

Bonterra Energy Corp. Announces Updates to Credit Facility and Provides Operational Update

CALGARY, AB, June 25, 2021 /CNW/ - Bonterra Energy Corp. (www.bonterraenergy.com) (TSX: BNE) ("Bonterra" or the "Company") today announces that it has finalized the credit facility (the "Facility") redetermination with its syndicate of lenders, and provides an operational update.

Credit Facility Update

Bonterra and its syndicate of lenders have agreed to amend the Facility as follows:

- Reflecting the Company's ongoing strategy of focusing on the repayment of outstanding bank debt, Bonterra has agreed with its lenders to a borrowing base under the Facility of \$265 million, consisting of a \$200 million revolving credit facility and a \$65 million non-revolving term loan;
- This represents a significant reduction in the non-revolving term loan, from \$150 million to \$65 million, leading to improved financial flexibility;
- The Facility revolves to December 31, 2021, with a maturity date of May 31, 2022; and
- With a semi-annual review in November 2021 together with the anticipated generation of significant free cash flow due to increased commodity pricing and higher production levels through increased drilling activity, and as agreed to with its lenders, Bonterra anticipates a further reduction to the non-revolving term loan portion of the Facility of up to \$30 million; the Company aims to move all bank debt to a fully conforming revolving credit facility.

Operational Update

Bonterra is pleased to provide an update on the progress realized to date from its successful 2021 drilling program, which is designed to target high rate-of-return, low-risk light oil opportunities. Based on effective development in the first half of 2021, current corporate production is estimated at 13,200 BOE per day¹, with the second half 2021 development drilling program having commenced by the end of June. The Company's significant torque to oil prices combined with increasing production is expected to continue to accelerate efforts to deleverage. With forward strip WTI oil price averaging approximately US\$71 for the remainder of 2021 and US\$65 in 2022, supported in part by Bonterra's current hedges, combined with a low decline production profile and strong free cash flow generation, the Company anticipates a net debt to cash flow target leverage ratio of between 1.0 to 1.5 by year end 2022. For further information regarding Bonterra's future pricing sensitivities and outlook, see the Corporate Presentation posted on the Company's website.

Bonterra Energy Corp. is a conventional oil and gas corporation with operations in Alberta, Saskatchewan and British Columbia, focused on its strategy of long-term, sustainable growth and value creation for shareholders. The Company's shares are listed on The Toronto Stock Exchange under the symbol "BNE".

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 reduction in non-conforming segment of the Facility; expectations regarding increased production levels and free cash flow generation; the Company's net debt to cash flow target leverage ratio; business strategy and outlook; expansion and growth of our business and operations; 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; maintenance of existing customer, supplier and partner relationships; supply channels; accounting policies; credit risks; the impact of the COVID-19 pandemic; 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. Readers are cautioned that the foregoing lists of risks, uncertainties and assumptions are not exhaustive. Additional information on these and other factors that could affect Bonterra's operations or financial results are included in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com).

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: "WTI" refers to West Texas Intermediate, a grade of light sweet crude oil used as benchmark pricing in the United States; "MSW Stream Index" or "Edmonton Par" refers to the mixed sweet blend that is the benchmark price for conventionally produced light sweet crude oil in Western Canada; "AECO" refers to Alberta Energy Company, a grade or heating content of natural gas used as benchmark pricing in Alberta, Canada; "bbl" refers to barrel; "NGL" refers to Natural gas liquids; "MCF" refers to thousand cubic feet; "MMBTU" refers to million British Thermal Units; "GJ" refers to gigajoule; 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.

¹ Current estimated production volumes are comprised of approximately 7,550 bbl/d light and medium crude oil, 1,150 bbl/d NGLs and 27,100 mcf/d conventional natural gas.

SOURCE Bonterra Energy Corp.

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