Q3 2015 due to lower overall commodity prices year over year. For the first nine months of 2016, funds flow totaled $69.6 million ($2.10 per diluted share) compared to $93.9 million ($2.89 per diluted share) for the same period in 2015; and
- Subsequent to the end of the quarter, Bonterra renewed its $380 million revolving credit facility. The draw on the facility was approximately $336 million at the end of Q3, down from $345 million at the end of Q1 2016.

Kindly refer to the "Highlights" and "Quarterly Comparisons" sections of the full Q3 2016 quarterly report for further details.

Outlook

Over the past two years, Bonterra has remained focused on managing through significant commodity price weakness while building a sustainable, dividend-paying growth Company. The Company has a large inventory of identified low-risk drilling locations in the attractive Pembina Cardium field, and continues to be well positioned to deliver a combination of sustainable growth with meaningful dividend income. In the context of ongoing uncertainty and volatility in commodity prices, Bonterra can adjust capital spending to ensure optimal returns while seeking to further lower its debt. As a result of its very low production decline rate and substantial capital cost reductions, Bonterra is able to hold production flat with manageable capital expenditures. With the field enhancement activities that the Company has undertaken through the second half of 2016, Bonterra is well positioned to meet its annual average production target of 12,500 BOE per day.

Bonterra will continue to review its capital spending and cash flow on a monthly basis, and maintain a positive future outlook despite persistent challenges in the commodity price environment. The Company will continue to conservatively manage the business to support long-term growth in production, reserves and cash flow per share while delivering returns to 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 "corporate 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.

Contact Information:

Bonterra Energy Corp.
George F. Fink
Chairman and CEO

Robb D. Thompson
CFO and Secretary
(403) 262-5307
(403) 265-7488 (FAX)
info@bonterraenergy.com

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