

Bonterra Energy Corp. Announces Brokered Private Placement Debt Financing, Restructuring of Credit Facilities to Fully Conforming State and Subordinated Debt Conversion

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CALGARY, AB, Oct. 20, 2021 /CNW/ - Bonterra Energy Corp. (www.bonterraenergy.com) (TSX: BNE) ("**Bonterra**" or the "**Company**") is pleased to announce that it has successfully closed a brokered private placement debt financing (the "**Initial Offering**"), enhancing financial flexibility and achieving its goal of restructuring all bank debt to a fully conforming revolving credit facility.

The Initial Offering consists of an aggregate of 32,000 units (the "**Units**") of the Company, with each Unit being comprised of one senior unsecured debenture (each a "**Debenture**"), with a face value of \$1,000 which bears interest at 9.0% per annum and has a four year term, and 56 common share purchase warrants (the "**Warrants**") of Bonterra, with each Warrant exercisable to acquire one common share ("**Common Share**") of Bonterra at price of \$7.75 per Common Share (representing a 15% premium to the 5-day volume weighted average trading price of the Common Shares on the TSX ended October 20, 2021), for a period of four years from October 20, 2021. Each Unit was issued at a price of \$1,000 (the "**Issue Price**") for gross proceeds to Bonterra of \$32 million.

The Company intends to use the net proceeds of the Initial Offering and the Follow On Offering (as defined herein) primarily to pay down existing bank debt and for general corporate purposes.

Amended and Restated Credit Agreement (the "Facility")

In conjunction with the closing of the Initial Offering, Bonterra and its syndicate of lenders have agreed to amend the Facility. The amendments include the following:

- Reflecting the Company's ongoing strategy of focusing on the repayment of outstanding bank debt, Bonterra has agreed with its lenders to a fully conforming borrowing base Facility of \$220 million, consisting of a \$195 million syndicated revolving credit facility and a \$25 million non-syndicated revolving facility;
- This represents an elimination of the non-revolving term loan of \$65 million, leading to improved financial flexibility; and
- The Facility has \$10 million step-downs at December 31, 2021 and March 31, 2022 and revolves to May 31, 2022 with a maturity date of November 30, 2022.

The Company is pleased to have successfully transitioned its bank debt to a Facility that is fully conforming. With this enhanced flexibility and liquidity, Bonterra is confident it has established a stronger position from which to execute on its business plan through the balance of 2021 and 2022. In order to benefit from a strong commodity price environment, Bonterra intends to continue investing capital to support further generation of free cash flow that can be allocated to incremental growth initiatives while maintaining balance sheet strength.

Subordinated Debt Conversion

Bonterra has also entered into agreements with the holders of its existing subordinated promissory note and due-to-related-party loan (the "**Subordinated Debt**") to convert their principal amounts of an aggregate of \$19.5 million into Units under the same terms and conditions as subscribers under the Initial Offering.

Initial Offering Details

Paradigm Capital Inc. and Peters & Co. Limited (collectively, the "**Agents**") and Bonterra entered into an agency agreement dated October 20, 2021, pursuant to which the Agents acted as co-lead agents for the Initial Offering, which was conducted by way of private placement exemptions from the prospectus requirements under National Instrument 45-106 – *Prospectus Exemptions* ("**NI 45-106**") in certain provinces in Canada. The securities issued pursuant to the Initial Offering are subject to applicable regulatory hold periods.

As part of the Initial Offering, the current CEO of Bonterra, George Fink, subscribed for 7,000 Units.

Follow On Offering

Concurrent with the closing of the Initial Offering, the Company has entered into an agreement with the Agents

providing for a separate offering of up to \$5 million of Units (the "**Follow On Offering**"), on a "best efforts" basis, under the same terms and conditions as the Initial Offering. The Units issuable pursuant to the Follow On Offering will be offered by way of private placement exemptions from the prospectus requirements under NI 45-106 in each of the provinces in Canada and in the United States pursuant to exemptions from the registration requirements of the United States *Securities Act of 1933*, as amended, and in accordance with applicable laws and subject to applicable regulatory hold periods. As a part of the Follow On Offering, insiders of the Company will be given the option to subscribe for up to \$1 million in Units.

Overview of Debentures

The Debentures have a four year term and bear interest at a rate of 9.0% per annum, payable semi-annually in arrears on June 30 and December 31 of each year, commencing December 31, 2021. Interest shall be computed on the basis of a 360-day year composed of twelve 30-day months. The December 31, 2021 interest payment will represent accrued interest for the period from, and including, October 20, 2021 to, but excluding, December 31, 2021. The Debentures are direct senior unsecured obligations of the Company and rank subordinate to all existing and future senior secured indebtedness of the Company. The Debentures are subject to the terms and conditions of a debenture indenture between the Company and Odyssey Trust Company dated October 20, 2021.

Overview of Warrants

Each Warrant is exercisable to acquire one Common Share at an exercise price of \$7.75, subject to customary anti-dilution adjustment, until October 20, 2025. The Warrants are subject to the terms and conditions of a warrant indenture between the Company and Odyssey Trust Company dated October 20, 2021.

Financial Advisor

Peters & Co. Limited has acted as financial advisor to Bonterra in connection with the foregoing series of transactions.

About Bonterra

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: the use of net proceeds of the Initial Offering and the Follow On Offering; the anticipated benefits of the Facility; the terms and anticipated closing date of the Follow On Offering; and other related 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: that the actual use of net proceeds of the Initial Offering and the Follow On Offering may differ from those indicated; the Company's inability to capture the benefits associated with the Facility; 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 or maintain the Facility; 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.

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.

SOURCE Bonterra Energy Corp.

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